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Committee Meeting

of

JOINT LEGISLATIVE COMMITTEE ON ECONOMIC RECOVERY

"Testimony from Commissioners of the Department of Labor, the Department of Commerce and Economic Development, and the Department of Environmental Protection and Energy concerning their agency's efforts to improve the State's economic climate."

LOCATION: State House
Room 319
Trenton, New Jersey

DATE: May 3, 1993
9:30 a.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator Jack Sinagra, Chairperson
Assemblywoman Harriet Derman, Vice-Chairperson
Senator John H. Adler
Senator John O. Bennett
Senator Peter Inverso
Assemblyman Steve Corodemus
Assemblyman Jose F. Sosa
Assemblyman William F. Pascrell, Jr.



ALSO PRESENT:

Christopher R. Berry
Office of Legislative Services
Aide, Joint Legislative Committee
on Economic Recovery

Hearing Recorded and Transcribed by

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TABLE OF CONTENTS

	<u>Page</u>
Barbara W. McConnell Commissioner New Jersey Department of Commerce and Economic Development	1
Raymond L. Bramucci Commissioner New Jersey Department of Labor	5
Scott A. Weiner Commissioner New Jersey Department of Environmental Protection and Energy	7
Senator Leanna Brown District 26	43
Sankaran P. Raghunathan Assistant Professor of International Business Graduate School of Management Rutgers, The State University	47

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hw: 4-51

C O M M I T T E E N O T I C E

TO: MEMBERS OF THE JOINT LEGISLATIVE
COMMITTEE ON ECONOMIC RECOVERY

FROM: SENATOR JACK SINAGRA, CHAIRPERSON
ASSEMBLYWOMAN HARRIET DERMAN,
VICE-CHAIRPERSON

SUBJECT: COMMITTEE MEETING - May 3, 1993

The public may address comments and questions to Christopher R. Berry, Committee Aide, or make bill status and scheduling inquiries to Sharon Constantini, secretary, at (609) 984-7381.

The Joint Legislative Committee on Economic Recovery will meet on **Monday, May 3, 1993 at 10:30 AM in Room 319, State House, Trenton, New Jersey**. The committee will receive testimony from Commissioners Raymond Bramucci of the Department of Labor, Barbara McConnell of the Department of Commerce and Economic Development and Scott Weiner of the Department of Environmental Protection and Energy concerning their agency's efforts to improve the State's economic climate, including any proposed departmental initiatives designed to retain, expand or attract businesses.

In addition, the following bills will be considered:

S-1592 Brown /Littell	Permits customized training grants to promote expanded export trade activity.
S-1593 Brown /Sinagra	Provides corporation business tax credit for certain export related job increases.
*S-1594 Brown/Palaia	Establishes a Chair in International Business and Education at Rutgers University.

Issued 4/23/93

SENATOR JACK SINAGRA (Chairperson): Good morning.
Chris, please call the roll.

MR. BERRY (Committee Aide): Assemblyman Pascrell?
(no response) Assemblyman Sosa?

ASSEMBLYMAN SOSA: Here.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Here.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Here.

MR. BERRY: Senator Adler? (no response) Senator
Bennett?

SENATOR BENNETT: Here.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Here.

MR. BERRY: Senator Sinagra?

SENATOR SINAGRA: Here.

UNIDENTIFIED MEMBER OF COMMITTEE: Assemblyman
Pascrell is here. He just stepped out of the room for a second.

SENATOR SINAGRA: Good morning. The reason I have
asked -- this Committee has asked the three of you to testify
together this morning is that we recognize that, with the
exception of the Governor, the three of you have the most
influence on the business climate and the economy of New Jersey
today. Starting with that, I would just like to ask each of
you to give a little brief background and overview about your
Department and what you are doing presently. Ladies first.

COMMISSIONER BARBARA W. McCONNELL: Okay. Do you want me to start?

SENATOR SINAGRA: Yes, please.

COMMISSIONER McCONNELL: Mr. Chairman, and members of
the Committee, thank you very much. I have followed your
hearings with a great deal of interest and, of course, all the
people who have appeared and testified before your Committee,
and I really commend the effort you are making here to

certainly flush out some recommendations as to what we need to do in the future pertaining to New Jersey's economic recovery.

The Department of Commerce, as all of you know, was created 10 years ago. Its purpose was to serve as an advocate for the business community and as a catalyst for economic growth and development. Our Department is responsible for several major program areas: economic development, international trade, small business development, and travel/tourism.

The Commission on Science and Technology is in, but not of, and the Department of Commerce is also strongly and directly linked to the Economic Development Authority, as the Legislature believed that it should serve as an independent Authority, but certainly as a definite link -- a financial link -- to the Department of Commerce in its economic development efforts.

I will be brief, because I think it is very important that we have an opportunity to answer your questions and to perhaps give you our views as to what we feel are some of the priorities. Let me just tell you briefly that certainly the good news with regard to the economy is that the bad news is not as bad as it was. I don't have to tell you that these have been tough times and one of the worst recessions that we have seen in this country, certainly in the Northeast, in a long, long time. While we have been very aggressive and very creative -- this administration, this Legislature, and our Department -- in putting forth initiatives that would help us to recover-- That has helped us to hold our own, but the job growth rate has not been as strong as any of us would like to see it.

I know that sometimes you hear a lot of negatives from people who testify before your Committee, and negatives perhaps out there, or perceptions, as I like to call them. But let me share with you that in the 18 months that I have been the

Commissioner of Commerce, I visited on an average of three companies a day; met and talked with many groups and organizations where anywhere from 100 to 200 businesses would be represented. I have worked with small to medium to large corporations in their business retention efforts, and have worked to help to attract new companies to New Jersey.

I think I have a pretty fair sense of what the business community is saying and, yes, there are some negatives out there. We are working to overcome those, but for the most part, the business community feels that New Jersey is a good place to do business. They are optimistic about tomorrow and the future. Many of them have chosen to stay, or have chosen to move here for several reasons.

New Jersey is strategically located in the heart of the world's largest consumer market, a world-class workforce, a competitive tax structure, strength in research and development second to none, a quality of life that is very desirable because of our educational institutions and the diversity of our landscape. Our gross State product is in excess of \$230 billion in 1993, ranking New Jersey as the eighth largest in the nation. Certainly we are a high-income State. Recent reports show that only nine other states had a higher per capita income, and four jurisdictions or counties ranked as some of the wealthiest areas of America.

New Jersey has, certainly, a Constitution that requires a balanced budget. That is a positive to business. Unlike other states such as Texas, one of the reasons the recession has not been any worse for us is the great diversity of New Jersey.

So I'd like now to talk to you, just briefly, of what I think some of our strengths and opportunities are for the future. I could go through a whole litany and say New Jersey is first in pharmaceuticals, second in chemicals, and go on

down to number ten, and show you that in at least ten major categories, New Jersey has a great deal of strength and opportunity.

But let me talk, instead, about what I think are some of the key areas for growth and opportunities for us. One is in international trade, both in helping our companies to find new export markets -- how I believe we need to be more aggressive in reverse investments. New Jersey is strategically poised to be a perfect location for North American headquarters. We're not doing enough there. International trade benefited our State economically by \$11.8 billion last year.

The second thing that I would say to you is, our infrastructure is very important. We must continue to strengthen and maintain that, whether it's our ports, our roads, our bridges, or our airports. But more importantly, we need to put money into, and hopefully get money from the Federal government on wastewater treatment and sewage facilities which are sorely in ill-repair right now.

The third area is small business. It's the fastest growing segment of our economy. Eight out of ten jobs are created in the small business sector. We clearly must understand that small business is big business, and I know that you do.

Fourth, we need to target on emerging new growth industries, and that's biotechnology companies; great opportunities, because biotechnology companies want to be concentrated where the pharmaceutical companies are because there is a strong linkage. New Jersey is home to the pharmaceutical companies.

Laser technology companies, environmental technologies, fiber-optics, HDTV, research and development companies, and genetic engineering, those are some of the

leading industries of the future, and industries that I think New Jersey is going to be successful in growing, nurturing, and being attractive to.

As I said earlier, we must continue to work on our diversity, and not do what we did in the '70s and '80s and let our economy become reliant on a service industry, but rather target and help manufacturing to grow.

Mr. Chairman, I made a list of some specific recommendations, but I think at this point I will just thank you for giving me this five-minute opening, and perhaps in the question and answer segment, if you ask me what do I think are some of the legislative priority issues, I'll be happy to address those. Thank you.

SENATOR SINAGRA: Thank you, Commissioner.

Ray?

