



ANALYSIS OF THE NEW JERSEY BUDGET

COMMERCE, ECONOMIC GROWTH AND TOURISM COMMISSION

**AND RELATED ECONOMIC
DEVELOPMENT PROGRAMS**

FISCAL YEAR

2007-2008

NEW JERSEY STATE LEGISLATURE

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NEW JERSEY COMMERCE, ECONOMIC GROWTH AND TOURISM COMMISSION AND RELATED ECONOMIC DEVELOPMENT PROGRAMS

Budget Pages..... C-13; C-21; D-430 to D-435; F-6

Fiscal Summary (\$000)

	Expended FY 2006	Adjusted. Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	38,109	187,455	192,255	2.6%
Federal Funds	0	0	0	—
<u>Other</u>	<u>2,079</u>	<u>3,135</u>	<u>3,135</u>	—
Grand Total	\$40,188	\$190,590	\$195,390	2.5%

Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	115	105	112	6.7%
Federal	0	0	0	—
<u>Other</u>	<u>17</u>	<u>15</u>	<u>23</u>	<u>53.3%</u>
Total Positions	132	120	135	12.5%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded

Key Points

- The Governor's FY 2008 budget recommends State funding of \$17.1 million for the New Jersey Commerce, Economic Growth and Tourism Commission, a \$350,000 (2 percent) decrease in total funds from the prior fiscal year. The decrease is a result of a reallocation of funds to the Office of Information Technology in the Department of Treasury, in order to assure the development of the Business Portal, intended to improve business access to and interaction with State agencies and resources using web-based technology.
- Although the Commission's budget is displayed as a single Grants-In-Aid line of \$17.1 million, budget language specifies the expenditure of \$13.0 million. Of the recommended total, at least the following amounts are allocated for the programs listed:

Key Points (Cont'd)

- Advertising and Promotion, \$10.26 million; New Jersey Small Business Development Centers, \$800,000; New Jersey Israel Commission, \$130,000; and the Travel and Tourism Cooperative Marketing Campaign, \$1.85 million.
- Budget language which in FY 2007 allocated \$2.85 million to Business Retention, Expansion and Attraction is not continued in FY 2008. However, the Office of Management and Budget has indicated that the Business Retention, Expansion and Attraction program will continue to be funded from the Commission's \$4.1 million in unrestricted funding.
 - The Governor's budget includes language stating that in the event that any duties or responsibilities of the New Jersey Commerce, Economic Growth and Tourism Commission are transferred to any other State agencies, the Director of the Division of Budget and Accounting is empowered to transfer the funds appropriated to the Commission to other agencies that are charged with the responsibility of administering functions transferred (page D-433). In addition, budget language states that if duties or responsibilities of the Commission related to the Advertising Promotion-Cooperative Marketing Program are transferred to any other State agencies, reporting requirements shall become the responsibility of the commissioner of that department or agency (page D-433). This language suggests that reorganization of economic planning and development responsibilities and activities within the Executive Branch remained under consideration at the time the Governor presented his budget.
 - The Governor's budget recommends that interest earned on balances in the Urban Enterprise Zone Assistance Fund, estimated at \$14.6 million, be credited to the General Fund (General Fund Provisions, page F-6).
 - The FY 2008 recommends a continuation of \$152 million in Grants-In-Aid funding for the Business Employment Incentive Program (BEIP). The BEIP provides grants to businesses that relocate or create new jobs in New Jersey, based upon those jobs' estimated income tax value.
 - The proposed budget recommends \$515,000 in continuation funding for the New Jersey Motion Picture and Television Development Commission. The Commission promotes the film and television industry in New Jersey by attracting on-location film and television production and serves as a liaison between production companies and federal, State, county and municipal governments and the private sector.
 - The Governor's budget recommends \$21.35 million for the New Jersey Commission on Science and Technology, a \$5 million increase over the \$16.35 million FY 2007 appropriation. The entire increase applies to funding for Science and Technology Grants. According to the Office of Management and Budget, this \$5 million increase will be utilized for stem cell research grants.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change	
				2006-08	2007-08
General Fund					
Direct State Services	\$1,107	\$1,064	\$1,064	(3.9%)	0.0%
Grants-In-Aid	37,002	186,391	191,191	416.7%	2.6%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$38,109	\$187,455	\$192,255	404.5%	2.6%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$38,109	\$187,455	\$192,255	404.5%	2.6%
Federal Funds	\$0	\$0	\$0	0.0%	0.0%
Other Funds	\$2,079	\$3,135	\$3,135	50.8%	0.0%
Grand Total	\$40,188	\$190,590	\$195,390	386.2%	2.5%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change	
				2006-08	2007-08
State	115	105	112	(2.6%)	6.7%
Federal	0	0	0	0.0%	0.0%
All Other	17	15	23	35.3%	53.3%
Total Positions	132	120	135	2.3%	12.5%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	31.0%	33.0%	30.0%	—	—
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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ECONOMIC PLANNING AND DEVELOPMENT

