ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1999 - 2000 BUDGET

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

PREPARED BY
OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE
APRIL 1999
NEW JERSEY STATE LEGISLATURE

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

Budget Pages.......C-19; D-384 to D-391

Fiscal Summary ($000)

<table>
<thead>
<tr>
<th></th>
<th>Expended FY 1998</th>
<th>Adjusted Appropriation FY 1999</th>
<th>Recommended FY 2000</th>
<th>Percent Change 1999-00</th>
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<tbody>
<tr>
<td>State Budgeted</td>
<td>$31,791</td>
<td>$46,444</td>
<td>$47,219</td>
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<tr>
<td>Federal Funds</td>
<td>353</td>
<td>0</td>
<td>0</td>
<td>—</td>
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<tr>
<td>Other</td>
<td>5,314</td>
<td>23,722</td>
<td>22,775</td>
<td>(4.0)%</td>
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<tr>
<td>Grand Total</td>
<td>$37,458</td>
<td>$70,166</td>
<td>$69,994</td>
<td>(0.2)%</td>
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Personnel Summary - Positions By Funding Source

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<tr>
<th></th>
<th>Actual FY 1998</th>
<th>Revised FY 1999</th>
<th>Funded FY 2000</th>
<th>Percent Change 1999-00</th>
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<tbody>
<tr>
<td>State</td>
<td>96</td>
<td>118</td>
<td>121</td>
<td>2.5%</td>
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<tr>
<td>Federal</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Positions</td>
<td>111</td>
<td>134</td>
<td>137</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

Introduction

The Department of Commerce and Economic Development was abolished pursuant to P.L. 1998, c. 44 on August 31, 1998. In its place was established the New Jersey Commerce and Economic Growth Commission which is "in but not of" the Department of the Treasury. P.L. 1998, c.44 stipulates that the duties of the new Commission are to coordinate under one organization, the State's economic development efforts which include, but are not limited to, business advocacy, international trade, account management, economic development, maritime resources, sustainable businesses, travel and tourism, the urban enterprise zone (UEZ) program, and the development of small, women and minority-owned businesses.

Introduction (Cont'd)

The Commission is responsible for coordinating State economic development activities among related entities. These related entities include, but are not limited to, the New Jersey Commission on Science and Technology, the New Jersey Economic Development Authority, the New Jersey Urban Enterprise Zone Authority (UEZ), the Motion Picture and Television Development Commission, and the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises. In addition to its relationship with the above organizations, the Commission also has authority to enter into memoranda of understanding or other cooperative agreements with independent entities such as the Atlantic City Convention Center Authority, the Dredging Project Facilitation Task Force, and the Economic Development Site Task Force. The Chief Executive Officer of the Commission has the statutory authority to appoint the executive directors of the New Jersey Commission on Science and Technology, the New Jersey Economic Development Authority, and the Motion Picture and Television Development Commission.

The above table includes funding and position data that are budgeted in the Department of the Treasury but are organizationally more closely affiliated with the New Jersey Commerce and Economic Growth Commission. The table below disaggregates the summary table on the previous page.

| Commerce and Economic Growth Commission and Related Economic Development Programs ($000) |
|------------------------------------------|-----------------|-----------------|-----------------|
|                                           | Expended FY1998 | Adjusted Appropriation FY1999 | Recommended FY2000 |
| New Jersey Commerce & Economic Growth Commission |                 |                             |                  |
| State Budgeted                           | $15,849         | $14,813             | $15,588          |
| Other                                    | 5,314           | 23,722              | 22,775           |
| Subtotal                                 | $21,163         | $38,535             | $38,363          |
| Economic Planning and Development        |                 |                             |                  |
| State Budgeted                           | $1,087          | $12,110             | $12,110          |
| Subtotal                                 | $1,087          | $12,110             | $12,110          |
| New Jersey Commission on Science and Technology |               |                             |                  |
| State Budgeted                           | $14,855         | $19,521             | $19,521          |
| Federal Funds                            | 353             | 0                   | 0                |
| Subtotal                                 | $15,208         | $19,521             | $19,521          |
| Grand Total                              | $37,458         | $70,166             | $69,994          |

Introduction (Cont'd)

Included in this analysis are appropriations made to the following programs which appear on pages D-384 to D-391 in the Department of the Treasury:

New Jersey Commerce and Economic Growth Commission - $38.4 million
- Urban Enterprise Zone Authority
- New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises
- Office of Sustainability
- Travel and Tourism
- Prosperity New Jersey, Inc.
- Office of Maritime Resources
- New Jersey Israel Commission

Economic Planning and Development - $12.1 million
- Motion Picture and Television Development Commission
- New Jersey Economic Development Authority

New Jersey Commission on Science and Technology - $19.5 million
- Research and Development programs
- Business Assistance
- Technology Transfer Program

Key Points

NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION

- The Governor's FY 2000 budget recommends $38.4 million for the New Jersey Commerce and Economic Growth Commission, a 3 percent decrease in total funds available from the prior fiscal year. The $38.4 million includes $15.6 million in State funds and $22.8 million in Other Funds. This level of appropriation would fund a total of 113 positions.

- Of the $15.6 million in State funds recommended for the Commission, $15 million is a special purpose appropriation for the Commission's programs and $550,000 is for the Prosperity New Jersey, Inc. Grants-In-Aid program.

- The $15 million recommended special purpose appropriation for the New Jersey Commerce and Economic Growth Commission is a $775,000, or 5.4 percent, increase over the FY 1999 adjusted appropriation. According to the Budget in Brief, this increase will support an expanded Economic Development Television Campaign whose purpose is to highlight the benefits of relocating businesses to New Jersey. This appropriation would fund 97 State supported positions in FY 2000.

- Although the Commission's budget is displayed as a single special purpose line, budget language directs that of the $15 million, no less than the following amounts are allocated for the programs listed: Office of Sustainability ($550,000); Advertising and Promotion ($4.5 million); Accounts Management ($3.0 million); Travel and Tourism Cooperative Marketing Program ($1.9 million); Business Marketing Campaign coordinated with
Key Points (Cont'd)

Prosperity New Jersey ($1 million); Community Development Bank ($1 million); Business Information-Call Management Center ($25,000); Office of Maritime Resources ($350,000); New Jersey Israel Commission ($130,000); Promotion of Agricultural Exports ($150,000); and Business Resource Center ($75,000).

- Language is recommended that would authorize the appropriation of such sums as are necessary from the General Fund to the New Jersey Commerce and Economic Growth Commission to fund business relocation grants made under the Business Relocation Assistance Grant Act (P.L. 1996, c.25). These appropriations are subject to approval by the Director of the Division of Budget and Accounting and are subject to certain limitations.

- The Governor's budget reflects $22.8 million in Other Funds which are available to the New Jersey Commerce and Economic Growth Commission. The majority of these funds support a joint dredging plan for the Port of New York and New Jersey.

- Continuation funding of $550,000 is recommended for Prosperity New Jersey, a Grants-In-Aid account.

ECONOMIC PLANNING AND DEVELOPMENT

- The Governor's budget recommends continuation funding of $12.1 million for Economic Planning and Development. Two programs are funded in this program class: the Economic Research program (Office of Revenue and Economic Research - OREA) at $824,000 and the Economic Development program at $11.3 million. This level of appropriation would fund a total of 16 State supported positions.