COMMISSIONER RAYMOND L. BRAMUCCI:
Senator and members of the Committee, I will take less time than Barbara just to note that what we've been trying to do in the Department of Labor is to focus on the primary need to raise the level of work and the issue of work to the highest; that quality of life in New Jersey, as citizens demand a decent job where they're earning a living and getting paid enough to be a citizen who can fully participate as a citizen, and not be a taker but a giver--

What that means is to bring the various, disparate sometimes, forces in our economic structure and in our political structure together to bear upon the issue of work and jobs. It is a tough job, indeed, in a time of international downturn. While it's convenient to point fingers at one state or another, the overriding fact, as far as I'm concerned, is that no state, whether it's us, California, Connecticut, or anywhere else, can itself rise from the hole that it has fallen into since the boom in the '80s.

New Jersey in the '80s was developing 100,000 jobs a year, a phenomena that probably will never happen again, as far as the people who I've talked to. So we went up the highest, and we came down pretty close to the greatest. We've got company, but that company is not reassuring. We've done a lot, and we've done it in a bipartisan way. I think that's the tone I've tried to set in the State of New Jersey to make sure that when we had to focus on training workers, we did it by not taking credit, one party or the other, but by getting people together. I called it the "New Skills Partnership," Jack, and you called it the "Workforce Development Partnership." I don't care; we got it done.

We had one negative vote, and now we're getting money out there to workers to retrain themselves, and to be relevant parts of the economy. We've helped numerous businesses. We've invested nearly \$10 million in customized training because we were focusing on the right issue.

I'd like to just state that there is not an impediment that I know about in this State that keeps us from coming up from what we're doing. We've got the best training program in the country. It's the envy of most states in the Union. We're not trying to train people on a merry-go-round, but really for real jobs and real situations; real workers with real names, addresses, and Social Security numbers that we can talk to, to see how relevant we are.

We're beginning to bring the issue of balancing the environment and the jobs more firmly under control. We're talking very closely together, and I don't know of an impediment that we can remove that will make us more of an attractive State for employers. I think employers are beginning to understand that New Jersey is a player. While there are a lot of anecdotes and horror stories, I have not seen a situation where we didn't look at something and get it worked out.

So I'm glad to be here. I know this is a serious bipartisan Committee that is looking at New Jersey's future, and it's a privilege to talk to you today.

SENATOR SINAGRA: Thank you.

Commissioner?

COMMISSIONER SCOTT A. WEINER: Thank you very much. Let me start by also offering my thanks to the Committee for giving us this forum. I have had a chance to meet and work with each of you in other settings, either on a particular piece of legislation, or with the budget process.

I think this is a terrific opportunity to get the three of us together and begin to talk about some of the cost cuttings and the thematic issues that we're working on.

One of the points that I want to make in introduction is that this is not a rare occurrence. What you're seeing today with three of us sharing a table is something which takes place a lot. Through that collaborative effort, we've been able to give support to what I have called the first rule of public policy -- the first law of public policy -- that is, all things are connected. What happens in the DEPE, of course, admittedly and immediately resonates throughout the State, but so, too, with the work in each of our major departments, as we think about our State's future.

Through this kind of collaboration, we've been able to have, I think, a number of successes that sometimes get lost in the story that we tell. The Exxon Bayway Project and facility, and its recent sale to Kosco; General Motors; some work up at the Ford Edison Plant; our continuing effort to try to find appropriate resolution of the harbor dredging debate, are some things which the three of us, and even more importantly, our staffs and our assistants are busy working on on a daily basis.

Rather than trying to touch upon some of the usual DEPE-type issues that we discuss over the year -- and I assume we'll get to those later this morning -- I want to take just a

few minutes to talk about one of the more recent collaborative efforts that our three departments are involved in, some of your colleagues are involved in, and soon, we hope, all of you will be involved in; that is, the creation of the New Jersey Corporation for Advanced Technology, something which Governor Florio first talked about as a concept in his State of the State Address. Since then -- really since early February -- a planning committee made up of representatives of the Legislature, but also, more importantly, members of the State's academic and business community, including: Jim Ferland from PSE&G; Orin Smith, the Chairman and CEO of Englehart Industries; Hal Raveche from Stevens Institute, the President there; Saul Fenster, who you all know; Fran Lorran and his designee, Joe Seneca, have been working with some of us inside State government to develop a strategy -- a specific strategy to attract one of those industries that Barbara talked about. In this case, it's the environmental and energy technology industry.

We've all talked about it. We've all read the fact that this is an industry which is going to reach into the billions of dollars, both domestically and worldwide, in the next couple of years. The shared vision that we all have, in the Legislature, the Governor in the executive branch, and the business community, is to carve out as big a niche as possible for New Jersey by smart decisions and collaborative efforts now in the early 1990s.

To do that, we've begun working on this concept of the Corporation for Advanced Technology. We've spent since February trying to see if the idea works, and now that we think that it can work, we're beginning to talk about it more publicly. In fact, later this week there is a meeting scheduled with the Governor and members of your Leadership, on a bipartisan basis, to discuss this in greater detail.

Briefly, the idea is to bring together the New Jersey business community, our major research universities, and on a very limited basis, State government -- but a very important basis -- to have a coordinated, collaborative effort in environmental technology and energy technology, and in doing so, to build upon our successful incubators that take place now through our State's universities. The goal of CAT is not to just to do what the incubators are doing -- we don't need it for that -- but it's to help emerge out the new technologies that will be used at the incubators.

Its intention is not just to provide access to the research university system, although there are many people who have described that lack of access as an impediment or a barrier to technological development, but to do it in a coordinated way, and to harness up those tens of millions -- if not hundreds of millions -- of dollars that go through the State's major research universities, and make them an engine of economic development. It's intended to bring together both our existing businesses, as well as future businesses, to really answer the question: Why New Jersey?

Just as Barbara talked about that synergy between biotech companies and our existing pharmaceutical base, so, too, we've found as we've done some testing, that the desire to come to New Jersey because of our geographic location, and because of all the other intrinsic things that make New Jersey what it is, gets multiplied and, in fact, puts us at a competitive edge against any other state in the country when we talk about a coordinated, collaborative effort strategically driven with our research universities, State government, and the private sector. There is no program like this right now in the country, although the enthusiasm is so great that when I testified before the United States Senate on this idea a couple of weeks ago, I had three states call me asking how they can do it.

So we're literally in a race. This is not an idea that was pulled out of the sky in and of itself. Some of you may be familiar with a corporation in Texas known as Semitech. Semitech was a similar public/private collaboration that was formed at the initiation of the United States Department of Defense and the United States computer chip industry to try to regain its share of the worldwide market for our semiconductor industry. It's worked. We're taking that model and now applying it to environmental and energy technologies.

We're going to need your support. We'll be talking more about it over the next couple of weeks, but among the barriers that we've found-- Interestingly, when we met with people and we said, "What are the barriers that you have to either working in New Jersey, or in flourishing in New Jersey as an environmental or energy technology entrepreneur," as many people would say, "Capital," or "Access to capital," as would say that capital is not the problem; "Access to universities in a coordinated way is." Of course, one of the things we've heard over and over again, and many of us have talked about, is regulatory barriers. This is not some of the old regulatory barriers that we've talked about, but the real problem of technological innovation, because there are two risks:

One is that as technologies are emerging, by the time it gets through any regulatory system -- not just New Jersey, anywhere -- the market has moved. The technology is outdated, and the investment has been lost. So to give us a technological edge, if you will, one of the things that we're now exploring and will be working with you collectively on is a proposal that will allow this corporation to draw upon the expertise of our major research universities, designate targeted technologies, and provide them with special regulatory treatment to get them into the marketplace on a precommercialization basis faster.

The other thing we found are the regulatory enforcement impediments. One person we met with very aptly described it as, "a rush to be second." Everybody wants to be second. Nobody wants to be out there risking all the regulatory uncertainties, not just in clearance, but in enforcement. Lots of people said to us they'll take the market risk. They'll put their money on the table, and if it doesn't work, it doesn't work. And if there's no harm, there's no harm; it doesn't work. But the uncertainty of what a Department like mine, or what I would do as Commissioner, drives them in that race to be second rather than to be first.

So similarly, we're now exploring ways, that we'll be sharing with you and looking for your work to help develop, that will allow us, again, on targeted technologies picked out by people with the expertise -- to allow us to develop regulatory safe harbors during that precommercialization phase.

These are very exciting initiatives. They represent the type of strategic work we can do collaboratively when we work collaboratively.

In answer to the question of: What are we doing to make New Jersey a place where people say, "We want to locate there," or, "We want to stay and expand there," it's these types of strategic initiatives that we can take together that, I think, really lay out the future for us.

SENATOR SINAGRA: Thank you.

Does anyone want to start? Would you like to start, Senator Bennett?

SENATOR BENNETT: Okay.

Commissioner Weiner, I have a hypothetical that's in front of me that I'd like to just run through with you, because I think it would symbolize a part of the problem, and perhaps a starting point that we might be able to pick up on some suggestions.