GRANTS-IN-AID

Fort Monmouth Economic Revitalization Planning Authority	\$0	\$150	\$150	—	D-432
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The Governor's proposed FY 2008 budget includes a new appropriation of \$150,000 for the Fort Monmouth Economic Revitalization Planning Authority (FMERPA). During FY 2007, \$150,000 in State funding was transferred to the FMERPA account, representing the 10 percent State match required for a \$1.35 million federal grant, resulting in a total of \$1.5 million in State and federal funding for the Authority's first year of operations.

New Jersey Commerce, Economic Growth and Tourism Commission	\$17,441	\$17,091	(\$350)	(2.0%)	D-432
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The \$350,000 decrease is a result of a reallocation of funds to the Office of Information Technology (OIT), in order to assure the development of the Business Portal, which will offer businesses improved web-based access to and interaction with State agencies. The Administration has indicated that reducing the Commission's appropriation in order to fund OIT's needs has been reconsidered and that it favors restoring the \$350,000 reduction.

NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

GRANTS-IN-AID

Science and Technology Grants	\$16,350	\$21,350	\$5,000	30.6%	D-435
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According to the Office of Management and Budget, the \$5 million increase in Science and Technology Grants will be allocated for stem cell research grants. In FY 2006, the New Jersey Commission on Science and Technology awarded 17 stem cell research grants totaling \$5 million. In FY 2007, a total of \$10 million in stem cell research grants will be allocated to academic, not-for-profit, and for-profit in-State institutions. According to the Commission, \$10 million in State funding will be utilized for stem cell research grants in FY 2008. The Commission's website indicates that with limits on federal funding of stem cell research, the State stem cell research grants are necessary to meet the goals of patient treatment and economic development through stem cell research initiatives.

Language Provisions

2007 Appropriations Handbook

p. B-183

Of the sum hereinabove appropriated for the New Jersey Commerce, Economic Growth and Tourism Commission, ~~not less than~~ \$10,260,000 shall be used for Advertising and Promotion, ~~from which \$15,000 shall be allocated to each of the six regional tourism councils for regional tourism promotion; \$2,853,000 shall be used for Business Retention, Expansion and Attraction, of which~~ \$800,000 is for New Jersey Small Business Development Centers; \$130,000 shall be used for the New Jersey Israel Commission; and \$1,850,000 shall be used for the Travel and Tourism Cooperative Marketing Program; except that any amount for the Cooperative Marketing Program is available for expenditure only to the extent that an amount equal to 25% of the State funds are expended from funds raised by the Commerce Commission, pursuant to subsection j. of section 9 of P.L.1977, C.225 (C.34:1A-53), through contributions from private tourism industry concerns and non-State public entities as determined by the Director of the Division of Budget and Accounting. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

2008 Budget Recommendations

p. D-432 to D-433

Of the sum hereinabove appropriated for the New Jersey Commerce, Economic Growth and Tourism Commission, \$10,260,000 shall be used for Advertising and Promotion; \$800,000 shall be used for New Jersey Small Business Development Centers; \$130,000 shall be used for the New Jersey Israel Commission; and \$1,850,000 shall be used for the Travel and Tourism Cooperative Marketing Program; except that any amount for the Cooperative Marketing Program is available for expenditure only to the extent that an amount equal to 25% of the State funds are expended from funds raised by the Commerce Commission, pursuant to subsection j. of section 9 of P.L.1977, C.225 (C.34:1A-53), through contributions from private tourism industry concerns and non-State public entities as determined by the Director of the Division of Budget and Accounting. These accounts shall be considered special purpose appropriations for accounting and reporting purposes. **Of the amount hereinabove appropriated for the New Jersey Commerce, Economic Growth and Tourism Commission, such sums as are necessary shall be made available to the Office of Economic Growth, established pursuant to Executive Order #50 for its purposes, subject to the approval of the Director of the Division of Budget and Accounting and the Director of the Division of Budget and Accounting shall have the authority to create such new account as may be necessary to effectuate such transfer. In the event that any of the duties or responsibilities of the New Jersey Commerce, Economic Growth and Tourism Commission are transferred to any other State agencies, the Director of the Division of Budget and Accounting shall have the duty and is hereby empowered to transfer funds appropriated to the New Jersey Commerce, Economic Growth and Tourism Commission to such other agencies as shall**

