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MESSAGE FROM ACTING GOVERNOR
Richard J. Codey

Dear Friends:

The work of the New Jersey Commerce, Economic Growth & Tourism Commission is truly a reflection of the Garden State's large and diverse economy. With a leading role in policy ranging from business attraction and development, small business growth, international trade development, tourism promotion and urban renewal, businesses of all sizes have a stake in the continued success of the Commission's efforts.

I'm proud to say that the 2005 Fiscal Year was one that exceeded all expectations.

Under the leadership of CEO & Secretary Virginia S. Bauer, the Commerce Commission has been infused with vitality and vision that has left every corner of New Jersey's economy stronger and better prepared to answer the challenges of an ever-changing and competitive 21st century economy.

This 2005 Fiscal Year Annual Report chronicles these successes, and gives a key insight into why New Jersey continues to prosper, and why it remains the ideal place to live, to work and for businesses, a prime location to flourish.

I congratulate Secretary Bauer and the staff of the New Jersey Commerce, Economic Growth & Tourism Commission on a job well done. We look forward to seeing you continue the standard of excellence you so capably set in the 2005 Fiscal Year.

Sincerely,

Richard J. Codey
Acting Governor
A NEW ERA FOR THE GARDEN STATE & ITS ECONOMY

The nomination of Virginia S. Bauer as CEO & Secretary of the New Jersey Commerce, Economic Growth & Tourism Commission in July of 2004 ushered in a new era, not only for the Commission itself, but also for the Garden State’s larger economic development policy infrastructure.

As Commerce Secretary and the State’s lead advocate for business, Secretary Bauer immediately infused a new vitality to the critical economic areas under the Commission’s purview. These areas include: Strengthening New Jersey’s business attraction and retention programs, managing the Urban Enterprise Zone Program, maintaining the Garden State’s standing in the global marketplace, and promoting the State as a premier vacation destination.

The results were immediate and striking.

During her budget testimony before the Senate in early May, Secretary Bauer discussed the significant changes seen at Commerce in a span of slightly over nine months.

Since July 15, 2004, Secretary Bauer has made over 150 public appearances, all with the underlying goal of enhancing the Commission’s presence in the public eye.

More importantly, Commerce has been involved in retaining 18,788 jobs, attracting 6,890 jobs and promoting business expansions of 6,746 jobs. That’s a total of 32,424 jobs. The total number of jobs for the 2004 Fiscal Year was 9,381—and this was achieved with roughly the same workforce.

The 2005 Fiscal Year Annual Report documents this tremendous progress, while laying the groundwork for what is expected to be an even greater, more prosperous year to come.

The New Jersey Commerce, Economic Growth & Tourism Commission

The 2005 Fiscal Year was one of great accomplishment for the New Jersey Commerce, Economic Growth & Tourism Commission. Under the leadership of Commerce Secretary Virginia S. Bauer, the Commission has forged ahead, advancing the vision of prosperity Richard J. Codey set forth upon becoming Acting Governor on November 16, 2004.

Commerce Secretary Bauer shares the Acting Governor’s commitment to seeing that New Jersey’s vast economic potential is realized. The tremendous success and economic progress witnessed over the 2005 Fiscal Year was crystallized when Secretary Bauer unveiled the new economic development logo “New Jersey Works for You.”

The new logo represents the partnership between the Commerce, Economic Growth & Tourism Commission, the Economic Development Authority and the Department of Labor & Workforce Development to highlight the State’s outstanding financial incentives, great schools, strong workforce training programs and, most of all, a determination to make businesses feel welcome.

The 2005 Fiscal Year Annual Report illustrates the Garden State’s economic progress. In doing so, it chronicles not only the roles, responsibilities and success of New Jersey Commerce as the State’s leading economic development agency, but it paints a vivid picture of why the Garden State remains a primary economic force in the Mid-Atlantic Region, the nation and throughout the world.
LEADERSHIP FOR A 21ST CENTURY ECONOMY

BOARD OF DIRECTORS:

Pursuant to Section 8 of the legislation creating the New Jersey Commerce, Economic Growth & Tourism Commission, the Commission is governed by a Board of Directors consisting of 11 voting members, with six members as specified by law.

Acting Governor Codey serves as the Chair, with Secretary Bauer reporting directly to him as cabinet member and CEO of the Commission.

Other members of the board specified by law include the Commissioners of the New Jersey Department of Environmental Protection, Department of Labor & Workforce Development, Department of Transportation and the Chairman of the Commission on Higher Education.

Three voting members of the Board of Directors are appointed by the Governor with the advice and consent of the State Senate to serve a five-year term. The two remaining voting members are appointed by, and serve at the pleasure of, the Governor. One is appointed based upon the recommendation of the President of the Senate, while the other is appointed based upon the recommendation of the Speaker of the General Assembly.

Finally, two non-voting members of the Board of Directors serve in an advisory function, developing and facilitating legislation to assist the Commission in the fulfillment of its mission. One such member is a State Senator appointed by the Senate President, while the other is a State Assemblyman appointed by the Speaker of the General Assembly.

MEMBERS OF THE BOARD OF DIRECTORS OF THE NEW JERSEY COMMERCE, ECONOMIC GROWTH & TOURISM COMMISSION:

Richard J. Codey:
Acting Governor, Chair

EX-OFFICIO MEMBERS (5)

Virginia S. Bauer:
Chief Executive Officer/Secretary New Jersey Commerce, Economic Growth & Tourism Commission

Bradley M. Campbell:
Commissioner, New Jersey Department of Environmental Protection

Thomas D. Carver:
Commissioner, New Jersey Department of Labor & Workforce Development

John F. Lettieri:
Commissioner, New Jersey Department of Transportation

Frank Mertz:
Chairman, Commission on Higher Education

PUBLIC MEMBERS (3)

Joseph A. Fede:
CFO, Senior Settlements, LLC

Arthur F. Powell:
President, Powell Capital Markets, Inc.