A businessman comes to me with the following story:

"I'm planning to relocate my widget business to New Jersey from another state. I'm planning to locate it in the City of Asbury Park, Monmouth County, at a site with a stream running through the back of the property. In order to ship the widgets across the country, we are going to substantially modify the existing diesel fuel filled underground storage tanks on the site.

"Some of the raw materials for making the widgets will be stored outside the facility until they can be used.

"We will be using piped-in water from the local utility for the process of making the widgets, and we will be treating the water ourselves on our own on-site wastewater treatment plant, and subsequently discharging the water to the stream on the property with the consent of the City of Asbury Park.

"During the process of making the widgets, a large spoiler, 10 fans, vents, and other pollution control devices will be needed, as well as a device to spray and dip paint the widgets different colors. Inevitably, some amounts of hazardous substances will be used by our employees, and we will transport any hazardous waste off-site in our own trucks since it will be cheaper than contracting for it.

"Obviously, there are numerous permits that are going to be required. Could you tell me as to how your Department will facilitate the shipping of widgets from my proposed factory?"

COMMISSIONER WEINER: You'll appreciate, as will some of your colleagues, that this sounds like one of my old tort exam questions, or contract exam questions.

SENATOR BENNETT: That's what it sounded like to me, too.

COMMISSIONER WEINER: So rather than trying to write a law school exam answer or college finals--

SENATOR BENNETT: It's more generic.

COMMISSIONER WEINER: --let me approach it thematically, because, in fact, we face those situations, almost literally, everyday. To some extent, if I can draw upon some recent experience, it's something along the lines of the Bayway/Kosco transaction that we faced.

So if somebody came and said that-- And the important thing is they can say that to you as a constituent, to me as a permitter, to the Governor's Office, or either of my colleagues here, the same things begin to take place once it gets into our hands.

Two groups would be meeting on a coordinated basis. One is a group that Barbara may want to talk about in terms of her Permit Advocacy Group inside the Department of Commerce, because in order to do this type of project, it's going to require coordination beyond just my Department, but it's an interdepartmental coordination.

As a subset of that activity, our Office of Permit Assistance would begin to kick in, headed up by John Weingart and Jeff Cromarty, who works for John Weingart. The purpose of the Office of Permit Assistance really is twofold, but in this case, it's to work with complex permitting projects that usually involve more than one discipline within the Department. They would do two things at the first meeting, and that is even before a preapplication meeting.

One would be to outline with the business all the various permits that would be required from that scenario that you just pointed out, and begin to develop what we would believe at the first cut would be a general time line based upon our experience, and the types of information that we would need from them.

The second thing that we would do is to begin to identify, either at that meeting or as follow-up, depending on how complex the situation was, not where the bottlenecks might occur, but where potential public policy issues might occur.

Because this-- As you know, Senator, because we've dealt with some of these, probably a more specific example is, what do you do when you have a paper mill that wants to site itself in the State, advance the positive aspects of promoting jobs and getting recycled paper into the State, and creating a market for recycled paper, while at the same time, it creates all sorts of wastewater discharge problems.

The third and final point is, beside finding the bottlenecks and potential public policy obstacles, which, by the way, we don't make up -- I mean these are obviously things that have emanated from statutes and the things that have developed -- we then begin to try and find pathways to resolution. Those pathways to resolution may be through other tradeoffs. We have a couple of companies now that have come to us with major expansions that are going to have air impacts, but they're offsetting that more by doing other innovative technologies also related to air.

So the simple answer right now is, through the Office of Permit Assistance, we would be developing these internal processes, but more importantly, coordinating that -- or as importantly -- with the Department of Commerce and its other pieces.

So, Barbara, I don't know if you want to talk a little bit about what will be going on in your Department?

SENATOR BENNETT: Is that first stop in your Department or in Barbara's?

COMMISSIONER WEINER: It could be in either one. That's the important thing, because if they go to Barbara first, which they sometimes do-- In the Department of Commerce, there is a synergy that may occur there. Then Barbara's office begins kicking in an interdepartmental basis, and would pick up the phone and call Jeff Cromarty. If they come to us first, we'll set up a meeting, but then also make

the initial contact with Barbara's office in order to get them into the Department of Commerce, and all the assistance that can be there.

SENATOR BENNETT: And if a permit is missed as to when they go to that meeting, and they're told as to what permits to apply for and they go through that process, and 18 months later they finish what appears to be done, and then they get a phone call from your Department to say, "Oh, P.S., by the way, you do need a permit for something else," and they haven't been told, does that mean that they are-- Your Department is estopped from claiming that Department--

COMMISSIONER WEINER: I don't know. We're both enough of a lawyer to know that that's an issue that neither one of us could answer hypothetically, but--

SENATOR BENNETT: I know the answer, because I know exactly what happens. They have to start all over again; they have to go through that permit.

COMMISSIONER WEINER: Okay. Well, no, that's not true, because it depends--

SENATOR BENNETT: That's my constituent's evaluation.

COMMISSIONER WEINER: Well, that may be in that case, but I know another case where a permit wasn't issued, and given the nature of the permit that had to be issued-- Again, if it's a fundamental permit and somebody misses it -- and we're not perfect -- usually a company that large is dealing with their own bank of lawyers, so, you know, it isn't--

SENATOR BENNETT: No, my widget guy is not a big guy.

COMMISSIONER WEINER: Okay. But if we missed one, it really depends on, as you know, the nature of the permit and what the facts are. But there has been a failure to provide guidance on certain issues which we have considered ourselves estopped on, and have allowed the work to go forward while there has been a contemporaneous attempt to get the appropriate permit. But it's very fact specific, and it also depends on

what the nature of the permit is. If somebody missed a discharge to groundwater permit, it's hard to just waive that.

COMMISSIONER McCONNELL: Senators, two years ago we sat down and tried to identify what the business community's needs and concerns were, and what kind of programs and assistance our Department could put together that would best serve that community. One of the things that we identified was difficulty on the part of the small- to medium- sized companies, in particular in their growth and expansion plans, or if it's a company moving into New Jersey, to know how to get their facility off of the ground.

Our Department, through its Permitting Assistance Program -- and we also do more than just permitting, we also help to coordinate and to serve as an advocate on other regulatory issues, not just directed at DEPE, but every agency of State government. So if your widget company had come to the Department of Commerce first, I would have sat down and, through our professional people, helped them to identify what their permit needs were, based upon the kind of facility that they wanted to build and where they wanted to build it. We would have tried to help them identify both their environmental permit needs, as well as Department of Transportation or any other agency of State government.

We would have immediately called together our Coordinating Committee, which includes a representative from DEPE, DOT, the Department of Labor -- because sometimes the company's needs in coming to New Jersey, or growing and expanding, will involve some programs within the Department of Labor. Then the Department of Commerce serves as their advocate, or as the go-between for that company and all other agencies of government for the purpose of expediting those permit needs.

Now, that's not to suggest that the Department of Commerce says that any one of those departments is not doing

their job, but rather, recognizing that small- to medium-sized companies sometimes do not know their way around State government -- sometimes get discouraged by the bureaucratic maze -- is something we all agree to. We think that my Department -- our Department -- is best suited to serve as the advocate and as the coordinating agency for those permit needs.

Senator, I agree that not a lot of companies know about that program and know how beneficial it can be. But I can tell you that we have worked with and assisted over 2000 companies in this last fiscal year in one facet or another, either growth and expansion, relocation needs, permitting, or regulatory needs. It's not unusual for me to pick up the telephone and say, "Scott, I just heard from a company who has a fine or a violation, is having trouble, etc. Can we talk?" Of course we can.

So it's not-- Scott and I work closely together, both on permitting needs, and both-- When I receive a call from a company that will bring their concern to me, I can take it straight to the top, because I know that the Department of Environmental Protection and Energy is working not only to speed up the timing of their process, to improve what was perceived to be a negative image on the part of several agencies of government, but also a genuine interest in working cooperatively for economic development and to coordinate through all agencies.

I hope that information has been helpful to you, because I think it is one of the most successful programs that we have within our Department, and clearly, has been very beneficial to a company like your widget company. Now, if they had come to me, they might not be having the problem they're having today.

COMMISSIONER WEINER: It's interesting, if I may also, Senator, that in terms of the movement of the organizational attitudes that occur in any organization as large as State

government -- or smaller, where you're talking about tens of thousands, 70,000 employees-- Under the Clean Air Act, there is a requirement that each state set up, essentially, an advocacy group for business to help them go through the maze of Clean Air Act compliance. It can be located in any one of a number of places. The one place it can't be located, as a matter of law, is in the Air Quality Program itself. It could be in the DEPE; it could be in Commerce.

