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.

Along with our President and Chief Operating Officer Tim Lizura, who is here with me today, we would like to thank the Governor and the Legislature for providing the EDA with economic development tools that have allowed us to support transformational projects in communities across the State and ensure New Jersey is able to compete in the increasingly global marketplace.

Three years ago, you advanced the New Jersey Economic Opportunity Act of 2013, streamlining the State’s economic development incentive programs into two: the Grow New Jersey Assistance (Grow NJ) Program and the Economic Redevelopment and Growth (ERG) Program.

With the Act, you developed clear public policy objectives that place extra emphasis on spurring development and private investment in our distressed communities, while also encouraging economic expansion in industries targeted for growth.

I am pleased to share that of the projects approved under Grow NJ to date, nearly 66 percent are in one of the defined targeted industries; notably, over 30 percent are companies in the manufacturing sector.

Additionally, 70 percent of approved projects under Grow NJ and ERG are in a targeted community, which includes those defined as “Distressed Municipalities,” “Urban Transit Hub Municipalities,” and “Garden State Growth Zones.”

In particular, and as expressly bolstered through the statute, Camden is experiencing a flurry of activity. Of note, Holtec International broke ground last
year on its technology campus, located on approximately 47 acres along the City’s waterfront.

The company has said they expect 1,000 employees in Camden by 2020. With a clear and strong commitment to local hires and local sourcing of services, Holtec is working with partners such as the Camden School District, Camden County College, county freeholders, and the state Department of Labor and Workforce Development to create a comprehensive infrastructure of education and training for city residents.

Holtec is one of 167 Grow NJ projects approved to date. These projects, which have been approved for a total of up to $3.2 billion in tax credits, represent over 20 million square feet of new or improved space across the State, the estimated private investment of $2.9 billion in New Jersey’s economy, the creation of nearly 21,950 new permanent jobs and 10,600 construction jobs, and the retention of 21,358 jobs.

While larger companies like Holtec get the most attention, I’m pleased to share that roughly 35 percent of Grow NJ projects represent businesses with fewer than 150 employees.

Through ERG, 40 community development projects have been approved for up to $806 million. These projects involve private investment exceeding $3.25 billion. While the Act does not include an employment requirement for ERG, we’re pleased that these projects involve the creation of an estimated 5,930 new permanent jobs and 12,170 construction jobs.

Projects include the Roebling Lofts in Trenton, which involves the conversion of a wire rope manufacturing warehouse into loft apartments. This is the first of three phases HHG Development Associates has planned for this mixed-use revitalization project, centered in the heart of the downtown. We are encouraged that, in collaboration with the developer and the City, a job fair was held on May 6 exclusively for Trenton residents.

In addition to advancing clear public policy goals, this Legislature implemented various safeguards through the Economic Opportunity Act that we view as critical to protecting the public interest.
As the agency charged with administering these programs, I am proud that the EDA remains committed to the highest level of due diligence and transparency, and ensuring every project approved is done so in strict compliance with the statutes you have advanced.

While the Board’s approval of an application represents the opportunity for a project to realize tax credits, companies must certify that they have satisfied the specific legislative requirements before they receive any funds.

In short, approved projects must first generate new tax revenue, complete capital investments, and/or hire or retain employees prior to the receipt of any approved benefit.

Through April, six of the 167 Grow NJ projects have certified completion and received tax credits totaling $9.29 million. While the minimum capital investment requirements related to these projects totals $10.4 million, the actual certified investment was more than double that. These projects have also certified the creation of more than 480 new jobs and the retention of over 730 at risk jobs.

Under ERG, two of the 40 approved projects have certified completion and received reimbursements totaling $3.6 million. Actual capital investment tied to these projects exceeds $127 million.

Information on approved and completed projects is available on the EDA’s website and updated regularly.

In addition to our commitment to transparency, we take our fiduciary responsibility very seriously; our strong resolve to protect the public interest continues to be our primary obligation.

To that end, we have formally engaged the Edward J. Bloustein School of Planning and Public Policy at Rutgers University to undertake an analysis of the Grow NJ and ERG programs. While initial work has begun, we also recognize the long lead time to plan and construct many of these projects and the fact that just six have certified completion to date.
With more projects completed in the coming years and a larger and more accurate dataset to study, we expect to report out to you annual performance metrics and be on track for recommendations derived from the analysis by July 2018, as required by statute.

We are also issuing a Request for Proposals to identify an independent group of CPAs that will be tasked with performing audits on the information submitted to us from companies as they seek to certify their job and capital investment numbers. Through our ongoing spot audits, we’ll be ensuring that companies are upholding their agreements.

In addition to administering the State’s incentive programs, I’d be remiss if I didn’t briefly highlight our efforts related to New Jersey’s robust small business community.

Through close collaboration with banks and other local, state and federal partners, we have been able to increase access to capital, training and networking opportunities for small businesses that want to rebuild, maintain or expand their operations in New Jersey.

From a husband and wife team that accessed training to help establish their commercial farming business in Jersey City; to Habitat for Humanity of Burlington County, which utilized our Small Business Fund to purchase its facility in Maple Shade; to the hundreds of storm-impacted small businesses that have been able to recover and resume operations across the State.

Through continuous outreach, programs and events, we also remain focused on growing New Jersey’s vibrant technology ecosystem.

We have launched the Executives-in-Residence program at our Commercialization Center for Innovative Technologies (CCIT) in North Brunswick to tap into the breadth and depth of knowledge of New Jersey's life sciences executives in transition. We also introduced New Jersey Founders & Funders, which enables early-stage businesses to meet with potential investors in ten-minute, one-on-one “speed dating” sessions to discuss strategy, business models and funding opportunities.
As we move forward in 2016, we remain committed to growing New Jersey’s economy, helping to create quality jobs and stronger communities.

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