Barbara Tomalino:
President/Owner, Paramount Air Service

LEGISLATIVE NON-VOTING MEMBERS (2)

Senator Raymond Lesniak:
Legislative District 20

Assemblyman Upendra Chivukula:
Legislative District 17

BOARD ATTORNEY

Eileen Schlindwein Den Bleyker
HIGHLIGHTS OF THE 2005 FISCAL YEAR

New Jersey is in the midst of an exciting era of economic hope and opportunity. As the lead agency for overseeing such progress, New Jersey Commerce is proud to chronicle its success for the 2005 Fiscal Year.

From enhancing opportunities in key industries to nurturing the growth of the business community, companies large and small continue to reap the benefits of doing business within the Garden State. The 2005 Fiscal Year results will provide a solid foundation for ongoing economic growth in 2005 and beyond.

The facts are clear.

As of 2003, New Jersey was the 8th largest economy in the United States, with a Gross State Product of nearly $400 billion. It's the place 23 Fortune 500 companies call home, surpassing Boston, Philadelphia and Washington, D.C.

The efforts of Commerce helped thousands of new jobs call the Garden State's business-friendly borders home in the 2005 Fiscal Year, all while helping New Jersey's non-farm payrolls surpass 4 million people and maintain an unemployment level of 3.9% (as of June 2005). The State's jobless rate has remained below the national average for an incredible 25 consecutive months.

Major highlights during the year included the following achievements:

In September, Secretary Bauer announced the creation of the Small Business Continuity Task Force to assist small businesses in responding to unpredictable events, such as a terrorist attack or natural disaster. Occurrences that studies showed a vast majority of small business entrepreneurs were unprepared for. In February, the Secretary welcomed the release of the Task Force's final report, complete with a checklist for businesses and a detailed, efficient plan for the delivery of State services following such unpredictable events.

The Commission's biggest event of the fiscal year occurred in November, when Commerce hosted its 3rd Annual Economic Development Conference at the East Brunswick Hilton. A capacity crowd -- from small-business entrepreneurs to high-ranking members of multinational corporations -- enjoyed remarks and panel discussions from the best and brightest minds within the public and private sectors, highlighted by remarks by Acting Governor Richard J. Codey and United States Senator Jon S. Corzine. Acting Governor Codey and Senator Corzine acknowledged the vital importance of the tourism industry, which generates over $32 billion in spending while supporting more than 430,000 jobs and bringing $3.7 billion in tax revenues into the State each year.

Secretary Bauer proudly welcomed the official name change of the State's lead economic development agency to the New Jersey Commerce, Economic Growth & Tourism Commission in December.

In May, Commerce installed a new, highly efficient, state-of-the-art, call center and in-state, toll-free telephone number to help businesses of all shapes and sizes access essential State services and programs.

The new number, 1-866-NJFIRST9 (1-866-534-7759), connects businesses to professional call center agents who quickly direct callers to the appropriate Commerce office or other agency.

Highlights also abounded for the Commission's individual departments, providing a diverse array of economic development assistance and service.
The Commission’s Department of Business Attraction & Development had an amazing year, assisting in the creation of 6,890 new jobs from companies relocating into the State, 6,746 in business expansions among existing New Jersey companies, and the retention of 18,788 jobs that were in jeopardy of leaving the Garden State. That makes for a remarkable total of 32,424 jobs for the 2005 Fiscal Year.

Commerice continued to do everything in its power to encourage the progress of small businesses throughout the fiscal year. The updated and modernized New Jersey Selective Assistance Vendor Information (NJSAVI) database now serves over 3,100 small, minority-owned and woman-owned business enterprises.

Additionally in 2004, New Jersey’s Small Business Development Centers (SBDC) provided free management consulting to more than 7,200 entrepreneurs, training for more than 17,400 small businesses and helped clients obtain over $13 million in contracts and more than $23 million in loans.

The Commission also enhanced New Jersey’s reputation as an international business address considerably in the 2005 Fiscal Year. As the nation’s 12th largest exporting state, over $19.2 billion of New Jersey products were exported to overseas markets last year. This is a 14% increase from the previous year. In terms of foreign direct investment, New Jersey now ranks 7th among all U.S. states and is home to over 1,400 foreign-based firms.

These efforts by the Commission’s Office of International Trade & Protocol led Foreign Direct Investment (FDI) Magazine—part of the prestigious London Financial Times—to bestow the Garden State with second-place honors in the “Best FDI Promotion Strategy” in June 2005 as part of its annual search for the U.S. Cities and States of the Future (2005-2006).

The Commission’s Office of Business Advocate (OBA), the State’s foremost troubleshooter and business ally, helped to retain over 14,400 jobs in the State, while aiding in the expansion of over 1,600 jobs and the attraction of more than 600 jobs.

New Jersey’s renowned Urban Enterprise Zone (UEZ) Program added to its legacy as the most successful instrument for promoting economic development within urban communities by welcoming Gloucester City and New Brunswick as the State’s 31st and 32nd UEZs (in 37 municipalities).

At the end of the 2005 Fiscal Year, the UEZ Program had created over 157,000 full-time jobs and another 27,000 part-time jobs by more than 8,000 active businesses in New Jersey’s 32 zones since 1985. Equally important, nearly $19 billion in private investment dollars have been infused into these urban communities, where it’s most desperately needed.
Nothing is more important than New Jersey's responsibility to help create and maintain businesses that enhance economic growth and opportunity. The Commission's Department of Business & Economic Development remains at the forefront of this ongoing quest to expand New Jersey's economic vitality by promoting business retention, expansion and attraction activities throughout New Jersey.

The Department supports companies by coordinating the delivery of state, local and federal business assistance and incentive programs, all while maintaining an ongoing and extensive dialogue with the business community to ensure the maximum success in offering business services.

To achieve this goal, the Commission employs seven regional and six industry-specific account executives who are trained and ready to assist entrepreneurs in seeing their businesses thrive in key industry sectors crucial to New Jersey's future prosperity. These include: pharmaceuticals, biotechnology, telecommunications, finance, insurance and real estate, as well as petroleum and chemical companies.