- The Governor's budget recommends continuation funding of $824,000 for the Office of Revenue and Economic Analysis (OREA). This office is newly created by the consolidation of the Office of Tax Analysis in the Division of Taxation and the Economic Research Offices from the Department of Labor and what was the Department of Commerce and Economic Development. Also funded as part of this office with an appropriation of $45,000 is the autonomous Council of Economic Advisors. This office's line of authority is to the State Treasurer not to the Chief Executive Officer of the Commerce and Economic Growth Commission.

- The Governor's budget recommends continuation funding of $11.3 million for the Economic Development program. Included in this recommendation is $286,000 for the administrative expenses of the program and an $11.0 million special purpose appropriation for the Business Employment Incentive Program (P.L. 1996, c.26). The Business Employment Incentive Program is administered by the New Jersey Economic Development Authority (EDA). The EDA is authorized to make direct payments in the form of grants to attract businesses which will create new jobs in the State. Language in the FY 2000 budget recommends that additional funds be available to the Economic Development Authority from the General Fund subject to certain limitations.

NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

- Funding of $19.5 million is recommended for the New Jersey Commission on Science and Technology, the same as was recommended in FY 1999. Of the total recommended appropriation, $496,000 is for the administrative expenses of the Commission. This level
Key Points (Cont'd)

of appropriation would fund a total of 8 State supported positions.

- The balance of the $19.5 million, or $19.0 million, is recommended for Grants-In-Aid and is divided among the following three programs: Research and Development Programs ($11.9 million); Business Assistance ($2.1 million); and the Technology Transfer Program ($5 million). Recommended funding for each of these programs represents continuation funding at FY 1999 levels.
Program Description and Overview

REORGANIZATION

The Department of Commerce and Economic Development was abolished pursuant to P.L. 1998, c. 44 on August 31, 1998. In its place was established the New Jersey Commerce and Economic Growth Commission which is "in but not of" the Department of the Treasury.

P.L. 1998, c. 44 stipulates that the duties of the new Commission are to coordinate under one organization, the State's economic development efforts which include, but are not limited to, business advocacy, international trade, account management, economic development, maritime resources, sustainable businesses, travel and tourism, the urban enterprise zone (UEZ) program, and the development of small, women and minority-owned businesses.

The Commission consists of a 13 member board of 11 voting and two non-voting advisory members. The board is chaired by the Governor and consists of six ex officio members and five public members. In addition to the Governor, the ex officio members are: the Chief Executive Officer/Secretary of the Commission; the Commissioners of Environmental Protection, Labor, Transportation; and the Chair of the New Jersey Commission on Higher Education. The two non-voting advisory members, one each from the Senate and the General Assembly, are appointed solely to assist in developing and facilitating legislation to assist the commission in fulfilling its statutory mission. The Chief Executive Officer/Secretary of the Commission continues to serve as a member of the Governor's Cabinet.

The Commission is responsible for coordinating State economic development activities among related entities. These related entities include, but are not limited to: the New Jersey Commission on Science and Technology; the New Jersey Economic Development Authority; the New Jersey Urban Enterprise Zone Authority (UEZ); the Motion Picture and Television Development Commission; and the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises.

In addition to its relationship with the above organizations, the Commission also has authority to enter into memoranda of understanding or other cooperative agreements with independent entities such as the Atlantic City Convention Center Authority, the Dredging Project Facilitation Task Force, and the Economic Development Site Task Force. The Chief Executive Officer of the Commission has the statutory authority to appoint the executive directors of the New Jersey Commission on Science and Technology, the New Jersey Economic Development Authority, and the Motion Picture and Television Development Commission.

NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION

The Governor's budget recommends a $15.0 million Special Purpose appropriation for the New Jersey Commerce and Economic Growth Commission, a $775,000 or 5.4 percent increase over the FY 1999 adjusted appropriation. According to the Budget in Brief, "this increase will support an expanded Economic Development Television Campaign which will highlight the improved business climate, incentives, and benefits of relocating businesses to New Jersey." Funding is provided for 113 positions in FY 2000, essentially the same number of positions which were filled in FY 1999.

The overview of the Commission which was provided with the Commission’s budget
Program Description and Overview (Cont'd)

request, stresses “we are no longer divided by divisions, we are united by our missions.” The Governor's budget includes language which directs the allocation of $12.6 million of the $15.0 million appropriated to the New Jersey Commerce and Economic Growth Commission. The language directs that no less than the following amounts are allocated for the following activities:

<table>
<thead>
<tr>
<th>Office Of Sustainability</th>
<th>$550,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and Promotion</td>
<td>4,450,000</td>
</tr>
<tr>
<td>Accounts Management System</td>
<td>3,015,000</td>
</tr>
<tr>
<td>Travel and Tourism Cooperative Marketing Program</td>
<td>1,850,000</td>
</tr>
<tr>
<td>Business Marketing Campaign</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Community Development Bank</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Call Management Center</td>
<td>25,000</td>
</tr>
<tr>
<td>Office of Maritime Resources</td>
<td>350,000</td>
</tr>
<tr>
<td>New Jersey Israel Commission</td>
<td>130,000</td>
</tr>
<tr>
<td>Promotion of Agricultural Exports</td>
<td>150,000</td>
</tr>
<tr>
<td>Business Resource Center</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Total Allocated</strong></td>
<td><strong>$12,595,000</strong></td>
</tr>
</tbody>
</table>

Funding of $550,000 is recommended for the **Office of Sustainability**. Established in FY 1998, this Office is intended to encourage the growth of environmentally friendly ("sustainable") businesses. A sustainable business must: use raw materials from sustainable sources (recycled materials or other materials that do not adversely impact the environment); employ a manufacturing process that minimizes emissions; and produce products that are environmentally benign or mitigate an environmental problem. Goals of this office include identifying areas in the New Jersey economy which can benefit strongly from sustainable business development; assisting in the expansion of sustainable businesses currently located in New Jersey; assisting in the conversion of existing traditional businesses to sustainable practices; and bringing new sustainable business to New Jersey.

**Advertising and Promotion** is recommended to receive $4.5 million in FY 2000. Advertising and Promotion combines the Commission's marketing, public relations and advertising efforts into one unit whose mission is to encourage economic development and attract tourism. These marketing and communications functions promote New Jersey “as the best place to live, work and play.”

Approximately $3 million is recommended for the **Accounts Management System**. This system stemmed from a study commissioned by Prosperity New Jersey which found that “the lack of customer-oriented focus to our existing businesses put New Jersey in the position of being a prime target for other states’ economic development marketing efforts.” Prosperity New Jersey recommended the adoption of an Accounts Management System to provide businesses with a “one-stop shopping” service in their dealings with the State. Under this system, accounts managers were assigned to each of the major industry groups (such as pharmaceuticals and telecommunications) to handle their interactions with government. According to the **Budget in Brief**, “New Jersey has
Program Description and Overview (Cont'd)

added account experts in business services, finance, insurance and real estate, food processing, pharmaceuticals/biotechnology, petrochemicals and telecommunications.”