Based upon the success that we've had with this program, the Air staff in my Department, when it came up, suggested on their own that we work with the Department of Commerce, because they're beginning to see the advantages of having a point of entry, having a coordinated approach, having somebody be able to walk in and say, "Here's how your piece fits into a bigger puzzle." So there has been some real interesting movement over the past 18 months in trying to get the departments together on a staff level. At a commissioner level, we always work well together; it's getting our staffs to be able to work well together.

COMMISSIONER McCONNELL: If I could just interject: You know, we all talk a lot about the importance of balancing environmental protection with economic development, and I think this is one of the best ways to do it. Obviously, we have to be careful about laws and regulations that we pass and promulgate. But one of the best ways we can help to strike that balance is for the Departments of Commerce, Labor, and Environmental Protection to work in that kind of cooperative way. And I can say, "Hey, wait a minute. This is having a tremendous economic impact on this company," or, "We need to speed this up." You know, the other departments have their own mission and agenda, of course, but it's through that kind of dialogue and cooperation that I think we're beginning to truly strike the balance that we all talk about.

SENATOR SINAGRA: May I just follow up on one question?

SENATOR BENNETT: Sure.

SENATOR SINAGRA: You know, one of my concerns in being a businessman, and talking to many businessmen out there, is the problem that so many things are in regulation. There are so many employees that have been here for a while, that, yes, and quite, I could say-- The business community recognizes that you have, and also, maybe as a sign of the times, made some strides to get a more probusiness government through regulation and through just perception in New Jersey. But how do we assure them? Their biggest problem is that tomorrow, the economy picks up a little, and then, you know, Scott takes a different position. All of a sudden they're back to square one, because all of the regulations are still there. They are all a matter of interpretation, and it depends on who is interpreting them.

COMMISSIONER WEINER: Well, hopefully not that much. One of the things, as you know, Senator, that we've been talking about in this administration is the need for clearly articulated standards in terms of how you approach that problem. It's a real problem. It's not one that's limited to New Jersey at all.

Here are two things: Legislation that is appropriately specific, and the second is regulations that are excruciatingly specific so that the standards become clearly articulated. The problem that I've found -- and maybe you've heard me talk about this, I won't spend a lot of time -- but the problem I've found with the DEPE was not with the employees. Everybody used to paint the employees of the Department as the root cause of the problem. It was the lack of clearly articulated policy, so that, in fact, you could have two different employees doing essentially the same function, writing a similar permit, approaching it entirely differently. That was a problem of management, much more so than anything else.

We've tried to address that, as you know, through the promulgation of regulations. Now, an interesting thing is that I've recently been criticized for promulgating too many regulations. But I said to people, "Go back and look at what we're doing." And what we're doing is readopting old regulations to make them more specific.

Then the other day, a reporter said to me, "You're taking much too long in doing it." We realize that the reason we're taking much too long in doing it is that we now hold more than one public hearing on major rules, and we get a prehearing input from affected communities, whether they be environmental or business. So the way you solve that problem-- Because if we've had a success, that success is going to last well beyond our tenure, and it's the ability to have clearly articulated standards and fundamental policies -- the application of those rules or those statutes to be consistent.

One day there is going to be another Governor. Now, I don't think it's going to be for another five years, but one day there is going to be a different Governor, and that Governor certainly may put their own cast on the fundamental policy of this State. But how you issue a permit, the criteria and the application of criteria for a discharge of groundwater permit or an air permit has got to be consistent within the program, or we're just not doing our job.

Now, one of the things that's helped us the most over the past two years -- I'll talk about my experience -- is when people have been willing to come and talk to us and say, "Something is crazy here." Now, I've told the story before, but it may be worth repeating that when I-- Before I got to the Department, I was at the BPU and I was involved in a nonutility generating plant that wanted to site in New Jersey. They were going through the permitting process, and they called me up because of a problem they were having because there was a permit writer inside the Department who wanted to apply

nonattainment area standards to an attainment area. When asked the question, "Why are you doing this," the answer was, "Because it seemed to apply in the case, and was better for the environment." It was patently beyond the authority of the Department. When it was brought to my attention, we brought it to Judy Yaskin's attention and the problem was solved.

So the problem you raise, Senator, is a real one. It's one that all of us in government wrestle with. But I would say the answer is statutes that are reasonably specific, as best we can, and regulations that are excruciatingly specific. And sometimes, as Senator Bennett knows, we adopt the regulations despite three or four different iterations of getting it, and people look at it and say, "This isn't what we had in mind." I can think of a couple of different statutes where that's being done.

That's okay, too, but I would suggest that that process has allowed those differences to emerge, and then it's up to you all back in the Legislature to clarify fundamental public policy if you think it is being applied wrong at the department level.

I think, again, over the past few years, we have moved collectively in a lot of areas where we're doing it together, and where those gaps are being found, we're identifying it. The enforcement legislation that you sponsored is another example where we've been able to roll up our sleeves and close gaps that existed due to a lack of clarity or specificity in both statute and regulation.

COMMISSIONER BRAMUCCI: I would just add that in a very specific way, Senator, in your district, for instance -- if I understand your district-- As GM was beginning to come to completion with its retooling of the production line -- an investment of over \$100 million -- when they raised issues of permitting and new requirements in the plant since they were moving from a manual production line to robots; when we brought

the company in -- the new Plant Manager and his staff -- Scott Weiner didn't stand on ceremony. He came over to the office, and we had a little presentation. They ran down five or six major areas of concern. Now, that's because we do have an abundance of regulations that all of us put into place, in both political parties, that were signed by a succession of governors over the past 20 years. That's a fact of life, and those are parts of the law that we have to deal with. There are consequences to enacting laws.

COMMISSIONER WEINER: Part of it is making regulations.

COMMISSIONER BRAMUCCI: And putting them in the hands of people to interpret. That's life.

But in the real world, Scott assigned a member of his staff to work personally with the company, so that now I can tell you that the company has hired the first 600 of its 2600 workforce. We used that occasion to formulate a customized training grant where the State of New Jersey is putting almost \$5 million into the plant to retrain its workforce, and we are bridging the gap.

Yes, there are complaints; there is edginess.

SENATOR SINAGRA: But the only point I make is, it appears that you're talking about something that we did as extraordinary, at least for the times--

COMMISSIONER WEINER: But it's not extraordinary.

SENATOR SINAGRA: No, no, no. Isn't that pretty commonplace when you get into other states, Commissioner?

COMMISSIONER WEINER: It's pretty commonplace here. In all fairness, Senator-- You know, every now and then I hear people say, "How come the Governor doesn't meet enough with companies." Barbara probably has a much bigger list than I do, but a lot of the things, whether it's the GM facility that Commissioner Bramucci was talking about; whether it's the Ewing facility that we're working on; whether it's Kosco; whether it's Bayway; whether it's Toys "R" Us, a whole litany; whether

it's any of the pharmaceutical companies, those meetings go on. They go on with the Governor, myself, and Barbara. They took place with her predecessor when he was here, all different combinations of people. They do take place.

Now, people may look at it and say, "How come we're not South Carolina? How come we're not North Carolina?" I think there are two reasons. I think whether you look at environmental regulations; whether you look at labor regulations; whether you look at a whole bunch of issues, our states are different in some ways I think we're going to be very proud of.

The other thing that some states do that we have not always been as good at -- not always as good at -- is strategic initiatives, looking ahead beyond the curve and saying, "Where do we want to be three years from now, five years from now?" The things that Barbara is talking about that her Department is leading on is looking at issues of defense conversion, and looking at it as an opportunity -- taking a look at the biotechnology industry, taking a look at the environmental technology industry -- and being strategic.

The story I like to tell from my BPU days is: There is a state in the Union that is the center of computer card processing in the country. When we send our bills in each month, we send them predominantly to one state, because that state had a strategic vision over a dozen years ago and it laid the infrastructure -- then the precursors to fiber optics -- so that it was attractive to computer companies. That's what we're trying to do here.

I think these kinds of collaborative efforts like this morning, and building on them, begin to send a signal that is terribly powerful. Because what I've found in talking to businesspeople -- not just here, but around the country -- and asking them why in point "A," rather than point "B," among the reasons they look for is the collaborative efforts between the

executive branch and the legislative branch. It doesn't do anybody any good, as we all know, if two branches of government spend time pointing fingers at one another.

I think over the past year, in particular, but really over the past few years, we have been able to start building some bridges that are being recognized around the country. So there is a sense not just that the three of us talk to each other, the Governor meets with people, but that, Senator, you pick up the phone and you can reach any one of us and we can solve problems. We can solve problems not just on a constituent basis, which is important, but the strategic problems: How do we get New Jersey positioned for biotechnology? How do we get New Jersey positioned for the next generation of communications issues? We tackled that collectively with fiber optics infrastructure in a way that, regulatorily, makes sense.