The Department is also the first point of contact for companies throughout the State, providing a 24-hour guaranteed response to requests for assistance, and serving as the single point of contact for businesses, their consultants, brokers, lawyers and accountants.

These efforts paid tremendous dividends in the 2005 Fiscal Year, as the Department assisted in the creation of 6,890 new jobs from companies relocating into the State, 6,746 in business expansions among existing New Jersey companies and the retention of 18,788 jobs that were in jeopardy of leaving the Garden State. That's an incredible total of 32,424 jobs positively impacted for FY05.

**BEIP & BRRAG: Tools for the 21st Century Economy**

Perhaps the two cornerstone programs within New Jersey's economic development toolkit for advancing prosperity are the Business Employment Incentive Program (BEIP) and the newer Business Retention & Relocation Assistance Grant (BRRAG). These programs proved invaluable to the success the Garden State experienced in the 2005 Fiscal Year.

BEIP is designed to encourage job creation by providing grants based upon a percentage of the income tax withheld from new permanent jobs created. Reforms made in 2003 have offered greater access to certain targeted businesses, especially biotech and high-tech firms.

One high-profile BEIP success story occurred last October, when Daiichi Pharmaceutical Corporation decided to relocate its U.S. headquarters within New Jersey. The company credited Secretary Bauer with expediting a Business Employment Incentive Program grant, which was a key factor in Daiichi's decision to stay within New Jersey. The New Jersey Economic Development Authority, under the auspices of the Commerce Commission, awarded the $1.3 million grant.

As a result, Daiichi will relocate its 215 employees to a 141,000 square-foot facility in Madison. The consolidation with a sister company, Daiichi Medical Research, will bring a total of 400 jobs to one of the centers of New Jersey's pharmaceutical industry.

And, as New Jersey's auto insurance reforms took hold, Commerce helped secure a BEIP grant that eased GEICO's decision to open a claims facility in Marlton, with the potential for 300 jobs as a result.

Another major function of the Office of Business and Economic Development entails administering the BRRAG Program. In June 2004, the Legislature improved the Business Retention and Relocation Assistance Grant (BRRAG) Program to provide enhanced incentives to allow for business relocation and retention efforts.

The Commerce Commission's focus is on the two major incentive programs that are designed to work in tandem. For companies meeting the criteria, BRRAG offers a tax credit of up to $1,500 per job retained. Eligible companies relocating within the State can also get a sales and use tax exemption to pay for relocation costs, a move designed to directly compete with programs other states offer in trying to lure jobs away from New Jersey.
For companies meeting the criteria, BRRAG offers a tax credit of up to $1,500 per job retained.
The Commission implemented the BRRAG program quickly – and its benefits were especially appealing in advancing New Jersey’s strategic advantage in the critically important pharmaceutical industry.

New Jersey Commerce provided Pfizer and Novartis with key financial incentives that helped keep these companies within the Garden State in the face of intense competition.

Pfizer received a sales and use tax exemption worth up to $25 million in taxes on machinery, furniture and building materials for expansion projects in Morris Plains and Parsippany, while Novartis Pharmaceuticals Corporation – which has 4,300 New Jersey employees – will now use the BRRAG sales and use tax exemption to invest $47.6 million for the relocation and renovation of four buildings on the company’s East Hanover campus.

The most significant and widely publicized BRRAG success story in the 2005 Fiscal Year was Verizon’s decision to put its operating center in the former AT&T property in Basking Ridge. The combination of BEIF, BRRAG and other State incentives allowed New Jersey to attract Verizon’s new East Coast operations headquarters located at the 135-acre campus that was sitting idle.

The Verizon project will retain 1,800 jobs, and will lead to the creation of an additional 1,755 jobs within two years of initial occupancy. This features an initial investment of approximately $242 million in building improvements and equipment. Therefore, the economic benefits extend far beyond the employees of Verizon.

By June, the State had approved more than $39 million in BRRAG incentives that helped retain almost 12,000 jobs. Moreover, when combined with new jobs attracted to these project sites, that number rose to nearly 17,000.

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OFFICE OF BUSINESS ADVOCATE

An invaluable and indispensable resource for the New Jersey business community, the Office of Business Advocate (OBA) serves several vital functions. It is charged with assisting businesses that are experiencing difficulty navigating through State regulations and governmental issues, while also acting as the State’s business troubleshooter by handling complaints from companies, then taking the lead in case management and follow-up. Any business in the State may request help from the OBA, which will then quickly and efficiently assess the problem, study the issues involved and attempt to resolve the difficulties to the satisfaction of all parties. The OBA also spearheads coordination efforts for projects involving multiple departments and agencies where regulations are an issue. And, beyond its contacts on the State level, the Office has excellent working relationships with county and local government entities throughout New Jersey.

More specifically, the OBA administers the following key programs and services:

**The Small Business Environmental Ombudsman:** This Ombudsman helps businesses deal with specific technical and compliance issues and/or problems.

**One-Stop Permit Identification System:** Through the OBA, Commerce provides timely information on the State’s environmental and construction permit requirements. Within 15 days of application, businesses receive information identifying what permits are needed.
Regulatory Assistance: The OBA helps cut through red tape by working with agencies like the New Jersey Department of Environmental Protection, the New Jersey Department of Transportation and the Department of Community Affairs on various issues that affect business.

Compliance Assistance: The OBA provides free compliance assistance services to businesses through confidential plant tours and environmental inspections.

Education and Outreach Assistance: The OBA helps increase awareness about the full array of programs and incentives available from the Commerce Commission through outreach visits, marketing materials and speaking engagements.

The Business Retention and Relocation Assistance Grant (BRRAG) Program: The BRRAG program offers grants – in the form of tax credits – to certain companies retaining at least 250 jobs in New Jersey.

The Sales & Use Tax Exemption Program: This program offers sales and use tax exemptions on the purchase of "eligible property" to certain companies relocating and retaining jobs within the State.

The 2005 Fiscal Year proved another groundbreaking year for the Office of Business Advocate. It assisted dozens upon dozens of companies in cutting through bureaucratic red tape and implementing and administering the Commission's business retention programs that retained over 14,400 jobs in the state, while aiding in the expansion of over 1,600 jobs and the attraction of more than 600 jobs in the process.