The Travel and Tourism Cooperative Marketing Program is recommended to receive $1.9 million in FY 2000. The mission of this program is to promote New Jersey as a travel destination to promote tourism as a catalyst to the State’s economic growth and development. This program works in conjunction with the $4.5 million available for Advertising and Promotion. Language in the Governor's budget requires that the Chief Executive Officer of the Commission 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 Governor introduced the concept of the Community Development Bank (CDB) in the 1995 State of the State address. The purpose was to create access to capital for businesses located within the State's urban areas through the creation of a Statewide network of banks, specially targeting businesses and individuals who do not satisfy the traditional lending or investment criteria of private financial institutions. The New Jersey Economic Development Authority manages the fund on behalf of the Commission. The CDB is recommended to receive continuation funding of $1 million in FY 2000.

Two smaller appropriations which total $100,000 and which the Commission expects will contribute to New Jersey's business-friendly climate are discussed in the FY 2000 Budget in Brief. The budget recommends $75,000 for a new Geographical Information System (GIS) workstation for the Business Resource Center which is based at the New Jersey Institute of Technology (NJIT) at Newark. This center provides a user-friendly one-stop center of economic development information (such as labor, transportation, taxes) about specific areas of New Jersey. According to the Budget in Brief, adding a GIS workstation will enable users to geographically pinpoint areas of interest. Another $25,000 will support the Call Management Center for business information and will be used for mailing and telephone costs. According to the Commission's website, the Call Management Center can provide information to businesses on such topics as incorporating, business occupations and licenses, statutes and business fees.

The Office of Maritime Resources, which is recommended to receive $350,000 in FY 2000, is charged with expediting the implementation of the State's strategic plan for the continuous dredging of the State's ports and the on-going disposal of dredged materials. The Office's operating budget for dredging projects comes primarily from two sources: the Port Authority of New York and New Jersey compact and the “Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development Bond Act of 1996,” P.L. 1996, c.70.

The New Jersey Israel Commission is recommended to receive continuation funding of $130,000. This Commission promotes trade, investment and joint business ventures between New Jersey and Israel and fosters exchanges between the State and Israel in the areas of science and technology, culture and tourism and education.

Continuation funding of $150,000 is recommended for the Promotion of Agricultural Exports. This was a new appropriation in FY 1999 to “ensure that New Jersey’s food products continue to gain prominence in the world marketplace.” The Commission's website indicates that New Jersey exported approximately $1.2 billion in food and related products, making it the sixth
Program Description and Overview (Cont’d)

top exporting industry in New Jersey in 1997.

The Governor’s budget includes language which would appropriate such sums as necessary from the General Fund to the New Jersey Commerce and Economic Growth Commission to fund business relocation grants made under the Business Relocation Assistance Grant Act (P.L. 1996, c. 25). Business relocation grants are subject to approval by the Director of the Division of Budget and Accounting and are subject to certain limitations. No other direct line item appropriation has been recommended for this purpose. Information from the Department of Commerce in April 1998 indicates that Business Relocation Assistance Grants to eleven companies in the amount of just over $69,000 had been approved and as a result 369 new jobs would be created.

Continuation funding of $550,000 is recommended for Prosperity New Jersey, Inc. Pursuant to Executive Order No. 38 of 1995, Prosperity New Jersey is charged with creating and implementing strategic plans for economic growth in the State through the establishment of public-private partnerships. It is governed by a 27-member board, appointed by the Governor, which includes representatives of the State’s business, labor, environmental and academic communities.

ECONOMIC PLANNING AND DEVELOPMENT

The Governor’s budget recommends continuation funding of $12.1 million for Economic Planning and Development. Two programs are funded in this Statewide program: the Economic Research program (Office of Revenue and Economic Research - ORFA) and the Economic Development program.

The Governor’s budget recommends continuation funding of $824,000 for the Office of Revenue and Economic Analysis (OREA). This office is newly created by the consolidation of the Office of Tax Analysis in the Division of Taxation and the Economic Research Offices from the Department of Labor and the former Department of Commerce and Economic Development. Also funded as part of this office, with an appropriation of $45,000, is the autonomous Council of Economic Advisors. OREA’s line of authority is to the State Treasurer not to the Chief Executive Officer of the Commerce and Economic Growth Commission.

Continuation funding of $11.3 million is recommended for the Economic Development program. Included in this recommendation is $286,000 for the administrative expenses of the program and an $11.0 million Special Purpose appropriation for the Business Employment Incentive Program (P.L. 1996, c.26).

The Business Employment Incentive Program (BEIP), which received an $11 million supplemental appropriation in FY 1999, is administered by the New Jersey Economic Development Authority (EDA). The EDA is authorized to make direct payments in the form of grants to attract businesses which will create new jobs in the State. Language in the FY 2000 budget recommends that additional funds be available to the Economic Development Authority from the General Fund subject to certain limitations. According to the Budget in Brief, “this program continues to create jobs for more than 30,000 New Jerseyans by providing direct grants to more than 140 firms expanding or relocating in the State.”
Program Description and Overview (Cont’d)

NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

Continuation funding for the New Jersey Commission on Science and Technology is recommended at $19.5 million, the same as was recommended in FY 1999. Of the total recommended appropriation, $496,000 is for the administrative expenses of the Commission; the balance, $19.0 million, is recommended for General Fund-Grants-In-Aid programs. This funding will support 8 administrative positions in FY 2000, an increase of two positions to support the Technology Transfer Program.

The $19.0 million recommended for the New Jersey Commission on Science and Technology as General Fund-Grants-In-Aid funding is to be divided among three programs: Research and Development Programs ($12 million); Business Assistance ($2.1 million); and the Technology Transfer Program ($5 million). Recommended funding for each of these programs represents continuation funding.

The New Jersey Commission on Science and Technology was established to encourage the development of scientific and technological programs, stimulate academic-industrial collaboration and coordinate the activities of technological centers and business facilities. The Governor’s budget has recommended that $12 million be available to the Commission to provide grants-in-aid funding for Research and Development (R&D) Programs. The majority of these funds will continue to support sixteen programs which received support in FY 1999.

According to the Commission’s website, the Commission’s R&D programs are organized along the lines of business sectors identified as critical to the State’s economic destiny. These are biotechnology, advanced materials, information technology and environmental protection technology. Within these areas, Advanced Technology Centers (ATCs) are funded to conduct leading edge research and development in conjunction with private industry. These ATCs include: the Center for Advanced Biotechnology and Medicine, the Center for Advanced Food Technology, the Center for Agricultural Molecular Biology, the Center for Ceramic Research, the Fiber Optic Materials Research Program, the Center for Photonics and Optoelectronic Materials, the Center for Computer Aids for Industrial Productivity, the Center for Manufacturing Systems, and the Hazardous Substance Management Research Center.

In addition to the $12 million for R&D programs, approximately $5 million is recommended for the Technology Transfer Program. To stimulate the transfer of university technology into commercial practice, the Commission offers three programs: a Technology Transfer Merit Program, which encourages competition for this purpose among the Advanced Technology Centers; the Innovation Partnership program, which aligns the research interests of New Jersey firms and university faculty; and a series of Technology Education Centers which, the Commission expects, will become a part of a coordinated, statewide manufacturing extension network. The $5 million appropriation is a matching grant program that underwrites individual company and university technology transfer and product development projects, assisting in the transfer of newly-developed technology from the university to the marketplace.