So it's not out of the ordinary, and I think we'd be making a mistake if we characterized it as out of the ordinary.

SENATOR BENNETT: If I could real quickly, just to respond, Commissioner, while you stated in that little commercial there about some people feel five years might be the time it takes to get a new governor, that is not a universally held policy in this State.

COMMISSIONER WEINER: No, I understand that.
(laughter)

SENATOR BENNETT: Let us not forget that.

And with respect to the regulations and the process, I think that you'll be comforted to know that there will be a much more specific approach that will be dealt with in the very near future in accordance with the desires of the voters of the State of New Jersey in the review of those administrative procedures.

COMMISSIONER WEINER: Good.

SENATOR BENNETT: Now, if I could just switch from the DEPE because, I think, let's be fair here. I'd like to talk if I could, and just touch on the international trade aspect.

There are two questions that are involved there: One, in a generic sense, what have we done with respect to our offices of international trade outside of the State of New Jersey with the moneys that we put in last year? And then, two, I've recently come across some new things-- Strike that. A new item to me that I was not familiar with prior to this coming up, which is called a free-trade certificate, which is required through the Department of Health for those people who are exporting. In my particular case, it happens to be a case of vitamins that are being exported. But they must secure from the Department of Health a free-trade certificate to be able to export, and the labels have to be reviewed. If they're not approved by this State, then they have to be approved by the Federal government.

We have one person working part of his time on that. We export, through the pharmaceutical business in this State, huge numbers. In some cases there has been a relationship that allows that county offices of health can issue free-trade certificates, but in my county that is not the case. A small business has to go out and get a free-trade certificate that we have now been told will take at least 18 months. The person has contracts to export to Chile and South America. He is going to go out of business if it takes him that long in order to meet his contracts.

But I wasn't familiar with it, to be perfectly honest. So if I could ask those two questions: One, the status of the outside offices; and two, has your office had any contact on free-trade certificates and exporting? Are there any suggestions that you might have for us to be able to deal with it?

COMMISSIONER McCONNELL: Yes. Thank you for those questions.

What has New Jersey done with regard to our foreign offices in strategic locations worldwide? Prior to two years ago, New Jersey did have an office in London and one in Japan. I'm not certain that they had one in any other location. At the present time, New Jersey only has one office, and that's in Tokyo. That's a shared office with the New York and New Jersey Port Authority. Now the reason for that is budget constraints and restrictions on all of us, and so certain segments have had to be cut back.

However, I'm looking for creative ways for us to establish a presence in strategic locations worldwide, specifically in 10 locations, and we're having some success. We just signed an agreement in Bremen, Germany, which is a port area very much like our North Jersey port area. The group that we signed with is like a trading company, where we'll have an office without any expense to State government. It will be staffed and there will be a telephone, so it will be a presence for New Jersey's companies that are doing exporting to Germany. They will have a place to go to get information, and have the services that they might need while they're there.

On the reverse end, companies in Germany who might be looking for a North American headquarters certainly can go and get information about our incentive programs, what New Jersey is like to do business.

Now, we're not just doing that in Germany. We've just entered into an agreement in Israel, again at no cost to the taxpayers. We're looking in Mexico. We're looking to expand our presence in the Far East. We're looking to do the same kinds of things in London, perhaps Russia, and other areas within Europe.

One of the ways in which I think we can form these partnerships is either through trading companies, American chambers of commerce, or foreign chambers of commerce that are

eager to enter into partnerships. At one time, I thought that we would look at New Jersey companies that were German-owned or Japanese-owned, and see if we could work into a partnership there. But you get into the whole issue of one automotive company competing with another, so I have found that our best opportunity is to work with American chambers of commerce, the American embassies in these locations, or to find trading companies where we can enter into agreements.

In Italy, as you know, we have a sister state agreement. I just came from a mission there. That's going very successfully, because there we've created an awareness about New Jersey as a good place to do business. The mission that I led was 17 companies. Every one of those companies came back with a success story for additional market and export opportunities.

So, Senator, thank you for that question. I think establishing a stronger presence and a more universal presence is critical to our international trade success, and we're working to do that in a creative way without a cost to the taxpayer in these tough economic times. I'm hoping they will be successful.

On the free-trade certificate--

SENATOR BENNETT: If I could just, on that: I had the opportunity to visit the Port Authority individual in Tokyo, and also met with the representative who was New Jersey's specific person during those two years. As a result of that trip, having come back last year, we've worked hard to put additional dollars into last year's budget over what the Governor had requested for the purpose of attempting to reestablish our own office. We're one of the few states that-- I traveled with 10 other states to Tokyo. We were the only one of the 10 states that were in attendance that had not a specific mission. There are times when the Port Authority's

interest specifically is not necessarily directed to those companies that are based here, since they have a dual capacity in the two states.

My understanding is that during the period of time that we had our own office open, the number of contracts that were entered into between businesses here and in Japan, and the moneys that were able to be produced from that, would far exceed what the cost of the operation of that office was. We had nowhere near the statistics to back up the success rate once we went with the Port Authority and shared offices that, frankly, the young man who had been there when I met him-- He was from New Jersey, but he had just gotten there. He was telling us a story as to what his predecessor had done.

Has that improved in the past year?

COMMISSIONER McCONNELL: No, no.

SENATOR BENNETT: Okay. Have we taken in-- Those additional dollars, did we do anything with increasing our presence with those dollars in this current budget that we're in?

COMMISSIONER McCONNELL: If I'm not mistaken, the additional dollars that you're talking about were designated for trade missions. It was not targeted just for our Japan office.

SENATOR BENNETT: No, it wasn't. It was for--

COMMISSIONER McCONNELL: Trade missions.

SENATOR BENNETT: --wherever you would decide to do it, not for junkets.

COMMISSIONER McCONNELL: Yes, and we have accelerated that. But it was not necessarily for opening up an office here, there, and everywhere. I have to agree with you that for those years when we had the largest number of Japanese companies, or Far East companies that invested in New Jersey, it was greater; that when you've got your own office, and when you've got that kind of presence and the kind of professional

staff that can work on reverse investments, work on identifying new markets for New Jersey companies for export purposes, obviously there is a payoff. There are quantifiable results. I try to carry that message to the Legislature all the time.

But you work with what you've got, Senator. And I realize this is not the Appropriations Committee, so I'm not bringing my complaints here. But I absolutely agree that I think we need to invest more in establishing a presence in strategic locations worldwide, primarily to encourage reverse investments, because I think New Jersey is strategically well-suited for North American headquarters for many companies worldwide. We need that presence to encourage business attraction.

What's going on in Japan now is the best that we can do, but to tell you quite frankly, we share an office. We have a young man who is Japanese who speaks, obviously, beautiful Japanese. He does help with companies when they go over there. But primarily, he just identifies trade missions, works with the companies that go to the trade mission. I'd like to do more; I hope we can do more.

SENATOR BENNETT: Okay.

COMMISSIONER McCONNELL: On the free-trade certificate from the Department of Health: I am familiar with it, and I think, to answer your question, it's another one of those precautions and laws that have been on the books, and now, because international trade is so important to our economic future, all of a sudden it's becoming one of those regulatory barriers that we need to get our arms around. In this instance, we need to bring the Department of Health into our loop in terms of economic development, and speed up that process of getting those certificates issued in a more expeditious way.

If you ask me the question, should we just eliminate the need for those certificates? I don't know the answer to

that, because the purpose of it is to make sure that the consumer products, especially in the pharmaceutical field, that go to foreign countries meet our standards and our qualifications. But also, you need to know that other countries have similar restrictions on their products coming out. I'm not talking tariffs, I'm just talking about requirements and restrictions that will help them to maintain the integrity of what they think ought to be attached to the products that they export, as well.

But you raise a good question. We need to bring the Department of Health into international trade strategy, and let them know how important that is.

There is one other issue, and that's the issue of ISO-9000 certification. That's going to be a worldwide certification or registration requirement for any company looking to do business at the international level. It's a very complex issue. Presently, there are only 15 companies in New Jersey that hold this certification. It's another area that our Department has identified. We are working with Quality in New Jersey, companies who are certified to train companies to help them learn how to get their certification, so that they can do international business on a free basis without having the restriction of not having that certificate. So we're working to help companies achieve that ISO-9000 registration and certification status.

SENATOR BENNETT: Thank you.

COMMISSIONER BRAMUCCI: Senator, we are reaching a problem in terms of our schedule.

SENATOR SINAGRA: I recognize that.

COMMISSIONER BRAMUCCI: We are not being rude, because I'm enjoying this, and I would like to come back if we are not finished. But we do have the congressional delegation coming in on base closings.

SENATOR SINAGRA: I know you have to get out of here.

COMMISSIONER BRAMUCCI: And I'm wondering how you want to handle that?