FY05 saw the Office of Business Advocate work on several high-profile successes related to the Sales and Use Tax Exemption Program as part of the larger Business Retention & Relocation Assistance Act.

Designed to be used in combination with the Business Retention and Relocation Assistance Grant Program, or BRRAG, the Sales and Use Tax Exemption Program allows sales tax exemptions for purchases of fixtures, furniture, building materials and equipment needed for relocation within the Garden State. To be eligible, a company must have 1,000 or more workers and relocate 500 or more to a new location. If the company falls under the life sciences and manufacturing sector, the relocation number is 250 workers. A five-year project agreement is also required.

In the 2005 Fiscal Year, such diverse and respected industry leaders as Pfizer, Verizon Wireless, Ernst & Young and BASF took advantage of the Sales and Use Tax Exemption Program, relocating thousands of jobs within New Jersey in the process.

The Office of Business Advocate also assisted a number of businesses – large and small – maneuver through what can also be an arduous bureaucratic and regulatory process, retaining thousands of jobs and enhancing the Garden State's reputation as an ideal business-friendly location.

The following examples clearly illustrate the vital role the OBA played this year within New Jersey's business community:

- In New Brunswick (Middlesex County), the OBA helped Delphi Corporation ensure the continued employment of over 200 of its workers by quickly and effectively negotiating resolutions to numerous New Jersey Department of Environmental Protection compliance issues, including various State-of-the-Art (SOTA) and air-permitting requirements under tight time constraints, therefore preserving hundreds of jobs.

- In Roxbury (Morris County), Roxbury 2002-Gemini Industries were given assistance by the OBA in their expansion into the former Samsung building. The project required several permits and approvals, and thanks to the OBA working closely with the New Jersey Department of Environmental Protection, the tight deadlines for moving the project forward were met. When complete, the expansion will house a total of 1,200 manufacturing jobs (600 existing, 600 new jobs), in addition to 150 construction jobs.

- In West Deptford Township (Gloucester County), the OBA assisted the Thomas Colace Company a 4th-generation family-owned Philadelphia small business with its expansion into New Jersey by helping to expedite a Letter of Interpretation (LOI) as required under State land use regulations. The previous LOI had been allowed to lapse. Without this valuable assistance, the planned expansion would not have been permitted, and the addition of 200 jobs would not have occurred.

Outreach efforts in the 2005 Fiscal Year also proved fruitful, as the Office of Business Advocate coordinated 33 workshops and outreach initiatives throughout New Jersey, further educating the business community on how the Commission can assist them on their path to prosperity.
...to help, support and promote the development of New Jersey's small business community by promoting the growth and prosperity of minority- and woman-owned companies and small business enterprises...
Small business enterprises constitute the largest, most diverse and instrumental sector of New Jersey’s economy, accounting for more than 81% of New Jersey’s overall employment. Indeed, small business is big business throughout the State, as contracts to these firms routinely exceed $1 billion annually.

To qualify as a “small business,” an enterprise must be independently owned and operated, have 100 or fewer employees and have its principal place of business located in New Jersey. A “minority-owned” or “woman-owned” business must also be independently owned and operated with a minimum of 51% ownership that exercises control of its day-to-day and long-term operations.

The Commission’s Office of Business Services was established as a clearinghouse to help, support and promote the development of New Jersey’s small business community by promoting the growth and prosperity of minority- and woman-owned companies and small business enterprises (M/W/SBE) by improving the registration and certification process to ensure that these businesses actively participate in public and private contracting opportunities.

To further this process, the Department operates the New Jersey Selective Assistance Vendor Information (NJSAVI) Web-based database, which helps to guarantee that small businesses are represented equitably in the pursuit of contract opportunities. Serving over 3,100 small, woman- and minority-owned companies, NJSAVI continues to increase opportunities for small businesses to obtain contracts with State agencies and private companies seeking their products and services.

More specifically, the NJSAVI database exposes approved small, woman- and minority-owned vendors by offering easy-to-use, point-and-click speed for searching and creating bid lists, mailing requests and requests for proposals in addition to 24-hour unlimited Internet access and excellent marketing exposure to potential government and corporate customers.

The Department also works with the New Jersey Small Business Development Centers (SBDC). Located across the State, they provide an array of services, including individual counseling that is highly useful to the small business entrepreneur.

In 2004 alone, the State’s SBDC offered free management consulting to over 7,200 entrepreneurs and provided training for more than 17,400 small businesses, all while SBDC clients obtained more than $13 million in contracts and in excess of $23 million in loans.

Perhaps the most prominent means in which the Department of Business Services aids small business entrepreneurs is through its organization and sponsorship of “Next Step I” and “Next Step II” workshops held year-round throughout the Garden State. These workshops provide entrepreneurs with useful knowledge, not simply on how to get certified with the State of New Jersey, but what to do after the certification process to make their companies financially competitive. In FY05, 19 “Next Step” workshops were offered, from Newark to Randolph, Camden to North Branch and points in-between, attracting hundreds of aspiring entrepreneurs.

The Department of Business Services also works in conjunction with another key partner, the New Jersey Economic Development Authority (NJEDA), which provides formal training modules under the umbrella of the Entrepreneurial Training Institute.
Commerce Secretary Virginia Bauer wasted little time in following through on her pledge to make the interests of small business, and their promotion, a cornerstone of her tenure.

Small Business Continuity Task Force

Commerce Secretary Virginia Bauer wasted little time in following through on her pledge to make the interests of small business, and their promotion, a cornerstone of her tenure.

After learning an estimated 25 to 40% of small businesses do not reopen following a disaster, whether a terrorist attack similar to 9/11 or a natural disaster such as Hurricane Floyd, and that 48% of businesses had not taken steps to increase security or prepare for a future attack and only 8% have a comprehensive business continuity plan, quick and decisive action was needed.