Finally, the budget recommends that $2.1 million be available to support the Commission’s Business Assistance Programs, whose purpose is to provide the infrastructure to improve the entrepreneur’s access to information, capital and technology. Among the infrastructure provided are a technology Help Desk to provide information on the Commission’s programs and other State services; an entrepreneurs forum which provides assistance by offering critiques of business plans,
Program Description and Overview (Cont'd)

panel discussion, networking opportunities and mentoring; small business assistance vouchers from the Commission for $1,000 worth of technical assistance from a network of approved providers; and three university-based business incubators that give special focus to technology firms. These three incubators are the Rutgers Business Innovation Center in New Brunswick; the Stevens Technology Ventures Business Incubator in Hoboken; and the NJIT Enterprise Development Center in Newark. According to the FY 2000 budget submission for the Commission, the single largest funding for this program is for the final $1 million commitment to Early State Enterprises, a New Jersey-based seed investment fund in which the Commission is a limited partner.

OTHER RELATED PROGRAMS

Each of the following programs was transferred from the former Department of Commerce and Economic Development to in but not of the Department of the Treasury pursuant to P.L. 1998, c.44. Notwithstanding this transfer, each of these authorities, commissions and councils continues to be “independent of any supervision and control by the department or by any board or officer thereof.” Most of these organizations, however, have some type of relationship with the New Jersey Commerce and Economic Growth Commission. The Chief Executive Officer and Secretary of the New Jersey Commerce and Economic and Development Commission has the authority to appoint the executive directors of the Economic Development Authority and the Motion Picture and Television Development Commission.

The New Jersey Economic Development Authority (EDA), established pursuant to P.L. 1974, c.80, acts as the State’s development bank, providing long-term, low-interest financing to private companies for constructing, acquiring, enlarging, and equipping industrial plants and certain other business facilities.

As a catalyst for economic activity, the EDA administers a number of State programs and cooperates with a number of State departments and agencies. The Community Development Bank, the Business Relocation Assistance Grant (BRAG) program and the Business Employment Incentive Program (BEIP) are among the programs administered by the EDA on behalf of the State. It also administers business training programs on behalf of the New Jersey Development Authority for Small Businesses, Minorities’ and Women’s Enterprises. According to the EDA’s 1997 Annual Report, the EDA “in cooperation with the Division of Taxation in the Department of the Treasury will be responsible for administering new incentives to support the growth of biotech and emerging technology companies in New Jersey. Expansion of the Hazardous Site Remediation Fund includes funding for individuals using innovative technologies to clean up contaminated sites. In conjunction with the Department of Environmental Protection, EDA also will be administering a funding program to encourage the upgrading, closure and remediation of underground storage tanks.”

The Motion Picture and Television Development Commission, established pursuant to P.L. 1977, c.44, 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, municipal government and the private sector. The Commission’s 1997 Annual Report states that a total of 567 projects were made in New Jersey, including 80 feature films, 5 television films, 78 television series and specials, 17 music videos, 125 industrial, educational, documentary and short films and 262 commercials (p. 3). According to the Annual Report, these 567 projects contributed $53,400,000 to the New Jersey economy.
Program Description and Overview (Cont’d)

The New Jersey Council of Economic Advisors, established pursuant to P.L. 1993, c. 149, serves as a permanent unpaid advisory council composed of economic experts who report directly and independently to the Legislature, the Executive Branch and the public. It is charged with providing the Governor and the Legislature with a comprehensive annual report on or before January 31 of each year which analyzes the current economic conditions and forecasts future conditions. The New Jersey Commerce and Economic and Development Commission provides appropriate administrative assistance to the council, including but not limited to, personnel and fiscal assistance. Funding for these services is annually provided for in the State budget. The FY 2000 budget recommends continuation funding of $45,000 for the Council of Economic Advisors.

The Urban Enterprise Zone Authority (UEZA), established pursuant to P.L. 1983, c. 303, was established to revitalize the State’s economically distressed urban communities. The Urban Enterprise Zone Program is administered by the New Jersey Commerce and Economic Growth Commission whose expenses are reimbursed by the UEZA, subject to the availability of funds. General oversight of the program is vested in a nine member UEZA, four of whom are ex officio; five are public members.

The Urban Enterprise Zone Program consists of 27 zones in 29 municipalities. From 1984 to 1986, urban enterprise zones were designated in ten municipalities (Camden, Newark, Bridgeton, Elizabeth, Jersey City, Kearney, Millville-Vineland, Orange, Plainfield, and Trenton). In 1993, the 1983 Act was amended to designate an additional ten zones in 11 municipalities (Asbury Park-Long Branch, Carteret, Lakewood, Mount Holly, Paterson, Passaic, Perth Amboy, Phillipsburg, Pleasantville, and Union City). Six of the ten were designated in the legislation; four were selected through a competitive process. The legislation was amended again in 1996 to add seven zones (East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York).

One benefit of being designated a UEZ is that qualified UEZ businesses are permitted to charge 50 percent of the current six percent sales tax rate. The three percent collected is deposited in the Zone Assistance Fund and revenues are returned to each UEZ in proportion to total sales tax revenues collected by qualified retail businesses in that zone. These revenues are to be used “for the purpose of assisting qualifying municipalities in which enterprise zones are designated in undertaking public improvements and in upgrading eligible municipal services.” Among the economic development projects approved are: $1.2 million to Jersey City for 44 uniformed police officers to patrol designated areas on foot; and $3.3 million to Lakewood to start the renovation of three buildings to create an assisted living facility, to buy two lots for a parking facility and to fund a program that provides below market rate loans to businesses within the UEZ.

According to a recent study of the 20 UEZs (22 municipalities) in the program prior to 1996 by Response Analysis Corporation and Urbanomics, from 1984 through June 1997, UEZ businesses have created 46,181 new jobs and have invested $4.1 billion in their zone businesses.

The New Jersey Development Authority for Small Businesses, Minorities and Women’s Enterprises (NJDA), was established pursuant to P.L. 1985, c.386, to assist in providing financing and other services to eligible businesses. The NJDA is funded through casino revenues and is mandated by the Legislature to target its assistance primarily to businesses in the Atlantic City region. Pursuant to N.J.S.A. 5:12-181 of the Casino Control Act, the Casino Reinvestment Development Authority is required to set aside $1.2 million annually from casino proceeds, beginning in 1984 and continuing through 2008, for the purpose of investing in the NJDA. The
Program Description and Overview (Cont'd)

NJDA in turn contracts with the New Jersey Economic Development Authority for administrative and program functions, paying the EDA a negotiated base annual fee of $375,735 in 1997. Among the programs run by the EDA is the Entrepreneurial Training Institute (ETI), a training program which aims to prepare new and aspiring entrepreneurs to run their own businesses. Participation in ETI programs makes entrepreneurs eligible for financing through the NJDA.

When NJDA was created, the State appropriated $290,000 to the Authority to fund its operations. The appropriation was considered a zero interest loan and was to be repaid in five annual installments commencing in the year following the second consecutive year in which the Authority received sufficient revenues from its own activities to pay its operating expenses. As of December 31, 1997, repayments had not commenced. Although an independent authority, rules and regulations promulgated by the NJDA are subject to the Commerce and Economic Development Commission's approval.