Language Provisions (Cont'd)

2007 Appropriations Handbook

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2008 Budget Recommendations

p. D-432 to D-433

be charged with the responsibility of administering the functions so transferred. The Director of the Division of Budget and Accounting shall have the authority to create such new accounts as may be necessary to effectuate such transfers. Information copies of such transfers shall be transmitted to the Legislative Budget and Finance Officer upon the effective date thereof.

Explanation

This language dictates the allocation of \$13.0 million of the \$17.1 million Grants-In-Aid appropriation for the New Jersey Commerce, Economic Growth and Tourism Commission. The Office of Management and Budget indicates that the Business Retention, Expansion and Attraction program will continue to be funded from the Commission's \$4.1 million in unrestricted funding. According to the Commission, the elimination of their minimum State funding support to the six regional tourism councils reflects its intention to challenge the councils to enhance their effectiveness through improved marketing and business plans. Instead, the Commission has proposed to match 4 to 1 the dollars that the councils raise through membership and other methods, up to a maximum of \$200,000 each. These grants for the councils are funded through the Travel and Tourism Cooperative Marketing Funds.

This language also suggests that reorganization of economic planning and development responsibilities and activities within the Executive Branch remained under consideration at the time the Governor presented his budget.

Language Provisions (Cont'd)

2007 Appropriations Handbook

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There is appropriated from the Enterprise Zone Assistance Fund such sums as are necessary for administrative services provided by the New Jersey Commerce, Economic Growth and Tourism Commission in accordance with the provisions of section 11 of P.L.1993, c.367 (C.52:27H-65.1), subject to the approval of the Director of the Division of Budget and Accounting.

2008 Budget Recommendations

p. D-433

There is appropriated from the Enterprise Zone Assistance Fund such sums as are necessary for administrative services provided by the New Jersey Commerce, Economic Growth and Tourism Commission **and the Office of Economic Growth** in accordance with the provisions of section 11 of P.L.1993, c.367 (C.52:27H-65.1), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The revisions to this language authorize use of Enterprise Zone Assistance Fund resources to support the administrative expenses of the Office of Economic Growth, which was created by Executive Order No. 50 (2007). The Office, in but not the Department of the Treasury, is headed by the Chief of Economic Growth and oversees and coordinates the State's economic development effort.



Language Provisions (Cont'd)

2007 Appropriations Handbook

p. B-183

The Chief Executive Officer and Secretary of the Commission shall report semi-annually on the expenditure of State funds and private contributions during the preceding six months for the Advertising and Promotion Program and the Travel and Tourism, Advertising and Promotion – Cooperative Marketing Program. The first semi-annual report covering the first six months of fiscal year 2007 shall be completed not later than January 31, 2007, the second semi-annual report covering the second six months of fiscal year 2007 shall be completed not later than July 31, 2007, and both reports shall be submitted to the Treasurer, the Director of the Division of Budget and Accounting, and the Joint Budget Oversight Committee.

2008 Budget Recommendations

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The Chief Executive Officer and Secretary of the Commission shall report semi-annually on the expenditure of State funds and private contributions during the preceding six months for the Advertising and Promotion Program and the Travel and Tourism, Advertising and Promotion – Cooperative Marketing Program. The first semi-annual report covering the first six months of fiscal year 2008 shall be completed not later than January 31, 2008, the second semi-annual report covering the second six months of fiscal year 2008 shall be completed not later than July 31, 2008, and both reports shall be submitted to the Treasurer, the Director of the Division of Budget and Accounting, and the Joint Budget Oversight Committee. **In the event that the duties or responsibilities of the New Jersey Commerce, Economic Growth and Tourism Commission related to the Advertising and Promotion Program and the Travel and Tourism, Advertising and Promotion – Cooperative Marketing Program are transferred to any other State agencies, the reporting requirements outlined above shall become the responsibility of the commissioner of that department or agency.**

Explanation

The newly recommended portions of this language provision anticipate the possible transfer of the Commission's responsibilities to another State agency.