That's exactly what New Jersey Commerce offered. In September, Secretary Bauer announced the creation of the Small Business Continuity Task Force, whose mission would be threefold: To create a toolkit for small businesses to use in taking appropriate precautions and/or setting up contingency plans for an act of terrorism or a natural disaster; to identify ways for the State government to respond to the needs of small business and set up a system for delivering services in such an emergency; and to explore the possibility of a funding mechanism for small businesses to secure funds for cleanup and overhauling property to allow them to reopen quickly.

In February, the final report of the Task Force was released, along with a checklist with concrete, easy-to-follow steps for small business owners to formulate a continuity plan best suited for their individual business. Additionally, an efficient delivery system of this information through the State's Small Business Development Centers and through the State Chamber of Commerce network was implemented.

The New Jersey Business & Industry Association (NJBIA) and AT&T also pledged their participation through other educational endeavors, culminating with a highly informative seminar, "From the Unpredictable to the Unthinkable: How to Deal With Business Emergencies," that took place April 7 at AT&T's headquarters in Bedminster. At the event, Secretary Bauer accepted a $20,000 check from AT&T in seed money for a future bridge loan program, the next step in assisting businesses to reopen following a natural disaster or a terrorist attack.
...connects businesses to professional call center agents who will quickly direct callers to the appropriate Commerce office or other agency.

OFFICE OF CLIENT SERVICES

The Commission's Office of Client Services is responsible for providing unparalleled customer service for the business community, with accurate and appropriate information concerning the State's business policies and financial incentive programs, with the focus on guiding the business through State government.

(1-86-NJFIRST-9): The Business Community's First Point of Contact

Prompt and efficient customer service has been a driving principle at Commerce, but even this standard of excellence was surpassed in May 2005 when Secretary Bauer installed a new, highly efficient, state-of-the-art, call center and in-state, toll-free telephone number to help businesses of all shapes and sizes access essential State services and programs.

The new number, 1-86-NJFIRST-9 (1-866-534-7789), connects businesses to professional call center agents who will quickly direct callers to the appropriate Commerce office or other agency. By placing a single call, an individual will receive fast and courteous service from the Commission's knowledgeable staff. Agents are trained to respond to questions that involve numerous other State agencies, while Avaya call center technology gives Commerce the ability to record information on the content of the calls received. Information can then be collected and used to establish policies and programs to better serve the business community, therefore making Commerce more responsive to the changing needs of New Jersey businesses.

The number is also being supported by a comprehensive marketing and public relations campaign so businesses both large and small are aware that New Jersey Commerce is the first place to turn for any inquiry or request for assistance.
...tourism remains a lifeblood industry for New Jersey, generating over $32 billion annually and supporting more than 430,000 jobs statewide, all while bringing in some $3.7 billion in tax revenues each year.
OFFICE OF TRAVEL & TOURISM

The Garden State remains a beacon of tourism-related excitement for travelers, whether residents of New Jersey or visitors from throughout North America and around the world. Moreover, tourism remains a lifeblood industry for New Jersey, generating over $32 billion annually and supporting more than 430,000 jobs statewide, all while bringing in some $3.7 billion in tax revenues each year. Additionally, tourism was responsible for 6.2% of all State revenue in 2003 and generated 5.4% of New Jersey’s Gross State Product.

In 2004, driven by increases in overnight and leisure travel, tourism revenues in New Jersey expanded by $2 billion. Moreover, New Jersey easily surpassed national travel trends. In terms of leisure travel, New Jersey increased 4.4% in 2004; national leisure travel grew by just 3.7%. The State also performed better in terms of total travel growth, 3.1% versus a rate of 2.7% nationally.

The tourism industry's critical importance to New Jersey's larger overall prosperity is without question, which is why Secretary Bauer proudly welcomed the official name change of the State’s lead economic development agency to the New Jersey Commerce, Economic Growth & Tourism Commission in December.

The name change was far from symbolic, as it set in motion a number of enhancements that already were under way. These include the expansion of opportunities for travel destinations, attractions and special event planners to partner with the Commission through the Cooperative Marketing Sponsorship Program; improving customer service, especially in Welcome Centers and Travel Plazas as well as enhancing and forging partnerships with industry leaders to help promote New Jersey.

The Governor’s Conference on Tourism remained the highlight of an eventful year. This year’s conference was held at the Trump Marina Hotel Casino in Atlantic City on April 22, and proved informative and instructive for tourism industry representatives in a variety of ways, primarily by highlighting strategies designed to capitalize on the Garden State’s diverse appeal, while increasing the State’s desirability as a travel destination.

The Commission’s Office of Travel & Tourism can proudly look back on a tremendous 2005 Fiscal Year. From the continuation of established and effective promotional efforts to first-time innovative endeavors, the Commission was truly at the top of its game in promoting the tourism industry.

To provide better service to travelers, the Office of Travel and Tourism established a new training program for State Welcome Center staff. Forty travel counselors representing 16 State Welcome Centers underwent customer service training.

Moreover, FY05 saw the expansion of opportunities for travel destinations, attractions and special events planners to partner with the Commission through the agency’s Cooperative Marketing Sponsorship Program. By the end of this year, Commerce will have provided $1.85 million in sponsorships to leverage private sector dollars at the local level.

Other tourism marketing efforts also proved fruitful in the 2005 Fiscal Year.

In August, Commerce ran a marketing campaign targeting last-minute vacation planners and, in February, Secretary Bauer unveiled the first phase of an extensive, three-part tourism advertising campaign, with the overall mission to increase the number of summer visitors renting properties during the spring, summer and fall of 2005.

Phase One consisted of a new radio campaign and a Sunday newspaper 4-page, 4-color insert.

The 60-second radio spots ran in the following key markets: Pennsylvania (Allentown, Bethlehem, Harrisburg, Lancaster, Lebanon, York, Wilkes-Barre/Scranton); Baltimore, Maryland; Albany, New York and Hartford/New Haven, Connecticut.


In addition, the New Jersey Office of Travel & Tourism’s Web site has been enhanced to include a special 2005 Getaway Guide to the Jersey Shore. Web surfers can click on the guide to get information on eight shore regions as well as information on summer rental agents.