The South Jersey Port Corporation, established pursuant to P.L. 1968, c.60, was transferred in but not of the Department of the Treasury pursuant to P.L. 1998, c.44. It continues to be “independent of any supervision and control by the department or by any board or officer thereof.” Pursuant to P.L. 1997, c. 150, the port facilities of the Corporation along with its assets, liabilities and obligations were expected to be transferred to the Economic Development Authority in conjunction with the unification of the Corporation with the Philadelphia Port Authority. As yet neither this transfer of assets, liabilities and obligations to the EDA nor the unification of the Corporation with the Philadelphia Port Authority has taken place.

In addition to the above independent authorities, corporations, commissions and councils, the following were transferred in but not of the Department of the Treasury pursuant to P.L. 1998, c.44 and continue to be “independent of any supervision and control by the department or by any board or officer thereof.” Atlantic City Convention Center Authority (P.L. 1981, c.459); Dredging Project Facilitation Task Force (P.L. 1997, c.97); Economic Development Site Task Force (P.L. 1997, c.97); New Capital Sources Board (P.L. 1995, c.293); and the Export Finance Company Advisory Board (P.L. 1995, c.209).
New Jersey Commerce and Economic Growth Commission  
and Related Economic Development Programs  
FY 1999-2000

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct State Services</td>
<td>$16,481</td>
<td>$26,869</td>
<td>$27,644</td>
<td>67.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Grants - In - Aid</td>
<td>15,310</td>
<td>19,575</td>
<td>19,575</td>
<td>27.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>State Aid</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Construction</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$31,791</strong></td>
<td><strong>$46,444</strong></td>
<td><strong>$47,219</strong></td>
<td><strong>48.5%</strong></td>
<td><strong>1.7%</strong></td>
</tr>
<tr>
<td>Property Tax Relief Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct State Services</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Grants-In-Aid</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>State Aid</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td>Casino Revenue Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casino Control Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State Total</strong></td>
<td><strong>$31,791</strong></td>
<td><strong>$46,444</strong></td>
<td><strong>$47,219</strong></td>
<td><strong>48.5%</strong></td>
<td><strong>1.7%</strong></td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$353</td>
<td>$0</td>
<td>$0</td>
<td>-100.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Funds</td>
<td>$5,314</td>
<td>$23,722</td>
<td>$22,775</td>
<td>328.6%</td>
<td>-4.0%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$37,458</strong></td>
<td><strong>$70,166</strong></td>
<td><strong>$69,994</strong></td>
<td><strong>86.9%</strong></td>
<td><strong>-0.2%</strong></td>
</tr>
</tbody>
</table>

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>96</td>
<td>118</td>
<td>121</td>
<td>26.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Federal</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>All Other</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>6.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Positions</strong></td>
<td><strong>111</strong></td>
<td><strong>134</strong></td>
<td><strong>137</strong></td>
<td><strong>23.4%</strong></td>
<td><strong>2.2%</strong></td>
</tr>
</tbody>
</table>

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent  
25.0% 26.5% 27.0% — —
Significant Changes/New Programs ($000)

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Adj. Approp. FY 1999</th>
<th>Recomm. FY 2000</th>
<th>Dollar Change</th>
<th>Percent Change</th>
<th>Budget Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

General Fund-DSS
Special Purpose: New Jersey Commerce and Economic Growth Commission

$14,263 $15,038 $775 5.4% D-388

The $15 million recommended for the Commission’s programs in FY 2000 is a net $775,000 increase over the FY 1999 adjusted appropriation. Included in this amount is a new $1 million appropriation which, according to the Budget in Brief “will support an expanded Economic Development Television Campaign. This Television Campaign will highlight the improved business climate, incentives and benefits of relocating businesses to New Jersey.” This $1 million increase is offset by the elimination of $175,000 for Trade Shows, Missions and Promotions which was added by the Legislature in FY 1999 and by the elimination of $100,000 in the salary account to reduce the number of funded vacancies.

The evaluation data on page D-387 shows a comparison of expenditures along programmatic lines as follows:

<table>
<thead>
<tr>
<th>Program Expenditures ($000)</th>
<th>FY 1999</th>
<th>FY 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Retention, Expansion &amp; Attraction</td>
<td>$3,630</td>
<td>$3,701</td>
</tr>
<tr>
<td>Export Promotion</td>
<td>1,101</td>
<td>947</td>
</tr>
<tr>
<td>Travel and Tourism</td>
<td>7,331</td>
<td>7,352</td>
</tr>
<tr>
<td>Business Marketing Campaign</td>
<td>—</td>
<td>1,000</td>
</tr>
<tr>
<td>Small Businesses and Women and Minority Businesses</td>
<td>1,102</td>
<td>1,123</td>
</tr>
<tr>
<td>Other Key Industries and Initiatives</td>
<td>1,099</td>
<td>915</td>
</tr>
<tr>
<td>Total</td>
<td>$14,263</td>
<td>$15,038</td>
</tr>
</tbody>
</table>

All Other Funds:
Economic Development $22,992 $22,045 $(947) (4.1)% D-388

The expenditures in this line item are supported by dedicated revenues from the following three sources: Bayshore Development, the Joint Dredging Plan for Port of NY and NJ and the Urban Enterprise Zone (UEZ) Authority Administrative Expenses and Administration Employer Rebates.
The Joint Dredging Plan for the Port of New York and New Jersey is recommended to decrease by $1 million from $21 million in FY 1999 to $20 million in FY 2000. This decrease is offset by an increase of $53,000 for the Administrative Expenses of the Urban Enterprise Zone Authority which is recommended to increase from $1.662 million to $1.715 million.
Language Provisions

1999 Appropriations Handbook

p. B-18

Subject to the approval of the Director of the Division of Budget and Accounting, there is appropriated to the Department of Treasury on behalf of the New Jersey Economic Development Authority from the General Fund such sums as may be necessary to fund the Business Employment Incentive Program, the amount of which shall not exceed the total amount of revenues received as withholdings, as defined in section 2 of P.L.1996, c.26 (C.34:1B-124 et seq.), as certified by the Director of the Division of Taxation. The Authority shall provide the Joint Budget Oversight Committee, on or before November 1, 1998, with a report of the grants funded in the prior fiscal year including, but not limited to, a summary of each grant agreement and the amount of each grant funded in that year.

2000 Budget Recommendations

p. D-386

In addition to the amount hereinabove, there is appropriated to the Department of the Treasury on behalf of the New Jersey Economic Development Authority from the General Fund such sums as may be necessary to fund the Business Employment Incentive Program, the amount of which shall not exceed the total amount of revenues received as withholdings, as defined in section 2 of P.L.1996, c.26 (C.34:1b-125), from all businesses receiving grants pursuant to the "Business Employment Incentive Program Act," P.L. 1996, c.26 (C.34:1B-124 et seq.), as certified by the Director of the Division of Taxation. The authority shall provide the Joint Budget Oversight Committee, on or before November 1, 1999, with a report of the grants funded in the prior fiscal year including, but not limited to, a summary of each grant agreement and the amount of each grant funded in that year.