Language Provisions (Cont'd)

2007 Appropriations Handbook

p. B-184

Funds made available for the remediation of the discharges of hazardous substances pursuant to the amendments effective December 4, 2003, to Article VIII, Section II paragraph 6 of the State Constitution, shall be allocated to the Brownfields Site Reimbursement Fund, established pursuant to P.L.1997, c.278, in an amount to be determined by the Director of the Division of Taxation, and subject to the approval of the Director of the Division of Budget and Accounting. If such sums for the remediation of discharges of hazardous substances are insufficient, there are appropriated such sums as necessary for the Brownfields Site Reimbursement Fund, subject to the approval of the Director of the Division of Budget and Accounting.

2008 Budget Recommendations

p. D-433

Funds made available for the remediation of the discharges of hazardous substances pursuant to the amendments effective December 4, 2003, to Article VIII, Section II paragraph 6 of the State Constitution, shall be allocated to the Brownfields Site Reimbursement Fund, established pursuant to P.L.1997, c.278, in an amount to be determined by the Director of the Division of Taxation, and subject to the approval of the Director of the Division of Budget and Accounting. If such sums for the remediation of discharges of hazardous substances are insufficient, there are appropriated such sums as necessary for the Brownfields Site Reimbursement Fund, subject to the approval of the Director of the Division of Budget and Accounting. **The unexpended balance at the end of the preceding fiscal year in the Brownfields Site Reimbursement Fund account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.**

Explanation

The FY 2008 recommended budget proposes language allowing the appropriation of unexpended funds of the Brownfields Site Reimbursement Fund at the end of FY 2007 to be carried forward for the Brownfields Site Reimbursement Fund in FY 2008. As of April 2007, \$221,885 remains unexpended in this account. Since the resources in the Fund result from transfers of constitutionally dedicated Corporation Business Tax revenue originally appropriated to the Department of Environmental Protection, re-appropriation of unexpended balances ensures that such balances are retained for dedicated purposes.

Language Provisions (Cont'd)

2007 Appropriations Handbook

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No comparable language.

The unexpended balance at the end of the preceding fiscal year in the Business Employment Incentive Program, EDA, account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2008 recommended budget proposes language allowing the appropriation of unexpended funds at the end of FY 2007 to be carried forward for the Business Employment Incentive Program (BEIP) account in FY 2008. As of April 2007, approximately \$113.8 million is unexpended in this account. The FY 2008 budget recommends a continuation of \$152 million in Grants-In-Aid funding for BEIP. According to the Office of Management and Budget, \$27 million is required from FY 2007 balances to meet projected FY 2008 BEIP grant needs totaling \$179 million.

2007 Appropriations Handbook

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An amount not to exceed \$1,000,000 is appropriated to Fort Monmouth Economic Revitalization Planning Authority, subject to the approval of the Director of the Division of Budget and Accounting, contingent upon receipt of \$9,000,000 of matching funds.

In addition to the amount hereinabove for the Fort Monmouth Economic Revitalization Planning Authority, there is appropriated such additional sums as are necessary to secure federal matching funds, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language authorizes appropriation of additional State funds as necessary for the Fort Monmouth Economic Revitalization Planning Authority (FMERPA) to secure federal matching funds. During FY 2007, \$150,000 in State funding was transferred to the FMERPA, representing the 10 percent State match required for a \$1.35 million federal grant, resulting in a total of \$1.5 million in State and federal funding for the Authority's first year of operation. The recommended budget includes a Grants-In-Aid line item appropriation of \$150,000 for the FMERPA. The FMERPA, created pursuant to P.L.2006, c.16 (C.52:271-1 et seq.), is required to develop a comprehensive conversion and revitalization plan for Fort Monmouth after its closure by the federal government in the Base Realignment and Closure Process. According to the FMERPA's website, the planning process will be completed by September 2007.