Last year, the State spent roughly $75 million to support the tourism sector. This includes funding for State parks, beaches, museums, marketing and other programs. In comparison, tourism generated more than $2 billion in State tax revenue last year, or over 22 times the amount invested.
The Department's marketing unit is responsible for supporting strategic economic development and tourism initiatives as well as the development of a variety of collateral materials to support specific programs and events.

DEPARTMENT OF MARKETING & COMMUNICATIONS

Every successful organization needs a voice. At the New Jersey Commerce, Economic Growth & Tourism Commission, that voice is the Department of Marketing & Communications. In developing and directing all marketing, advertising and public relations for Commerce, the Department advances the Garden State as an ideal place to live and work, start a business and vacation.

As in past years, the Department's two major objectives were business and tourism promotion. Among its primary responsibilities, the Department also managed the Commission's commerce and tourism Web sites, which are in the process of being updated and redesigned for even greater appeal to visitors, as well as easier access and navigation.

As part of its public relations function, the Department issues all economic development and tourism-related news releases, coordinates press events and maintains proactive relations with the print and broadcast media.

The Department's marketing unit is responsible for supporting strategic economic development and tourism initiatives as well as the development of a variety of collateral materials to support specific programs and events.

Materials produced by Marketing & Communications include various tourism publications, like the annual Official New Jersey Travel Guide, biannual Calendar of Events, Golf and Lighthouse Guides and several others. The Department's staff is also responsible for generating editorial content and overseeing projects from conception to final production.

To promote New Jersey's large and diverse tourism industry, the Department develops, plans, organizes and implements media tours for travel writers that target specific segments of the industry.

In support of the Commission's economic development activities, the Department designs and produces brochures, profile sheets, print advertisements and other materials as needed. In cases where Commerce enters into a joint project, the Department coordinates promotional activities with other State agencies on joint economic development projects.
New Jersey is at the epicenter of the nation’s largest business corridor, has an unmatched transportation infrastructure and is home to some 60 million consumers with a collective purchasing power of $1 trillion and retail sales in excess of $560 billion within overnight delivery.

Garden State exports reached $19.2 billion last year, ranking the State 12th overall in the nation. This marked an impressive 14% increase over the prior year. Additionally, in terms of foreign direct investment, New Jersey ranks 7th among all states and is home to over 1,400 foreign-based firms.

Moreover, nearly 600,000 New Jersey jobs depend on foreign trade, and Commerce and its Office of International Trade & Protocol continued to make the most out of these ideal geographic and strategic advantages, aggressively promoting New Jersey’s exports, working to attract foreign direct investment, while building and maintaining relationships with foreign governments and businesses.

More specifically, the Office supports businesses that are planning to expand overseas sales, either through export or by identifying new strategic international markets for their products and services. In addition, the State offers various programs that enhance competitiveness in the global market, including: free comprehensive export consulting services; partner searches; international market research; assistance in identifying trade/export finance; foreign market advocacy; assistance with federal export programs; and State-sponsored international trade events.

In the 2005 Fiscal Year alone, the Office:

- Generated more than 1,800 export leads;
- Conducted approximately 1,350 meetings to bring export leads for the sale of New Jersey products to fruition, leading to the direct creation of 204 new jobs;
- Generated approximately 425 qualified leads for potential new investment in the State from foreign firms; and
- Directly secured 16 new foreign direct investment projects valued at over $54 million, contributing 265 new jobs to the State.

The Office also oversaw an intense schedule of seminars to teach companies how to target specific overseas markets.

A conference last December on Doing Business in Brasil and Mexico generated 80 one-on-one “matchmaking” meetings, and New Jersey companies are still gaining overseas contracts from that one-day conference.

March welcomed a celebration of “Canada Day” in New Jersey. The event marked the 15th anniversary of formal trade relations between the two economies, and offered wide-ranging panel discussions on how to best build upon the mutually beneficial relationship in the future.

“Canada Day” culminated with a the signing of a Memorandum of Understanding between Commerce Secretary Virginia S. Bauer and the Honorable Joseph Cordiano, the Province of Ontario’s Minister of Economic Development & Trade. Among the provisions of the Memorandum, the two economies of New Jersey and Ontario will foster a greater understanding of shared issues and concerns relating to commercial and economic development. This will occur through increased dialogue and greater exploration of areas targeted toward scientific and technological collaborations, among others.

In April, the Commission held its first-ever “Doing Business with Australia” seminar. New Jersey exported $310 million of goods and products to Australia in 2004. The informative conference brought together officials from both economies and highlighted the newly signed Australia-United States Free Trade Agreement, something that will certainly open the door for great bilateral trade success in the years to come.

These and other efforts led Foreign Direct Investment (FDI) Magazine – part of the prestigious London Financial Times – to bestowed the Garden State with second-place honors in the “Best FDI Promotion Strategy” in June 2005 as part of its annual search for the U.S. Cities and States of the Future (2005-2006).
New Jersey-Israel Commission

The New Jersey-Israel Commission was created to foster increased economic, scientific, educational and cultural contact with Israel, one of the Garden State's largest, most important and critical trading partners.

The importance of a vibrant trading and economic partnership with Israel led to the establishment of our New Jersey-Israel office in February 1995. The New Jersey office and Israel office work together to develop trading partners for firms in New Jersey by locating agents, distributors and manufacturing representatives in Israel. The office is involved in coordinating trade and investment missions and participates in catalog shows that are organized by State representatives in Israel.

In January, Commerce Secretary Bauer joined a list of dignitaries to celebrate the approval of a US-Israel Binational Industrial R&D (BIRD) grant to EMCORE Corporation, a New Jersey-based company, and Gal-EI, an Israeli-based company. The announcement was hailed as the latest breakthrough in promoting pro-growth, collaborative business partnerships between New Jersey and Israel, one of the Garden State's leading trade allies. The $1 million grant was awarded for the design and optimization of a gallium nitride transistor structure for next generation wireless communications networks and other radio frequency applications.