SENATOR SINAGRA: Well, I think you have 10 minutes left, if we could, approximately.

SENATOR BENNETT: I'm done. Thank you, I'm done.

ASSEMBLYMAN SOSA: Thank you, Mr. Chairman. My question won't take but a couple of minutes.

Commissioner Weiner, you touched on your hopes and wishes that your boss will be here another five years. And I would expect it's not intended for this Committee meeting or testimony on your behalf to be political.

COMMISSIONER WEINER: No.

ASSEMBLYMAN SOSA: I'm sure you would agree with that. But there is one thing, and there is one issue that I would like to present at this table to this panel, also to the public, and to the administration, that very few people are aware of even in the business sector. It relates to a lot of companies in the State of New Jersey, as well as throughout the United States, and it relates to Section 936. I would bet that nine out of ten people in this room don't even know what Section 936 is.

COMMISSIONER WEINER: Of what?

ASSEMBLYMAN SOSA: For those who don't, it's the IRS tax code. It's a section that affords U.S. corporations an opportunity to, if they maintain facilities in the Commonwealth of Puerto Rico, a tax credit. Obviously, people in the administration know what it is. You in New Jersey are beneficiaries of that. But there is, as you know, a threat in Washington, D.C. today for the elimination, or the downright curtailing of it to such a degree that it's going to force-- I've heard it from corporations in the United States, their position on the status of their facilities on the Island of Puerto Rico--

What does that mean to the State of New Jersey? This is not a widget situation. This is a very real situation that relates to jobs and the corporate environment. New Jersey ranks second in the United States in terms of the number of exports in total dollars to the Commonwealth of Puerto Rico. That's over \$220 million. That also equates to about 58,000 jobs.

Puerto Rico is also the tenth largest purchaser of U.S. exports -- not in the hemisphere, but in the entire world. By elimination of Section 936 as we know it, there is going to be, I think, a mad dash for the country of Ireland, the Far East countries like Singapore, Thailand, and others now knocking on the high-tech doors of companies that are in New Jersey, looking for them to relocate to those other countries. As you know, there is no guarantee that these U.S. suppliers are going to be having those opportunities to supply those goods and services if those companies move abroad.

I'm also, frankly, as a Puerto Rican-American, if I may, offended by Senator Pryor's comments that we're losing U.S. jobs from the mainland. The last time I checked, Puerto Rico was part of the United States, and we were American citizens, enough so that there is a disproportionate number of Puerto Rican-Americans whose names are on the Vietnam War Memorial. The fact that there are more Congressional Medal of Honor winners from the Hispanic community than any other ethnic group in the history of this country -- we're awfully proud of that.

But for Puerto Rico to have a void that is fairly limited in the view of people in the United States -- the mainland United States -- on this issue, it should touch everybody. What's clouded, unfortunately, in this thing is the issue of statehood, which really has to be removed from the whole argument. And therein lies the rub, because the Governor of Puerto Rico and the Resident Commissioner of Puerto Rico are presenting different options to this program.

I would respectfully urge you, through your Departments and through the Governor, to take a position on this issue, because it really relates not just to those "936" companies. It relates to other jobs, not only in Puerto Rico -- because of all of the 900,000 jobs that exist in Puerto Rico, fully one-third of those are "936" related; 100,000 direct and 200,000 indirect. The same thing applies on the mainland with all of those jobs that I've just described to you.

So I would again urge you, and this Committee, also, to take a position on doing what we can as a legislative, bipartisan contingent to urge the Governor to communicate with President Clinton, to please review that, and to develop an economic impact study on what this would really mean, not just to Puerto Rico, but to companies and people on the mainland.

COMMISSIONER McCONNELL: Okay. We will do that.

ASSEMBLYWOMAN DERMAN: I will be brief, too.

As both an attorney and a legislator, I'm aware of situations where it's who you know. You described, Commissioner McConnell, the situation where you're on the phone, and you call Commissioner Weiner about a certain company who wants to stay, relocate, or expand. What about the small business that you also talked about that doesn't know whom to call, and instead his or her attorney just faces pure bureaucratic employees who render nothing but silence or obstructionist behavior, and don't have the foggiest idea that what they're doing means jobs -- although they're protecting the environment, and we all want them to do that. What about the little guy or gal?

COMMISSIONER WEINER: There are a couple of things that are taking place inside my Department, and then I'll turn it over to Barbara and Ray, because this is a problem, Assemblywoman, that I literally encountered my first week.

I've told the story where I met somebody who was about to become an Assistant Commissioner, and they were telling me

about a decision they had just made. They were giving me a "heads up," if you will, that I was about to get a call. And I said, "Why?" They said, "Well, it's going to be a lawyer complaining." And I said, "Well, why are they calling me?"

I knew why they were calling me, but I tried to begin to educate people that that begins to give the perception, if not reflect the reality, of special access.

So we've done a number of initiatives. One is to work with the Bar in order to begin to hold this regular series of roundtables, both at the environmental section level, as well as the Bar Association as a whole, to talk about how does one work with the Department on problems that affect their clients. But that's, again, for those businesses -- it doesn't always fit a small business -- who have a lawyer, to work with the Department.

So we've worked very closely with county chambers of commerce, the State Chamber of Commerce, the BIA, and other trade organizations where we, on a regular basis-- I don't think there is a month that goes by that somebody from the Department isn't out talking about the Office of Permit Assistance, about the decision-making role of the Department and the services that we have to offer.

As you may know, about a year ago we opened something we called the Public Access Center, which I've described as the front door of the Department, which is really meant to be just that. It's literally right through the front door, where anybody can come. We're publicizing that, again, through all the local community groups that we can.

Last but not least, is, again, working with other departments, because as often as not, when somebody has contacted one department in State government, there is some linkage to yet another. We don't feel, collectively, that we're doing our job if somebody finds their way to our Department, and then we can solve a problem, but we're not also

simultaneously saying, "Well, gee, there's a health issue here. There is an advantage or a problem that you can work with the Department of Commerce on. There is a labor issue involved." So we're also cross-training our staffs to be able to identify those issues and to get into other departments.

But ultimately, it's through communication, letting people know the points of access and entry into the Department.

COMMISSIONER McCONNELL: Assemblywoman, I agree that it's a problem, and it's one of the areas that we certainly have targeted, too, for assistance -- the small- to medium-sized companies who may not know not only about the availability of permit assistance through our Department, but other programs as well. The small business community is probably not as aware of some of the other assistance programs, whether it's job training, whether it's financial assistance through EDA, or other types of programs.

As you know, our Department is responsible for small businesswoman and minority development. Through different forums and opportunities, we certainly try to promote and market those kinds of services, and to do the kind of outreach that says, "Call us, we will help you," and to make that assistance more available to them.

I'm not as satisfied as I would like to be, because I think it's truly that community that we're looking to for growth and expansion. As you say, many of them don't have attorneys that can intervene on their behalf, so it is truly a targeted area where I'm committed to carry that message to the small business community to tell them about all the services and programs in State government, especially how to identify their permit needs and how to expedite them through the process. We're working toward that end, both with business groups, as well as the small business sector.

ASSEMBLYWOMAN DERMAN: I know we have to conclude, but Commissioner McConnell mentioned that she's aware of negatives,

and you indicated you would have recommendations for us. I would have liked to actually have heard both lists, the negatives and recommendations, but I don't know if you have time.

COMMISSIONER McCONNELL: It's not so much negatives as some of which we can't do anything about. As I travel throughout the business community and work with developer groups that work on national and international levels-- I mean, there are just some issues about New Jersey, because we are in the Northeast -- and I'm talking about the high cost of living, I'm talking about housing costs -- those kinds of things that are just indigenous to where we are located.

The other issues that I hear the most about when I'm there: Companies are needing financial assistance. They do need job training. That's one of the most attractive tools. But the regulatory issue invariably comes up. And again, I'm not sitting here and trying to point my finger or to be critical. We're all aware of that. We're all working cooperatively to overcome that.

But the issue of government regulation, and how do I get my permits, and the timing is something that invariably comes up. So I put that in our weakness category, because I think we need to try and overcome some of those weaknesses where we can.

In the areas of recommendation, certainly subchapter S is one that's not necessarily at the top of my list, but I hear that from every small business throughout the State that I meet with. As you know, Assemblywoman, it's not allowed under New Jersey tax code, and I'm aware of the potential for lost revenues if we include it. But I can tell you that it's something that I believe puts our small businesses at a competitive disadvantage. I'm very hopeful that we can work together to find some sort of compromise whereby it can be

included in the tax code, but perhaps be a balance between that personal income tax rate and the corporate rate. I believe your legislation addresses that issue.