Discussion Points

ECONOMIC PLANNING AND DEVELOPMENT

1. The Economic Growth Transition Policy Group report recommended transferring or consolidating various responsibilities of the Commission elsewhere in State government. In response to one of last year's discussion points, the New Jersey Commerce, Economic Growth and Tourism Commission stated that the Commission would remain the leading agency for business marketing, consulting services, technical assistance and act as the intergovernmental liaison for the business community. In addition, the Commission stated that it would remain the leading agency for New Jersey Travel and Tourism.

The Governor's budget proposal includes language that states that in the event that any duties or responsibilities of the New Jersey Commerce, Economic Growth and Tourism Commission (Commission) are transferred to any other State agencies, the Director of the Division of Budget and Accounting is empowered to transfer the funds appropriated to the Commission to other agencies that are charged with the responsibility of administering functions transferred (page D-433). In addition, budget language states that if duties or responsibilities of the Commission related to the Advertising Promotion-Cooperative Marketing Program are transferred to any other State agencies, reporting requirements shall become the responsibility of the Commissioner of that department or agency (page D-433).

- **Question:** Does the Administration intend to pursue its goal of transferring or consolidating various responsibilities of the Commission elsewhere in State government? If so, on what timetable will this transfer be implemented? Which specific programs will be impacted? How many staff positions are expected to be retained in the Commission? How many staff positions are estimated to be transferred to other State agencies?

2a. Governor Corzine signed Executive Order number 50 in January 2007, establishing the Office of Economic Growth (OEG) as a permanent part of the Executive branch, in but not of the Department of Treasury. According to the Executive Order, the OEG shall assist in and oversee the implementation of the State's Economic Growth Strategy and coordinate the State's economic development efforts across all sectors and departments.

- **Question:** Please detail the responsibilities and duties of the OEG for FY 2008. What is the timeline for implementing OEG's coordination of the State's economic development? Please list the goals of OEG for FY 2008. Please detail the OEG's accomplishments in FY 2007.

2b. Budget language states that of the amount appropriated for the New Jersey Commerce, Economic Growth and Tourism Commission, such sums as necessary shall be made available to the Office of Economic Growth (page D-433).

- **Question:** Does the OEG plan to transfer or hire additional staff for its operations? If so, how many? Please indicate the amount the OEG plans to utilize from the \$4.1 million in unrestricted funding which may be available to the OEG pursuant to budget language.

3. Of the New Jersey Commerce, Economic Growth and Tourism Commission's \$17.1 million budget, approximately \$13.0 million would be earmarked for specific purposes through

Discussion Points (Cont'd)

language (page D-433), leaving a balance of approximately \$4.1 million to be allocated at the Commission's discretion, or at the discretion of other State agencies in the event that the responsibilities of the Commission are transferred.

- **Question:** Please list the programs and amounts that the Commission plans to fund in FY 2008 out of its unrestricted funds. Please provide the same information for FY 2007.

4. Evaluation data in the Governor's FY 2008 budget indicates that for FY 2005, under Business, Retention, Expansion and Attraction 18,788 jobs were retained, with a drop to 9,455 jobs retained in FY 2006 (page D-431). The number of jobs retained under Business Retention, Expansion and Attraction for FY 2008 is estimated to be 7,000. According to the Operating Data for the Commission, \$1.5 million was expended for Business Retention, Expansion and Attraction in FY 2005 and an estimated \$2.5 million will be expended in FY 2008 (page D-431).

- **Question:** Given the increase in expenditures for Business Retention, Expansion and Attraction of \$1 million from FY 2005 to FY 2008, please explain the decrease of 11,788 jobs retained from FY 2005 to FY 2008. What are the goals of the Business Retention, Expansion and Attraction program for FY 2008?

5. The Fort Monmouth Economic Revitalization Planning Authority (FMERPA), created pursuant to P.L.2006, c.16 (C.52:271-1 et seq.), is to develop a comprehensive conversion and revitalization plan for Fort Monmouth after its closure by the federal government in the Base Realignment and Closure Process. The budget recommends a \$150,000 Grants-In-Aid appropriation for the FMERPA (page D-432). According to the FMERPA's website, the planning process will be completed by September 2007. Budget language indicates that additional State funds are appropriated as necessary for FMERPA to secure federal matching funds (page D-433). According to a press report in August 2006, the FMERPA is responsible for funding 10 percent of its budget with the balance to be provided from federal funds. The same report indicated the federal Department of Defense had asked for further justification of FMERPA's original \$1.5 million budget.