In April, 16 of Israel's most promising emerging life science companies visited the Garden State when the 2005 Israel Life Sciences Show made its stop in Newark. Senior executives from leading biotech, pharmaceutical and medical technology companies, representatives from the financial industry, and leading researchers from New Jersey's universities had the opportunity to listen to the companies make presentations on their businesses and then met one-on-one with the companies throughout the day.

The New Jersey-Israel Commission also represented the Garden State at the Israel-U.S. Binational Industrial Research and Development Foundation (BIRD-F) Board of Governors meeting in Washington D.C. Investments totaling approximately $15 million for 16 new projects with a combined budget of nearly $43 million were approved. Nine major U.S. corporations were successfully recruited to invest in BIRD Foundation-funded projects in conjunction with Israeli companies. Three of the projects involved New Jersey companies.

These projects include:

- Israel's Compugen and Ortho-Clinical Diagnostics, a J&J subsidiary in NJ, will collaborate on discovery and development of markers for the diagnosis of several cancers and of congestive heart failure.

- Nexense, Inc. and eSilicon, Inc. will collaborate on a generic skin sensor to replace electromechanical buttons and switches in consumer electronic products.

- Ceron Networks Ltd. and BridgeWave Communications, Inc. will collaborate on a wireless low-cost broadband point-to-point transceiver for last-mile connectivity or local-area network extensions.
New Jersey is at the epicenter of the nation’s largest business corridor and has an unmatched transportation infrastructure.
Qualified retail businesses may charge 50% of the mandated 6% sales tax on "in person" customer purchases, placing revenue generated from the 3% sales tax into a fund earmarked for economic development and public service improvements within the respective DEZ.
URBAN ENTERPRISE ZONE PROGRAM

The robust economic renaissance of New Jersey's urban communities is a continuing priority of the New Jersey Commerce, Economic Growth & Tourism Commission.

New Jersey's Urban Enterprise Zone (UEZ) Program remains the most productive urban business incentive package in the Commission's vast economic toolkit, with job growth in the State's 32 zones (37 municipalities) continually outperforming areas that are outside of the UEZs. At the end of June 2005, more than 8,000 businesses were active in the UEZ Program, employing over 157,000 full-time workers and another 27,000 part-time. Moreover, the UEZ Program has attracted $19 billion of private investment by businesses within the zones since its inception through June 2005.

The UEZ Program enjoyed remarkable achievements in the 2005 Fiscal Year, as the New Jersey UEZ Authority approved 161 economic development projects representing a commitment of more than $43.6 million to the State's most challenged urban centers.

The year's biggest news was the addition of Gloucester City and New Brunswick into the program's family of urban economic renewal. At the end of June 2005, the new Gloucester City UEZ already had 62 certified businesses participating in the program, employing 522 full-time and 85 part-time workers. Meanwhile, New Brunswick had 94 certified businesses employing 1,027 full-time and 481 part-time employees over a slightly shorter period as a designated zone.

The 2005 Fiscal Year also marked the 20th anniversary of the UEZ Program, as well as the completion of three highly successful and well-attended UEZ Coordinator's workshops organized by the Program's Field Representatives.

The benefits of being located within an UEZ are numerous, and these only grew more effective and varied over the past fiscal year.

For example, four UEZ-certified manufacturing companies, The Glass Group, Alcan Global Pharmaceutical Packaging, Durand Glass, and DPT Lakewood were the first UEZ-certified businesses to receive the energy sales and use tax exemption under the new BRRAG, part of the larger Business Retention & Relocation Assistance Act overseen by the Commerce Commission.

In addition, there is the established portfolio of advantages afforded UEZ-certified enterprises. Qualified retail businesses may charge 50% of the mandated 6% sales tax on "in person" customer purchases, placing revenue generated from the 3% sales tax into a fund earmarked for economic development and public service improvements within the respective UEZ. Also, businesses can receive sales tax exemptions on equipment and supplies, including building materials. They may also receive corporate tax credits for hiring designated employee groups, and employers may receive subsidised unemployment insurance costs for some employees who earn less than $4,500 per quarter while, for each new permanent full-time employee hired, businesses can receive a one-time $1,500 tax credit.

BROWNFIELDS REDEVELOPMENT INCENTIVE PROGRAM

Created under the Brownfields and Site Remediation Act in 1998, Brownfields are designed to make redevelopment affordable while helping to preserve open space and expand economic growth and opportunity. The program is administered by the Commission and remains a critical part of urban revitalization efforts.

The Brownfields Program encourages developers to enter into a "win-win" redevelopment situation that allows for the recovery of up to 75% of the approved remediation costs incurred at the site.

When contaminated sites are revitalized by the Brownfields Program, the public and private benefits are considerable. For example:

- New jobs are created, enhancing the region's economic standing and viability;
- Underutilized properties return to the tax rolls, reducing the tax pressure on residents;
- Creative re-use of existing infrastructure is realized;
- A reduction in urban sprawl results; and
- A noticeable improvement in the environment and public health takes place.

Potential developers of Brownfields sites also have at their disposal some of the most successful incentive programs in the State's economic development toolkit, many from within Commerce. These include BRRAG and the BRRAG Tax Credit Transfer, sales and use tax exemptions, the Business Employment Incentive Program (BEIP) and the proven benefits that come with being located within one of the State's 32 UEZs.

Without question, the highlight of the 2005 Fiscal Year occurred this spring, when New Jersey passed the $300 million mark in Brownfields reimbursement agreements through the Brownfields and Contaminated Site Remediation Program. Secretary Bauer and representatives from other agencies involved in Brownfields cleanup and redevelopment highlighted this milestone as they joined Butler Mayor Joseph Heywang and representatives from the River Place project at the groundbreaking in Butler, located in Morris County.

In FY 2005, a total of 12 redevelopment projects were executed totaling more than $24.5 million. Since the program's inception, 68 redevelopment agreements have been executed representing over $300 million in remediation dollars eligible for reimbursement.
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Celebrating its third decade of excellence, from financing, technical, real estate and other ambitious assistance goals, the New Jersey Economic Development Authority (EDA) is the State's leading financing and development agency, stimulating business growth and development throughout New Jersey's rich and varied business landscape. It remains the State's most accessible and flexible means through which businesses of all sizes can gain access to capital.