Certainly, investment tax credits and R&D tax credits are something that are being talked about at the Federal level. But I can tell you that with New Jersey being a strong R&D State, we need to recognize that those kinds of incentives or tax credits certainly could encourage greater research and development, because during this recession one of the first things to go in major companies was their research and development dollars. We've seen a lot of lost jobs as a result of it, and certainly lost revenues put into research and development.

Defense conversion is a tremendous challenge for us. Commissioner Bramucci alluded to that. As you know, we're beginning to work with defense contractors, of which there are 1900 in this State. We have the potential to lose 50,000 jobs if we don't work to help these companies to convert the manufacturing of their products for dual-use purposes. We're doing that.

We also have to make sure that we get our fair share of Federal dollars that are going to be available for technology development, technology deployment, and job training and education in the area of defense conversion. We are doing that.

Urban Enterprise Zones: I get asked that question a lot. Yes, there are 10 in the State. Yes, it's one of the best in the country, because it's not something for nothing in our book, or in your book. In order to qualify and to get the benefits, you've got to create jobs. So you've got to give something in order to get something.

Should they be expanded? There is legislation pending, and I think it needs to be considered seriously. Perhaps we need to look at South Jersey and other areas, but I

can tell you that it's been very attractive in the Jersey City area and in the Newark area, and that it definitely has encouraged business -- I mean, has helped with business attraction. It has helped to employ people, and I think the success of that program can be quantified. I'm working hard to maintain the integrity of the program, to do adequate audits, so we know what we are gaining and where the moneys go, and why it's good for us.

On business attraction, last but not least: New Jersey probably does less in terms of spending dollars on business attraction than any state in this country. You've had other people come before your Committee and testify that New Jersey has got a good message to sell. It's a good State. We've all said that.

Last year we attracted 100 companies. Thirty-seven percent of those companies were manufacturers, so we don't need to be so pessimistic about New Jersey losing its attractiveness as a manufacturing State. We can do it, but we need to sell that message. If you've got the best product in the world, and you're not marketing it nationally or internationally, nobody is going to know you've got it to sell.

So I would encourage this Legislature to understand that business attraction resources are important. The Fantus Group and other development groups will tell you all the time, New Jersey is not competing with other states in that regard, and yet we've got the message to do it.

International trade we've talked about. You know we need export financing. Help these companies with ISO-9000, with the health trade issue, as you're saying. We need to identify new markets. Help our companies to find greater export opportunities. More importantly, we are not doing the kind of job we need to do in attracting foreign companies to invest here. There are 1200 foreign-owned companies in New Jersey that employ 120,000 people. It's an \$11 billion

industry. We need to do more, because we're strategically well-located for that kind of growth.

Technology transfers: We're funding programs. We need to do more. It works. New Jersey is strong in R&D. We've got more inventions and more patents, and yet we've let the manufacturing of those widgets slip away to South Carolina and other places. Let's work to transfer that technology to the commercialization of products and services like Scott Weiner is talking about in New Jersey CAT; like I'm talking about in some of our advanced technology manufacturing centers in textiles, in ceramics, in high density television, in other areas where we are good and we can also become the manufacturing State in those areas.

Let's continue to work on our government regulations, and make sure that not only do we maintain our quality of life and our environmental standards, but that we are competitive with other states. I believe we are all doing that.

I think our financial support through EDA is a big attraction; it has been successful.

Travel and tourism, let's not forget it -- the second largest industry in this State. It's worth our time and our effort to support not only the growth of that industry, because New Jersey is beginning to be discovered in the international travel and pleasure areas. Internationally, people only knew about New York, and didn't know about New Jersey. Now they know about New Jersey -- beginning to. We need to aggressively encourage greater travel to our State, both for business and pleasure purposes. I think with working together, we certainly can do that.

I know that I have rushed, but those are just some of the ideas that I had, and I'll be happy to work with you in the future on others.

ASSEMBLYWOMAN DERMAN: Thank you very much.

SENATOR SINAGRA: Senator, do you have one quick question?

SENATOR INVERSO: Not a question. I think the Commissioner basically went through the litany that I was going to ask her to provide to us, going forward, and you mentioned there are others. If you could just -- and we'll have it on the transcript-- But if there are other thoughts -- points of attention that this Committee ought to address its efforts toward, I think we would be very, very pleased if you would provide it to us. It's very, very important.

The same with the other Commissioners, things that we need to do. This is kind of the opportunity to coalesce all of this and go forward. We've done a good job of explaining what it is that we're doing collaboratively and cooperatively, and that's fine. But we talk about long-range goals; we talk about technology. Let's start moving in on that, because I haven't seen a long-range master plan. I haven't even seen a short-range master plan, quite honestly. But we're talking about it, and that certainly is a direction that we all support.

So if you could put your comments together with regard to what it is we, together, should be addressing, I think that would be very, very helpful, and help us in our goal with this Committee.

COMMISSIONER McCONNELL: I'll be happy to do that.

Also, one of the things that I had hoped to have the time to talk about: You know, it's great that we have a statewide strategy, but we need to recognize that South Jersey is different from North Jersey, Central Jersey, and our shore area. At some point, I'd like to share with you what I think is a good strategic plan for those diverse areas, how each is unique, and how we can help them to grow and expand. Thank you.

SENATOR SINAGRA: Thank you very much.

ASSEMBLYWOMAN DERMAN: Assemblyman Corodemus, did you have one?

ASSEMBLYMAN CORODEMUS: Just one, if I can take just half-a-minute. I was very encouraged by your comments -- all

your comments -- but particularly by those of Commissioner McConnell about shore tourism. It's very optimistic to bring new business into New Jersey, but it's a must to keep what we have here. I'm concerned about the investment in shore protection. I understand up until today we haven't had a penny invested from the State in shore protection -- innovative methods.

Secondly, I was very disappointed to read the status report of the readiness of the New Jersey shore that appeared in the Asbury Park Press yesterday. If that isn't rapidly changed, and if the State doesn't rapidly take an aggressive position on it-- We still have a few months to recapture the summer season.

Thirdly, about advertising, perhaps we can touch on that another day.

COMMISSIONER McCONNELL: Okay.

SENATOR SINAGRA: To keep this bipartisan, Senator Adler, the lone member of the Democratic party--

SENATOR ADLER: Representing all the Democrats here today.

Commissioner McConnell, you just touched on something at the end there. I just wanted to follow up. If you could comment very briefly about the cost-effectiveness of the people who are in the Department of Commerce, who are hired to find new businesses -- new companies -- to locate in the State. I know there was a substantial cut in the budget across the board last year. I know it really devastated your Department. I had a bill in to restore a few employees to your Department, specifically to get new jobs in our State.

Can you comment on whether or not tax dollars spent that way rebound to the benefit of the public?

COMMISSIONER McCONNELL: In my opinion, yes. I think it only stands to reason that-- You know, business attraction, or economic development, is very labor intensive; for instance,

you've got to spend time with a company; you've got to sell the State; tell them why it's good; help them to find a location; help them to identify their permitting needs and so forth; find the financing; find the other kinds of areas of assistance that they need. In the meantime, you're competing with other states. So you don't do this in one phone call. It's labor intensive. Yet, we only have four economic development reps in this entire State. So I do most of the business attraction work myself. But, you know, I've got a whole Department, and a whole other agenda that I have to be attentive to.

Our budget over the last four years has been cut by 75 percent, last year 32 percent. The recommendation this year by OLS is to cut our budget even further. Again, I know you're not the Appropriation Committee, but I can tell you that it's a good investment; it's cost-effective to have those economic development reps.

Also, you need professional people. You can't just take anybody and make them a good economic development rep. They need to be strategically located. We're clearly not doing enough in that area, and it's very distressing to me. Because of the budget cuts, we're not doing enough in marketing ourselves for business attraction, or in travel and tourism. But we certainly are not putting the human resources into economic development that we could, and we should.

Now, that's just economic development. We also are not doing enough in small business, in putting those people one-on-one with a lot of the small business businesses in this State, to help them with regulatory needs, to help them with technical assistance. There is a high rate of failure among the small business community, so they need a little extra help in how to go into business; how to stay in business; how to be financially smart. We try to provide those services.

But every year, when those programs are cut into, you're cutting into your economic future in this State.

SENATOR SINAGRA: Thank you very much.

COMMISSIONER BRAMUCCI: Thank you.

COMMISSIONER WEINER: Thank you.

SENATOR SINAGRA: Okay, Senator Brown?

Does anybody have any objection if we take these bills in a package? Does anybody want any singled out?

MR. BERRY: We've got amendments.

SENATOR SINAGRA: Okay. Do you want to just take the bills in a brief overview, and then we'll take the bills as a package?