- **Question:** Please detail the progress that FMERPA has made in developing a reuse plan for Fort Monmouth. What are FMERPA's goals for FY 2008? Has the Department of Defense agreed to FMERPA's \$1.5 million budget for FY2007 and FY2008? Has FMERPA applied for and received any federal funds to serve its purpose? Approximately how much funding is necessary to accomplish FMERPA's initiatives for FY 2008?

6. The Business Employment Incentive Program (BEIP) allows the State to award grants to businesses that relocate or create new jobs in New Jersey. NBC Universal, Inc. has announced it will be relocating its MSNBC Secaucus operation to New York City by 2008. MSNBC received approximately \$7.8 million in tax abatements beginning in 1996 under BEIP. Under the BEIP grant, MSNBC agreed to stay located in the State for a minimum of 15 years and create 440 jobs. However, according to news reports, the move means that MSNBC is moving out 5 years earlier than expected and taking 459 jobs out of State. The New Jersey Economic Development Authority (EDA) has stated NBC Universal, Inc. has agreed to forego \$2.3 million

Discussion Points (Cont'd)

in BEIP grants awarded to its CNBC headquarters in Englewood Cliffs in exchange for the money it owes the State from the MSNBC BEIP grant. The Governor's FY 2008 budget recommends \$152 million in continuation funding for BEIP.

- **Question:** Please indicate the amount of revenue that MSNBC's Secaucus office generated in New Jersey. Approximately how much revenue will be lost in New Jersey as a result of MSNBC's early departure? Please detail the number of companies since BEIP's inception that have not fulfilled their grant agreements. Please list the amount of these unfulfilled grant agreements. What provisions does EDA have in place to discourage relocation of BEIP grant recipients? What are the ramifications for a company that breaks its BEIP agreement?

7. In response to a FY 2005 Office of Legislative Services discussion point, the EDA stated that the Innovation Zones in Camden, New Brunswick, and Newark would be designed to encourage the rapid transfer of discoveries from the laboratory to the marketplace. The EDA stated that the goal is to attract high-technology businesses to the zones, where proximity to universities and hospitals increase collaborative research efforts, resulting in business and job growth. Innovation Zones are a collaborative State effort involving the EDA, New Jersey Commission on Science and Technology, and other State agencies.

- **Question:** Please indicate the progress of the Innovation Zones to date. How many businesses have located or committed to locate in each Innovation Zone? How many jobs are expected to be created as a result of the Innovation Zones? Please detail the goals for the Innovation Zones and the timeline in which the EDA plans to accomplish these goals. Please list the State agencies involved in accomplishing Innovation Zone projects.

8. Among the achievements of the Office of Economic Growth in implementing Governor's Economic Growth Strategy (Budget, Page B-19) are the launching of the Edison Innovation Fund to grow high tech businesses, with an initial commitment of \$150 million from the EDA, and the creation of the Urban Fund to stimulate investment in urban communities, with an initial investment of \$185 million from the EDA. Both are intended to leverage private sector funding as well.

A January 16, 2007 EDA press release stated that targeted investments of \$45 million were allocated to advance the Edison Innovation Fund, which together with \$60 million in investments made earlier in 2006 through the Fund, brought the State's commitment to over \$100 million. The Fund's five investment areas are Angel Guarantees, Research and Development, Commercialization, Growth, and the "Fund of Funds."

A review of the EDA website failed to uncover any specific mention of the Urban Fund. The "Taking Care of Business" area of the Governor's website indicates that the Urban Fund was to be launched in the fall of 2006, that private sources were anticipated to support \$555 million in total investment, that the Fund will deploy money directly into projects in the form of debt and equity, and indirectly through not-for-profit and for-profit intermediaries.