Explanation

The Business Employment Incentive Program Act is administered by the New Jersey Economic Development Authority(EDA) and was enacted to foster job creation in the State. The act authorizes the EDA to award grants, which are equal to between 10 percent and 80 percent of the withholdings to the grantee, to businesses which undertake projects resulting in a net increase in employment.

The recommended FY 2000 budget language eliminates the specific direction that the Director of the Division of Budget and Accounting approve the appropriation of such sums as may be necessary to the Department of the Treasury on behalf of the EDA.
Language Provisions (Cont’d)

1999 Appropriations Handbook

p. B-18

The amount hereinafore for Travel and Tourism, Advertising and Promotion - Cooperative Marketing Program shall be available for expenditure only to the extent that an amount equal to 25% of the State funds are expended from funds raised by the Division of Travel and Tourism 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.

2000 Budget Recommendations

p. D-388

Of the sum hereinafore appropriated for the New Jersey Commerce and Economic Growth Commission, there is no less than $550,000 for the Office of Sustainability; $4,450,000 for Advertising and Promotion; $3,015,000 for Accounts Management; $1,850,000 for the Travel and Tourism Cooperative Marketing Program; $1,000,000 for the Business Marketing Campaign coordinated with Prosperity New Jersey; $1,000,000 for the Community Development Bank; $25,000 for the Business Information-Call Management Center; $350,000 for the Office of Maritime Resources; $130,000 for the New Jersey Israel Commission; $150,000 for the Promotion of Agricultural Exports; and $75,000 for the Business Resource Center, except that the 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.

Explanation

This language allocates a minimum of $12.6 million of the $15 million special purpose appropriation recommended for the New Jersey Commerce and Economic Growth Commission. In FY 1999, prior to the elimination of the Department of Commerce and Economic Development and the creation of the New Jersey Commerce and Economic Growth Commission, the items above that were included in the FY 1999 Appropriations Act were included as separately funded line items.
Language Provisions (Cont’d)

1999 Appropriations Handbook
p. B-18
Fifty percent of the receipts collected from the use of the Travel and Tourism logo and slogan and the sale of related tourism promotional items are appropriated for the purpose of administering the Travel and Tourism program, subject to the approval of the Director of the Division of Budget and Accounting.

2000 Budget Recommendations
p. D-389
Fifty percent of the receipts collected from the use of the Travel and Tourism logo and slogan and the sale of related tourism promotional items are appropriated for the purpose of administering Travel and Tourism’s portion of the Advertising and Promotion program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

In FY 1999, Travel and Tourism was budgeted as a separate program class. For FY 2000, Travel and Tourism is included in the $15 million special purpose appropriation for the Commerce and Economic Growth Commission. The recommended language identifies the recommended funding allocation, the Travel and Tourism portion of the Advertising and Promotion program, that will be credited with fifty percent of the logo and slogan receipts.

Evaluation data on page D-387 of the Governor’s FY 2000 budget indicates that continuation funding of approximately $4.5 million is recommended for the Commission’s Advertising and Promotion program in FY 2000. In addition to this, approximately $1.9 million in continuation funding is recommended for Travel and Tourism Cooperative Marketing. These two amounts plus administrative costs comprise the $7.352 million allocated to Travel and Tourism as shown in the evaluation data.
Language Provisions (Cont'd)

1999 Appropriations Handbook

p. B-18

The Director of the Division of Travel and Tourism shall report semi-annually on the expenditure of State funds and private contributions during the preceding six months for the Travel and Tourism, 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 1999 shall be completed not later than January 31, 1999, the second six months of fiscal year 1999 shall be completed not later than July 31, 1999 and both reports shall be submitted to the Governor and the Joint Budget Oversight Committee.

2000 Budget Recommendations

p. D-389

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 2000 shall be completed not later than January 31, 2000, the second semi-annual report covering the second six months of fiscal year 2000 shall be completed not later than July 31, 2000 and both reports shall be submitted to the Governor and the Joint Budget Oversight Committee.

Explanation

This language reflects the elimination of the Department of Commerce and Economic Development and the creation of the New Jersey Commerce and Economic Growth Commission. The language recommended for FY 2000 requires the Chief Executive Officer and Secretary of the Commission to report the amounts spent on the programs instead of the Director of the Division of Travel and Tourism.
Language Provisions (Cont'd)

1999 Appropriations Handbook

p. B-17

The amounts herein above for the Travel and Tourism, Advertising and Promotion account shall be allocated between the International Trade, Economic Development and Travel and Tourism programs at the discretion of the Commissioner of Commerce and Economic Development.

2000 Budget Recommendations

No comparable language.

Explanation

This language reflects the elimination of the Department of Commerce and Economic Development and the creation of the New Jersey Commerce and Economic Growth Commission. In FY 1999, International Trade, Economic Development and Travel and Tourism were separate program classes within the former Department of Commerce and Economic Development. In FY 2000, the recommended funding is all within one program class as a single special purpose item.
Language Provisions (Cont'd)

1999 Appropriations Handbook
p. B-18

Of the amount hereinabove appropriated for the Travel and Tourism Advertising and Promotion account, the Director of the Division of Travel and Tourism shall expend such amounts as the director determines will encourage the optimum effective continuing operation of each of the Tourist Welcome Centers, including but not limited to, the transfer of the operation of the centers to private, non-profit entities, whether under lease arrangements or such other agreements as the director may determine.

2000 Budget Recommendations
p. D-389

Of the amount allocated by the Commission for the Advertising and Promotion account, the Commission shall expend such amounts as the Chief Executive Officer and Secretary determines will encourage the optimum effective continuing operation of each of the Tourist Welcome Centers, including but not limited to, the transfer of the operation of the centers to private, non-profit entities, whether under lease arrangements or such other agreements as the director may determine.

Explanation

This language reflects the elimination of the Department of Commerce and Economic Development and the creation of the New Jersey Commerce and Economic Growth Commission. The language recommended for FY 2000 gives the Chief Executive Officer and Secretary of the Commission the authority to determine the amounts which should be spent on Tourist Welcome Centers instead of the Director of the Division of Travel and Tourism.
Language Provisions (Cont'd)

1999 Appropriations Handbook

p. B-18

Notwithstanding the provisions of section 33 of P.L.1984, c.218 (C.5:12-181) and P.L.1985, c.386 (C.34:1B-47 et seq.) which govern the use of funds set aside for the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, the amount hereinabove for the Small Business Outreach/Technical Assistance Account is appropriated from the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises.

2000 Budget Recommendations

No comparable language.

Explanation

The FY 1999 budget included a new revenue item of $500,000 from the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises (NJDA) to fund the Small Business Outreach/Technical Assistance Account to offset the $500,000 General Fund appropriation for this purpose. The NJDA through the Economic Development Authority runs the Entrepreneurial Training Institute, a training program which aims to prepare new and aspiring entrepreneurs to run their own businesses. To date this transfer of funds from the NJDA to the State for this program has not taken place and it is not recommended in FY 2000.
Language Provisions (Cont'd)

1999 Appropriations Handbook
p. B-17
Subject to the approval of the Director of the Division of Budget and Accounting, of the sums hereinabove appropriated, or otherwise made available, for the Office of Sustainability, the Commissioner of Commerce and Economic Development Authority is authorized to contract with the New Jersey Economic Development Authority which shall finance loans to sustainable businesses.