S E N A T O R L E A N N A B R O W N: Certainly, Mr. Chairman. And I would just like, with your indulgence, to introduce my one and only sister, who is sitting behind me. I'm sure you recognize a strange Trenton face, with a blue dress, and her husband, Thorp Kelly, from the great State of Washington. That gives me an excuse to say that certainly we in New Jersey, as I have been promoting New Jersey to my West Coast relatives, have a great deal to be proud of. We have all got to be a lot more bullish, so that we don't have those jobs, with all due respect, Lucinda, go to Washington State. We want to keep them right here in the Garden State.

ASSEMBLYMAN SOSA: Senator?

SENATOR BROWN: Yes?

ASSEMBLYMAN SOSA: I hope that's a tan your sister has, or you've greatly embarrassed her. (laughter)

SENATOR BROWN: Mr. Chairman, I appreciate very much the opportunity that you're hearing these bills as a package because, as Senator Bennett mentioned, international trade is terribly important. It is an area where former administrations at times have waxed cold, then waxed hot, and then waxed cold. What happened with the Tokyo office shows a lack of consistency in how we pay for it.

So my package of jobs looks at labor and says, "Yes, we've got a good training package." There is probably nothing

in it that Commissioner Bramucci couldn't do anyway, but I'm not sure that he's utilizing the talents in the foreign languages, for example, for some of the training that's being done in his Department.

So the purpose of the first bill, S-1592, is to say to labor, "Hey, you know, exports exist. It means a little different training. Make sure that when you're planning your programs, you see this very vital component."

Secondly, we have a bill that deals with business tax relief, and the Chairman certainly has played a vital role in this particular point of view; that a tax break would be given to businesses that create jobs that ultimately result in exports. It's difficult to quantify exactly what we're talking about. Hopefully, it would wash, because we would put more people to work, which would compensate for the tax break.

Thirdly, we have a bill that establishes a Chair in international business and education at Rutgers University. We heard quite a bit about this in Newark. What I am looking for in this whole area of international trade is to flag it, its importance, its prestige. Somehow, historically in this great nation of ours, we have not always sent our best and our brightest into the field of international trade. Now we are negotiating with some of the best and the brightest from other countries, and we have got to, again, make sure the people know that not only is it important that we export, but that we've got a place here in New Jersey where some of the best thinking is done.

This fourth bill, with Senator Haines, revises the responsibilities of certain State agencies relative to international trade. We do work closely, or should be working closely with the Commission on Science and Technology. I had a very good meeting with Jay Brandlinger, who is the new Executive Director there. The only technical amendment, Mr. Chairman, he has for that particular bill is that we ask New

Jersey-based businesses, for those people who are involved -- those businesses that are involved -- in technological transfers-- I don't think any of us would object. That is our mission, to specialize in New Jersey-based businesses.

The last two bills: One is to establish the new Export Finance Promotion Program, and appropriate \$90,000. We are having what you call a small war with the banks in the State of New Jersey who think that this bill is not necessary, that they have everything under control. In talking with Treasury, they understand that although it may not be their favorite bill, that in working with Commerce, we have a long way to go. So if any of you go in and want a line of credit to do some trading in Prague, for example, it's not possible for your bank to understand your need there, and yet they will give you the same line of credit to do business here in, maybe, Parsippany.

The last thing: Simply designate the third week of May as World Trade Week, and make it law so that we don't have a resolution each year.

SENATOR SINAGRA: Thank you.

Does anyone have any questions for the sponsor?

SENATOR INVERSO: Yes, one question. With regard to the creation of the scholarly Chair, is there an appropriation that accompanies that?

SENATOR BROWN: This is a long history on this. I'm sure this will come up in the Finance Committee. During the Kean administration--

SENATOR INVERSO: In that case, I'll defer until then.

SENATOR BROWN: There is money already there, and it is a question of whether or not it wants to be used for this purpose.

SENATOR SINAGRA: Do we have some minor amendments before we vote on these bills?

MR. BERRY: Proposed amendments before the Committee to Senate Bill No. 1592, which would eliminate the requirement that the training grants go only to expanded export trade activity, and would open it up to, generally, export trade activity and not necessarily to expansion. That would just eliminate the word "expanded" in the bill.

I'll go through one bill at a time.

SENATOR SINAGRA: Okay, sure. Okay, we might as well do the roll call. I'll move the bill.

SENATOR INVERSO: Second.

MR. BERRY: On Senate Bill No. 1592, as amended, Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

ASSEMBLYWOMAN DERMAN: I think he indicated yes before he left.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: And Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: Yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

MR. BERRY: On Senate Bill No. 1593.

SENATOR BENNETT: Are there any amendments on that one?

MR. BERRY: No amendments to the bill.

SENATOR BENNETT: I'll move the bill.

SENATOR INVERSO: I'll second it.

MR. BERRY: Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

ASSEMBLYWOMAN DERMAN: He indicated yes.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: Yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

Are there any amendments on Senate Bill No. 1594,
Chris?

MR. BERRY: Yes. There is going to be some testimony
on S-1594.

SENATOR SINAGRA: Okay.

MR. BERRY: Sankaran Raghunathan, to testify on Senate
Bill No. 1594? He is Assistant Professor of International
Business at the Graduate School of Management at Rutgers.

SENATOR BROWN: I think the Professor is here, Mr.
Chairman, to basically symbolize the support he has for the
program. So maybe we can do it the way-- If there are any
questions Committee members have on the Chair? I know you are
on a tight time schedule.

He said to me on Friday, should he come or not come.
I said it never hurts to come and be a presence. So maybe, at
your discretion--

SENATOR SINAGRA: He's in support of the bill?

A S S T. P R O F. S A N K A R A N P. R A G H U N A T H A N:
Yes, I am in support of the bill, yes.

SENATOR SINAGRA: Okay, thank you.

SENATOR BROWN: And you have testimony that you can leave with the Committee members?

PROFESSOR RAGHUNATHAN: I do.

SENATOR INVERSO: Not only do you have testimony, do you have the funds? (laughter) Not you personally, but--

SENATOR BENNETT: Are there any amendments that are required?

MR. BERRY: Yes, there is a technical amendment to S-1594, to clarify the purpose of the Chair. The bill would read, if the amendments are adopted: "The purpose of the Chair shall be to promote research and teaching in international business." At Senator Brown's suggestion, these amendments are before the Committee.

SENATOR SINAGRA: Can I have a motion on S-1594, as amended?

ASSEMBLYMAN PASCRELL: Moved.

SENATOR SINAGRA: Second?

SENATOR ADLER: Second.

SENATOR SINAGRA: Thank you, Senator Adler.

MR. BERRY: Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: Yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

Do we have a motion on S-1595?

UNIDENTIFIED MEMBER OF COMMITTEE: Moved.

SENATOR BENNETT: Second.

MR. BERRY: On Senate Bill No. 1595, Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

ASSEMBLYWOMAN DERMAN: He indicated yes.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: Yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

On Senate Bill No. 1596?

SENATOR BENNETT: Any amendments?

SENATOR SINAGRA: No.

SENATOR BENNETT: I move the bill.

SENATOR SINAGRA: Second?

MR. BERRY: On Senate Bill 1596--

SENATOR SINAGRA: Senator Adler seconded. I heard him say second.

MR. BERRY: Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

SENATOR BENNETT: He indicated a yes. (laughter)

ASSEMBLYWOMAN DERMAN: Yes, he did. I'm sorry.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: Yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

The Senate Joint Resolution No. 29-- Do we need a voice or--

MR. BERRY: Just a roll call vote.

SENATOR SINAGRA: Move the Senate Joint Resolution?

SENATOR INVERSO: S-29?

SENATOR SINAGRA: Yes, S-29.

SENATOR INVERSO: I'll move it.

SENATOR SINAGRA: Okay.

Senator Bennett?

SENATOR BENNETT: I'll second.

MR. BERRY: On Senate Joint Resolution No. 29, Assemblyman Pascrell?

ASSEMBLYMAN PASCRELL: Yes.

MR. BERRY: Assemblyman Sosa?

SENATOR BENNETT: Harriet, did he indicate a yes on this one?

ASSEMBLYWOMAN DERMAN: Yes, he did. He certainly did.

MR. BERRY: Assemblyman Corodemus?

ASSEMBLYMAN CORODEMUS: Yes.

MR. BERRY: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MR. BERRY: Senator Adler?

SENATOR ADLER: I vote yes, but I also want to note, just for the family that is here today, this is typical of the way the Senate and the Assembly operate when Senator Brown is in charge of things. (laughter) I vote yes.

MR. BERRY: Senator Bennett?

SENATOR BENNETT: Yes.

MR. BERRY: Senator Inverso?

SENATOR INVERSO: Yes.

MR. BERRY: And Senator Sinagra?

SENATOR SINAGRA: Yes.

SENATOR BROWN: Thank you very much, Mr. Chairman.
Thanks to the Committee.

SENATOR SINAGRA: Thank you.

Thanks everyone.

(MEETING CONCLUDED)