To best achieve its ambitious goals, EDA forges innovative public/private partnerships to bridge financing gaps to increase opportunities and secure much needed financing for the State's business community - with particular emphasis on small and "mid-size" companies.

EDA is coming off yet another stellar year, as it supported 242 projects throughout the Garden State in 2004. This included more than $310 million in financing assistance and a staggering $655 million in total public/private investments. These projects created an estimated 4,100 permanent jobs and 7,600 construction jobs.

In terms of overall financing support, the EDA can look upon another tremendous year of accomplishments, one that included:

- Enhanced support for small and mid-size businesses that create jobs or retain manufacturing jobs in New Jersey by executing Business Employment Incentive Program (BEIP) grants worth an estimated $28.2 million, with 31 companies planning to relocate or expand in the State.
- Investments in New Jersey life sciences companies by entering into a 10-year limited partnership agreement with Quaker BioVentures to create the $40-million Garden State Life Sciences Venture Fund.
- Graduating its largest-ever class (136) from The Entrepreneurial Training Institute that trains and educates new and aspiring small business entrepreneurs.
- Encouraging affordable, cost-effective investments in renewable energy and energy-efficient equipment by partnering with the New Jersey Board of Public Utilities to offer incentives to businesses and individuals.
- Fueling the growth of New Jersey's technology economy by boosting the collaboration among the State, the business community and higher education institutions by establishing Innovation Zones in Camden, Newark and the greater New Brunswick area.

Moreover, financing assistance provided by the EDA continued to benefit an array of New Jersey's most important and vital economic sectors, from manufacturing to not-for-profits, from business startups to established industry leaders.

Since its inception in 1974, EDA has assisted an astonishing 8,200 projects throughout the Garden State, with overall financing assistance exceeding $16 billion, and public and private investments in excess of $25 billion. Most importantly, these efforts have resulted in 202,100 permanent jobs and 245,600 construction jobs throughout its 30-year history.
Functioning under the auspices of the New Jersey Commerce, Economic Growth & Tourism Commission, the Motion Picture & Television Development Commission is responsible for marketing the Garden State's considerable resources to motion picture and television studios in Hollywood and the world over as a truly ideal filming destination. And, if last year is any indication, television and motion picture audiences will soon be seeing a great deal of the Garden State.

Indeed, the New Jersey film and television industry enjoyed its best year in 2004, as a record 668 productions were filmed throughout the State, generating an all-time high $83 million for local economies. This included 90 feature films, 3 telefilms, 164 television series and specials, 28 music videos, 127 industrial, documentary, educational and short films, and 400 commercials.

Moreover, these projects featured a “who’s who” of Hollywood stars in a diverse array of film and television production projects. Among the movies filmed in the Garden State: “Hide & Seek” starring Robert DeNiro; “The Weather Man” starring Nicolas Cage and Michael Caine; “Miss Congeniality 2” starring Sandra Bullock; “Guess Who?” starring Bernie Mac and Ashton Kutcher; “The Honeymooners” starring Cedric the Entertainer; and “War of the Worlds” starring Tom Cruise; among many others.

Additionally, such popular and critical television favorites as “The Apprentice,” “60 Minutes,” “Sesame Street,” “The Bachelor,” and “Law and Order: Special Victims Unit” continued to boost the Garden State’s reputation as a foremost filming location.

Since 1978, the Motion Picture & Television Commission has attracted over 11,500 projects to New Jersey, with these projects infusing almost $943 million to local economies throughout the State.

Prosperity New Jersey is a nonprofit organization that brings together the leading stakeholders in New Jersey’s business, government and education communities to foster key State economic policy goals. The organization’s Board of Trustees is chaired by William C. Weldon, Chairman and CEO of Johnson & Johnson, Dr. Shirley M. Tilghman, President of Princeton University, and Virginia S. Bauer, CEO & Secretary of the New Jersey Commerce, Economic Growth & Tourism Commission.

Currently, Prosperity New Jersey focuses on three main goals: to leverage New Jersey’s dominance in the life science industry by implementing an action agenda set forth in a 2003 study by Dr. Michael E. Porter of Harvard Business School commissioned by the organization; to move New Jersey forward becoming the premier employee-supply state by setting up business-education partnerships with New Jersey high schools and large New Jersey companies through the organization’s Project Step-Up program; and to empower the State’s woman and minority business communities through the Governor’s Project on Entrepreneurship. A major highlight of the 2005 Fiscal Year was Empowerment & Inspiration 2004 – The Rise of the Women Entrepreneur – in November. A one-day conference for women entrepreneurs designed to encourage them to start and grow their own business, the event featured a keynote address from Commerce Secretary Virginia S. Bauer, a two-hour panel discussion led by Kent Manahan, Emmy Award-winning Senior Anchor for NJN News, in addition to several informative breakout sessions that addressed everything from the feasibility of business ideas to the challenges of operating a home-based business.

In addition, the 2005 Fiscal Year saw Prosperity New Jersey continuing to pursue its ambitious agenda for expanding economic growth and development in several critical areas, including the New Jersey Life Science Super-Cluster Initiative, the Governor’s Project on Entrepreneurship, Project Step-Up and the Open Door Grant Program, along with its ongoing work with the New Jersey Nanotechnology Consortium and the New Jersey Development Council.
Established in 1993, the New Jersey Council of Economic Advisors is a permanent economic advisory organization that reports directly to the executive branch of government, the Legislature and the public at large. The Council analyzes current economic trends and conditions, issues annual and midyear forecasts of State economic activity, and provides advice on various public policy issues impacting the State's economy. This expert panel helps the Governor create the best economic policies to meet the conditions dictated by the State, national and international economies.

The previous year was one defined by progress and innovation in promoting all of the vast and diverse services under the purview of the New Jersey Commerce, Economic Growth & Tourism Commission. Economic opportunities were advanced, while new and exciting partnerships were created, leading to greater business investments and an improved quality of life for the residents of the State.

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