Discussion Points (Cont'd)

- **Question:** Please identify the sources of funds, and amount per source, which the EDA has allocated to date to the Edison Innovation Fund and the New Jersey Urban Fund, respectively. From what source(s) will the additional \$45 million not yet allocated to the Edison Innovation Fund (as of January 16, 2007) be derived? To the extent that these moneys already existed, i.e., resulted from State appropriations or other funding sources, such as statutory authorizations to issue bonds or exercise other powers, approved prior to Governor Corzine taking office, what specific steps have been or will be taken to assure that grouping these moneys under new "Fund" labels will result in their being used more effectively than previously? For each Edison Fund investment area, and for the Urban Fund, what amount and percentage of assistance, awarded to date and to be awarded, have taken or are projected to take the form of grants, loans and loan guarantees, respectively? What percentage of each Fund's outlays or commitments are expected to return to the Fund and become resources for additional assistance? At what point, if ever, will each Fund's resources be fully committed and the Fund unable to provide further assistance without an infusion of new resources?

9. First quarter revenue figures for the Atlantic City market indicate that two newly opened slot parlors in the Philadelphia area appear to be cutting into casino winnings. Figures released in February by the New Jersey Casino Control Commission show that Atlantic City's gaming revenue fell 2.9 percent overall to \$394.5 million and slot winnings slumped 7.2 percent to \$271.8 million. An estimated 20 percent to 25 percent of Atlantic City gamblers come from the Philadelphia area, the second-largest feeder market behind the New York and northern New Jersey region. Philadelphia Park, in Bensalem Township, PA about 20 miles north of downtown Philadelphia, has been open since December 19, 2006 and took in \$22.2 million in gross gaming revenue in January 2007. Harrah's slots parlor, which opened January 22, 2007 in the city of Chester, PA, had nearly \$8.6 million in gross gaming revenue in its first 10 days of operation, according to figures compiled by the Pennsylvania Gaming Control Board. As a result of these trends, news reports have indicated that Atlantic City is moving forward to become a high-end destination by offering fine food, shops, and entertainment to generate more non-gambling revenue, similar to Las Vegas.

- **Question:** Has there been a decrease in patrons or visitors traveling to Atlantic City? How is the Division of Travel and Tourism responding in order to draw visitors to activities in Atlantic City other than gambling? What is the long-term financial forecast for New Jersey's gaming industry in light of new competition from neighboring states? Are non-gambling revenues expected to increase in Atlantic City as a result of Atlantic City's new high-end activities? How has the closing of the Sands casino in November 2006 affected the commerce of the State as well as the labor market?

NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

10. The New Jersey Commission on Science and Technology was established pursuant to P.L.1995, c.102. The Commission was established to encourage the development of scientific and technological programs, stimulate academic-industrial collaboration, and coordinate the

Discussion Points (Cont'd)

activities of technology centers and business activities. The Governor's budget recommends \$22.5 million for the Commission, an increase of \$5 million from the \$17.5 million FY 2007 appropriation. This increase is a result of a \$5 million increase in Science and Technology Grants. According to the Office of Management and Budget, this \$5 million increase will be earmarked for stem cell grants. A review of fiscal records as of March 20, 2007 shows that of the Commission's total grant resources of \$22.8 million (including \$6 million carried forward from FY2006), \$8 million has been spent or committed, and \$14.1 million is uncommitted, with \$12.9 million of that total in "reserve" status.

- **Question:** Please provide information detailing the recipients of Commission grant funding thus far for FY 2007 by the programmatic spending categories shown on page D-434 of the budget. Also indicate the amounts of each grant the recipients received. What is the timetable for awarding the remaining available grant funding? Also, please indicate how many additional grants are anticipated to be provided in FY 2008 given the \$5 million increase in State stem cell research funding.

11. In response to one of last year's discussion points, the Commission indicated that in FY 2007, the Commission would carry out a High Tech Recovery Plan in New Jersey.

- **Question:** Please discuss the High Tech Recovery Plan and the Commission's progress in carrying out this plan in FY 2007. What are the Commission's goals for FY 2008?

12. According to a press release dated February 13, 2007, the Commission issued applications for two new programs, the Edison Innovation Centers of Excellence Federal Matching Program and the Edison Innovation R&D Fund for the development of new technologies. The Commission earmarked \$2 million in FY 2007 for the Centers of Excellence program with one-time awards ranging up to \$500,000. The Commission also stated that it would award up to \$2.5 million in individual awards ranging from \$100,000 to \$500,000 for the Edison Innovation R&D Fund.

- **Question:** Please describe each of these programs. How many award applications has the Commission received to date?

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Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

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