

Virginia S. Bauer
CEO/Secretary
NJ Commerce, Economic Growth & Tourism Commission
Senate Budget & Appropriations Committee
Monday, May 15, 2006

Good afternoon Chairman Bryant and members of the Committee, it is a pleasure to appear before you today.

Governor Corzine has proposed a responsible spending plan, a budget that will regain financial stability while maintaining the quality of life standards we have promised our fellow residents.

And like many families when faced with difficult financial times, the Governor has asked all of us within State government to do more with less. The Governor has asked Cabinet members to curtail spending, restructure operations to maximize efficiency and review all programs to ensure their ultimate value.

I am no stranger to such challenges. In July 2004, I took over a troubled agency that had been in the headlines for all the wrong reasons. Through cost cutting measures, increased accountability and ethics reforms, I was able to get the Commerce Commission back on track. The department charged with retaining, expanding and attracting business is acting like one.

And while we must remain cognizant of the budget crisis, it is important to note that our State's economy remains strong. Our unemployment rate is again lower than the national average. We continue to outperform the rest of the country, adding 3,700 jobs in March. In 2005, our exports rose nearly 10% to more than \$21 billion. We are the 12th largest exporter in the country with

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the eighteenth largest economy in the world. And just last month, the Biotechnology Industry Organization (BIO) issued a report highlighting New Jersey as the only state to see significant advancements in areas like pharmaceuticals and medical research.

However, making sure that New Jersey businesses are able to compete in the 21st century global economy requires more from each of us. Having a Governor with the knowledge and experience of private sector success is exactly what the State needs at this time.

Through the creation of the Governor's Office of Economic Growth, led by Gary Rose, the Governor has demonstrated that business and economic growth will be a key priority of his administration. The Office of Economic Growth is the economic policy maker, ensuring that the Governor's business agenda remains at the forefront of our public policy deliberations. It is my job at Commerce to implement these policies. I serve as the liaison for the business community in dealing with State government. I am proud to be working with the Office of Economic Growth on a strategic business plan for the entire State, the first ever plan to address our business and economic needs statewide. Working with the OEG, EDA and other partners within State government, Commerce will continue to promote and market the State's incentive programs that lead to sustained economic growth. And Commerce will continue to serve as the place to turn for businesses when they are in need of government assistance. Together I am confident this new cooperative partnership will enhance New Jersey's reputation as the ideal business location.

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While our financial incentive and business assistance programs are critical as we tout the State as a business destination, promoting New Jersey as a tourist destination is equally important. Commerce is charged with highlighting the importance of the tourism industry. Tourism is one of the most vital contributors to our State's economy. As our third largest industry, tourism accounts for more than \$36 billion in economic activity, up 12.5% in 2005. It supports over 472,000 jobs and generates more than \$15 billion in salaries and wages. One out of every nine New Jersey workers is employed in the tourism industry, making it the fastest growing sector in 2005. In addition, visits to New Jersey increased to 72 million. And perhaps most significant given the budget times that are we are in, tourism brings in more than \$4 billion in tax revenues to the State each year. The numbers indicate the obvious; tourism is one of New Jersey's greatest assets and as a State we have an obligation to support the industry and foster its growth.

In the new global economy, foreign trade and international investment are critical. New Jersey is home to over 1,400 foreign-based firms. Nearly 600,000 New Jersey jobs are a direct result of foreign trade. For every job tied to foreign trade, almost \$4,000 in State revenue is generated. The U.S. Department of Commerce calculates that for every \$1 billion in exports, 12,000 new jobs are created. And salaries tied to international trade related jobs are more than 16% higher than the average wage. Commerce's Office of International Trade and Protocol continues to promote New Jersey's exports; attract new foreign direct investment and build relationships with foreign businesses. This year we have arranged nearly 8,300 domestic and international meetings to encourage export sales. Currently, we are working on 695 export projects with New

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Jersey companies, which have a potential value of more than \$1.6 billion and could create an additional 20,000 new jobs in the State. Our office has secured 43 new foreign direct investment projects so far this year, totaling more than \$196 million and contributing more than 2,200 new jobs in New Jersey.

As you can see the Commerce Commission plays a critical role in advancing the Governor's business and economic development agenda. Commerce works daily to ensure that our business environment remains friendly; works to keep our companies here, retaining our educated workforce and maintaining our high quality of life. Working with our partners, the Commerce Commission will continue to ensure the economic success and prosperity for all New Jersey citizens.

Again, I thank you for your time today and I welcome your questions.