2000 Budget Recommendations
p. D-389
Same language except that the “Commissioner of Commerce and Economic Development Authority” is changed to the “Chief Executive Officer and Secretary.”

Explanation
This language reflects the elimination of the Department of Commerce and Economic Development and the creation of the New Jersey Commerce and Economic Growth Commission. This language authorizes the Office of Sustainability to contract with the New Jersey Economic Development Authority to provide certain small business loans.
Language Provisions (Cont'd)

1999 Appropriations Handbook

p. B-17

Subject to the approval of the Director of the Division of Budget and Accounting, there is appropriated to the Department of Commerce and Economic Development from the General Fund such sums as may be necessary, as certified by the Commissioner and the Director of the Division of Taxation, to fund business relocation grants made under the "Business Relocation Assistance Grant Act," the amount of which shall not exceed the new income tax revenues as defined in section 2 of P.L. 1996, c.25 (C.34:1B-113). In addition to the report required pursuant to section 10 of P.L.1996, c.25 (C.34:1B-121), the Commissioner shall provide the Joint Budget Oversight Committee, on or before November 1, 1998, with a report of the grants funded in the prior fiscal year including, but not limited to, a summary of each grant agreement and the amount of each grant funded in that year.

2000 Budget Recommendations

p. D-389

Same language except that the “Department of Commerce and Economic Development” is changed to the “New Jersey Commerce and Economic Growth Commission” and “Commissioner” is changed to Chief Executive Officer and Secretary of the Commission.”

Explanation

The Business Relocation Assistance Grant Act is administered by the New Jersey Economic Development Authority (EDA) and was enacted to encourage economic development and job creation in the State. The act authorizes the EDA to award grants in an amount up to and including 50 percent of the total allowable relocation costs for businesses relocating a minimum of 25 new full-time jobs in the State, but not exceeding 80 percent of the projected new income tax revenues generated by these new jobs.

This language reflects the establishment of the New Jersey Commerce and Economic Growth Commission to replace the Department of Commerce and Economic Development. The language recommended for FY 2000 requires that the Chief Executive Officer and Secretary of the Commission and the Director of the Division of Taxation certify the amounts which will fund business relocation grants made under the Business Relocation Assistance Grant Act.
Language Provisions (Cont'd)

1999 Appropriations Handbook  

p. B-18

There is appropriated from the Enterprise Zone Assistance Fund such sums as are necessary for administrative services provided by the Department of Commerce and Economic Development 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.

The amount necessary to provide employer rebate awards as a result of the "New Jersey Urban Enterprise Zone Act," P.L.1983, c.303 (C.52:27H-60 et seq.), are appropriated from the Enterprise Zone Assistance Fund subject to the approval of the Director of the Division of Budget and Accounting.

2000 Budget Recommendations  

p. D-389

Same language except that the “Department of Commerce and Economic Development” is changed to the “New Jersey Commerce and Economic Growth Commission.”

Explanation

This language reflects the establishment of the New Jersey Commerce and Economic Growth Commission to replace the Department of Commerce and Economic Development. The recommended language continues the use of funds from the Enterprise Zone Assistance Fund to provide for administrative expenditures related to the operation of the Urban Enterprise Zone Act.
Language Provisions (Cont'd)

1999 Appropriations Handbook

p. C-1

Notwithstanding the provisions of any other law to the contrary, an amount not to exceed $2,000,000 is appropriated to the New Jersey Economic Development Authority, subject to the approval of the Director of the Division of Budget and Accounting, for the purpose of investing such money in an export finance company, pursuant to section 4 of P.L.1995, c.209 (C.34:1B-96). Such amount shall be invested by the authority in the export finance company in accordance with a schedule determined by the State Treasurer after the Export Finance Company Advisory Council, established pursuant to section 7 of P.L.1995, c.209 (C.34:1B-99), certifies that sufficient funds have been committed from private sources to implement the purposes of the "Export Financing Opportunities Act," P.L.1995, c.209 (C.34:1B-93 et seq.).

2000 Budget Recommendations

No comparable language.

Explanation

This language was added by the Legislature in FY 1998 and FY 1999. In each of these years the language recommended that $2 million be appropriated to the New Jersey Economic Development Authority (EDA) and invested in an export finance company. Pursuant to the Export Financing Opportunities Act (P.L. 1995, c. 209), the EDA was authorized to invest these funds and create an export financing company to help small and medium-sized businesses in New Jersey find pre-export financing.

P.L. 1999, c. 38 amended the Export Financing Opportunities Act, clarifying that the company would be a limited liability company. According to a news release on March 9, 1999 from the Governor's Office, P.L. 1999, c.38 "authorized the EDA to use $2 million which previously was budgeted to purchase interest in the Company as long as the interest purchased does not exceed 49 percent of the total shared interest of the company. The Legislature included $2 million in each of the last two State budgets in anticipation of the Company's formation. Since the company had not yet been formed, those funds were not accessed."
Discussion Points

1. In testimony before the Assembly Appropriations Committee on April 16, 1998, the Commissioner of the Department of Commerce and Economic Development indicated that reorganizing the economic development functions of the department under a commission would "enhance Commerce's effectiveness and strengthen New Jersey's position in the world marketplace. We are proposing this change because Commerce, like no other State agency, has to have the flexibility to respond, because business will continue to rapidly change, to produce new industries, to leap on new trends."

- Question: What does the Commission view as the significant issues in attracting businesses to New Jersey and keeping them here? How has the Commission allocated its resources differently since its change in status from a department to a commission over the past year to best address these issues? Please provide an example of a "rapid change, a new industry, or a new trend" which the commission structure has been better able to address than the department structure would have been.

2. In response to discussion points in the Office of Legislative Services FY 1999 analysis of the Department of Commerce and Economic Development, the department stated that "As a commission, we will be able to bring a corporate culture to government." The department further indicated that "Under the Commission, the Office of Accounts Management (and other Commission units) will be able to hire industry sector specialists on a permanent rather than a pilot program status. Additional flexibilities include: the ability to hire the best qualified people for the job; reallocation of staff from other divisions to cover peak work loads; establishment of specific performance measures designed to motivate staff and insure accountability; and the ability to reward performance."

- Question: Please describe how the commission structure has enabled the Commissioner to organize economic development units of New Jersey State government in a more "corporate" way than was possible under the department structure?

- Please discuss the relative importance of flexibility in hiring, reallocating staff, measuring performance, and rewarding performance under the Commission rather than the department structure. Is the Commission able to offer salaries that are more competitive with respect to comparable jobs in the private sector than the department had been able to offer? How is employee performance measured differently and what evidence is there that this has positively impacted employee motivation and accountability? What evaluation structure is used to reward performance?

3. The Commerce and Economic Growth Commission has been charged with the mission of coordinating economic development programs for the State. Among the many programs funded by the State to assist businesses are: Prosperity New Jersey, Office of Sustainability, the Business Employment Incentive Program, the Business Relocation Assistance Grant Program, and the Transfer Technology Program. In addition to these programs, there are other programs administered by organizations such as the Urban Enterprise Zone Authority, the Motion Picture and Television Development Commission and the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises.

