



Senate Budget and Appropriations Committee

April 10, 2013

Chairman Sarlo, Members of the Budget Committee...the New Jersey Economic Development Authority (EDA) appreciates the opportunity to testify today on our efforts to grow New Jersey's economy and support the State's recovery and rebuilding efforts.

Along with our President and Chief Operating Officer Tim Lizura, who is here with me today, we would like to give special thanks to this Legislature for providing the EDA with award-winning economic development tools that continue to deliver tangible results and help ensure that New Jersey is able to compete in the ever-growing global marketplace.

As the agency charged with administering these tax incentives, I am proud of the jobs and private investment they have helped to generate, and equally proud that the EDA manages these programs with the utmost due diligence and integrity, and in strict compliance with the statutes.

In 2012, entities such as New Jersey Future, Business Facilities Magazine and the Northeastern Economic Developers Association recognized the Urban Transit Hub Tax Credit Program for its economic impact in the State.

Originally authorized by the Legislature in 2007, more than \$1 billion in tax credits has been approved under the Hub program to date. This is leveraging an estimated \$2.2 billion of private investment, and supporting the creation and retention of thousands of jobs.

By attracting this kind of significant investment to New Jersey's urban centers, the Hub program has successfully catalyzed large-scale redevelopment projects that are transforming neighborhoods, creating jobs for our residents, and stimulating economic activity that benefits all New Jerseyans.

Just yesterday our board of directors approved three residential projects under the Hub program that support our commitment to economic growth in our urban

centers. These projects will stimulate \$625 million dollars in private investment, create more than a million square feet of residential space, nearly 50,000 square feet of commercial space, and more than 160,000 square feet of academic space . These projects will result in more than 1600 construction jobs, and three transformational residential projects – 2 in Jersey City and one in New Brunswick.

And because no funding is provided to a project until it is completed and generating new tax revenue, the Hub and our other incentive programs offer performance-based protection of our taxpayer dollars. We thank you again for creating programs that are truly making a difference across this State.

While the large incentive programs tend to get all the attention, the EDA remains committed to our core focus of supporting small business growth.

In 2012, we finalized nearly \$700 million in assistance to support 228 projects; more than half were small businesses in need of capital to maintain or expand their operations in New Jersey.

We are particularly proud of the funds administered as part of the federal State Small Business Credit Initiative, which involves a total allocation of \$33.8 million to the EDA to provide targeted assistance to small businesses, with a particular focus on small manufacturers and women- and minority-owned enterprises.

In its standard audit of the first tranche of funds disbursed, the US Department of Treasury commended the EDA for its effectiveness and integrity in program development and fund administration, noting several best practices that we utilized.

This type of recognition illustrates our commitment to the highest level of transparency and fiscal accountability, and we are pleased that this clean audit paves the way for New Jersey to receive the second tranche of funds to support our small businesses.

This critical segment of our economy was among the hardest hit by Superstorm Sandy, with businesses in the 113 most impacted municipalities incurring \$382 million in commercial property loss and another \$63.9 million in business

interruption loss. As a result, economic recovery and revitalization is a top priority of New Jersey's Action Plan.

Under the Action Plan, the EDA will administer \$500 million of the Community Development Block Grant (CDBG) Disaster Recovery allocation that New Jersey has set aside to support the recovery of our storm-impacted businesses and communities.

Our immediate goal is to get grant assistance to impacted businesses as quickly as possible to ensure they have the capital needed to resume or maintain their operations.

The program will provide grants of up to \$50,000 to small businesses that sustained physical damage from the storm. Funds could be used to cover costs related to rehabilitation, equipment, inventory, mitigation or working capital.

We also will offer no- and low-cost loans ranging up to \$5 million to assist small businesses that suffered physical damage, as well as to spur economic revitalization by providing funding for expansion and new businesses in storm-impacted areas.

A Neighborhood and Community Revitalization program would: provide funding to help advance innovative and transformative projects in our impacted communities; help communities with public facility improvements, including streetscapes, lighting, and sidewalks; support business assistance initiatives, such as micro-loans for storm-related damage and loan guarantees for loan loss reserves; and support façade and code-related improvements.

Finally, we are working towards procuring professional marketing and advertising firms to help us design the large-scale marketing and advertising campaign that will promote storm-impacted businesses and shore communities by letting the nation know that New Jersey is recovering and open for business. We expect to launch this campaign immediately following the Federal government's approval of the Action Plan.

In the aftermath of Superstorm Sandy, the Fort Monmouth Economic Revitalization Authority (FMERA) was actively engaged with the Army, FEMA and

state agencies to assess how the Fort's assets could be used to assist storm victims.

As a result of this joint effort, FEMA was able to retrofit and make available 115 temporary housing units for families in the region that were displaced by the storm.

FMERA also made significant progress in 2012 as it worked to bring jobs and prosperity back to the Fort Monmouth region.

Last year, we celebrated a historic milestone with the signing of the Memorandum of Agreement transferring the Fort Monmouth property from the U.S. Army to FMERA.

FMERA has already successfully attracted two companies to the former military installation.

Data storage company CommVault Systems, Inc. is moving its headquarters to the Fort, marking the first sale of property. The global technology leader plans to undertake a three-phase project on a 55-acre site, investing over \$87 million and creating a total of up to 1,500 new jobs at full build out.

Building on this momentum, FMERA finalized the second sale of property with AcuteCare, a company that plans to reuse the 16-acre former Clinic parcel as a medical facility serving the elderly, veterans and other patients. AcuteCare expects to make a minimum investment of \$5 million and create at least 50 new jobs.

Looking ahead, we expect to have an even busier and more successful year for both FMERA and the EDA.

To support the construction, expansion and enhancement of charter schools in the state, we announced in March the availability of \$125 million in Qualified School Construction Bonds (QSCBs). The State Treasurer authorized the federal allocation to the EDA and we will work jointly with the New Jersey Department of Education to administer the funds.

The competitive solicitation closed last week (April 3, 2013) with 13 responses

received, and we expect to make a recommendation to our Board next month.

This low-cost borrowing will help our charter schools create facilities and classrooms of the 21st century, offering our students the opportunity to compete in the global economy.

Finally, we look forward to formally launching the Angel Investor Tax Credit Program this July; a program you authorized earlier this year to generate growth in New Jersey's emerging technology industries. This has created a lot of excitement in the marketplace, and will serve to encourage millions of dollars of private investment in our entrepreneurial businesses.

Moving forward in 2013, the EDA will continue to successfully advance our core mission of job creation and economic growth, as well as our new charge to support the recovery and rebuilding of New Jersey's businesses and communities.

Thank you for the opportunity to testify before you today. I am happy to answer any questions you may have.