- Question: How does the Commission ensure that businesses receive the optimum amount of assistance without duplicating information and services?

Discussion Points (Cont’d)

4. Prosperity New Jersey was created by executive order in 1995 to serve as a public/private partnership to help foster, promote and strengthen economic activity, job creation and the overall business climate in New Jersey. Since FY 1996, Prosperity New Jersey has received and spent approximately $3.5 million in State funds to carry out its mission. Information provided during budget hearings for FY 1999 indicated that through FY 1998, Prosperity New Jersey had raised approximately $2.6 million in private sector resources. At the time, the program was hoping to raise an additional $2.8 million in FY 1999.

• Question: Please update this information including the commission’s estimate of the amount of private sector support that Prosperity New Jersey will receive in FY 2000. Please indicate how these funds have been used since the program’s inception and indicate which programs have been most successful in improving New Jersey’s business climate.

5. The NJ Office of Sustainability (NJOS) was created on April 22, 1997 pursuant to Executive Order No. 68 to assist in the development of environmentally sustainable businesses in New Jersey. Out of a survey of 2,000 companies, NJOS has identified about 500 companies that are engaged in "sustainable business actions" such as manufacturing recycled, non-toxic or energy efficient products or implementing pollution prevention, energy efficiency or water conservation programs.

The response to OLS’s discussion points last year indicated that NJSO would be posting 500 firms as NJ Green Pages on its website. In addition, the department indicated that a report entitled, Greening the Garden State, would be available in April 1998 and would include profiles of two hundred sustainable New Jersey based companies.

• Question: What type of assistance by NJOS has been found to be most useful to sustainable businesses? Please indicate the status of this website posting. Please also provide a copy of the Greening the Garden State report.

6. Global awareness and international understanding are rapidly becoming important components of policy making as States begin to take advantage of special opportunities in international commerce and in cultural and educational exchanges. New Jersey has an increasingly international population. Exported goods and services account for slightly more than 10 percent of the federal gross national product. California, the largest exporting State, sends more than 12 percent of its manufactured products overseas. (pp. 524-536 Book of the States)

• Question: Does the State of New Jersey maintain overseas offices to assist State businesses? If so, where are they located and how are they funded and staffed? What have been their successes in courting overseas investments or finding markets for NJ-based goods and services?

7. In FY 1999, $150,000 was appropriated for an Agricultural Exports Initiative within the International Trade program to “ensure that New Jersey’s food products continue to gain prominence in the world marketplace.” Continuation funding is recommended in the Governor’s FY 2000 budget.

• Question: How has this program increased exports of New Jersey agricultural products? What agricultural products are exported? What countries are the primary
Discussion Points (Cont’d)

8. The “New Jersey Urban Enterprise Zones (UEZ) Act” (P.L. 1983, c.303) was established to encourage the revitalization of the State’s distressed urban communities by authorizing tax credits, tax exemptions and other benefits to qualified businesses within the zones. Primary among these benefits is that qualified zone businesses can charge a reduced sales tax of three percent, instead of the current rate of six percent. Over the 20 year life of a zone, a declining share of revenues from the reduced sales tax is deposited into the Urban Enterprise Zone Assistance Fund to provide zone municipalities with the resources to fund certain public improvement projects.

The original (UEZ) legislation phased out sales tax benefits over the 20 year period. For the first five years of designation, the city receives the total 3 percent; for the second five years, the city receives 2 percent; for the third five years, the city receives 1 percent and for the final five years, it would receive no sales tax benefits. For cities such as Newark, Trenton, Bridgeton, Camden and Plainfield which were among the 10 original designated zones, January 1, 2001 would be the first year in which these cities receive no share of sales taxes collected within zone limits.

Since 1983, the number of municipalities eligible for designation as urban enterprise zones has nearly tripled from the ten zones originally authorized in 1983. On page 103 of the FY 2000 Budget in Brief, the following statement is made, “The Governor has introduced major programs to encourage firms to invest in the state, particularly in our urban centers, including: .....expansion of the State’s Urban Enterprise Zone Program.”

• Question: Please discuss the successes of the Urban Enterprise Zone Program. If the program were to be expanded further, please discuss in what ways the program might best be expanded (e.g. more zones, a larger tax share for the municipality, elimination of the tax share phase out).

9. The New Jersey Commission on Science and Technology was established pursuant to P.L. 1985, c. 102 to encourage the development of scientific and technological programs, stimulate academic-industrial collaboration, and coordinate activities of technological centers and business facilities. Approximately $12 million of the $19 million available for grants-in-aid would be allocated for Research and Development Programs. According to the FY 2000 budget submission for the Commission, the $12 million would be allocated as follows: $9.3 million will support sixteen continuing programs which received R&D Excellence Program support in FY 1999; $350,000 will be available for Major Matching awards; and $2.3 million will support new R&D opportunities in FY 2000.

• Question: Please provide more specific information indicating the recipients of these funds in FY 1999 and those who are expected to receive these funds in FY 2000. Please also indicate amounts each grant recipient received.

10. The Governor’s FY 2000 budget recommends approximately $5 million in grants-in-aid funding for the New Jersey Science and Technology Commission’s Technology Transfer program. This program is a matching grant program that underwrites individual company and university technology transfer and product development projects, assisting in the transfer of newly-developed technology from the university to the marketplace. In response to the first round of competition under this program in FY 1999, the Commission awarded approximately $2 million to ten small New Jersey technology companies. The awards from a second round of competition will be
Discussion Points (Cont'd)

announced in April 1999.

- **Question:** Please provide a list of the grant recipients including the names of the recipients, products or technologies produced and the amount of the grants. Please also indicate the number of jobs created as a result of these grants.

11. The Technology Center of New Jersey on Rte. 1 in North Brunswick is located within a 30 mile radius of approximately 30 leading research operations. Funding for the development of this center came from the AFL-CIO Building investment Trust, the EDA and the New Jersey Commission on Science and Technology. The Center offers technology companies state-of-the-art facilities, financial assistance from the Economic Development Authority (EDA) and technological support from the New Jersey Commission on Science and Technology.

   According to the Technology Center's internet site, Phase One is a 60,000 square foot multi-tenant, high tech building with individual leases available for modules as small as 6,000 square feet. The Technology Center has the capacity for up to 800,000 square feet of space in several free standing buildings.

- **Question:** Please discuss the types of financial assistance and technological support provided by the EDA and the New Jersey Commission on Science and Technology to potential Technology Center tenants. Please provide a list of current tenants, the space they occupy, and the products or research they produce.

12. P.L. 1998 c. 44, the Legislation which created the Commerce and Economic Growth Commission, also transferred a number of related agencies from the former Department of Commerce and Economic Development to in but not of status in the Department of the Treasury. Most of these in but not of agencies have funding sources other than a direct appropriation from the State General Fund. However, because these authorities, commissions and councils administer programs “on behalf of the State”, some are reimbursed for their administrative fees.

- **Question:** For each of the in but not of authorities, commissions and councils included in P.L. 1998, c. 44, please provide a list of all funds received either directly or indirectly from State sources. This should include, but not be limited to, administrative fees reimbursed, debt service paid by the State and loans forgiven.
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Individuals wishing information and committee schedules on the FY 2000 budget are encouraged to contact:

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