
Public Hearing

before

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

*"Testimony concerning the recommended modifications to the
Urban Enterprise Zone (UEZ) program proposed in the Governor's FY 2011 budget"*

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: April 12, 2010
3:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Jeff Van Drew, Chair
Senator Ronald L. Rice, Vice Chair
Senator Christopher J. Connors
Senator Philip E. Haines



ALSO PRESENT:

Michael F. Feld
*Office of Legislative Services
Committee Aide*

Joseph J. Blaney
*Senate Majority
Committee Aide*

Brian Alpert
*Senate Republican
Committee Aide*

***Hearing Recorded and Transcribed by
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SENATOR JEFF VAN DREW (Chair): I'd like to call this meeting to order, of the Community and Urban Affairs Committee of the New Jersey State Senate.

It is good to have Senator Haines with us, and Senator Connors. There was a rumor that because this was Opening Day of the Phillies that-- We were a little worried there, Senators.

SENATOR HAINES: It's good to be worried.

SENATOR VAN DREW: No, we're glad to have you.

And Senator Ruiz sends her best wishes, and she is very supportive. She had a personal family emergency. She was going to be here, and unfortunately, at the last minute, was unable to do so.

Will you please all rise for a flag salute? (audience recites Pledge of Allegiance)

SENATOR VAN DREW: Mr. Feld, may I have a roll call, please?

MR. FELD (Committee Aide): Senator Haines.

SENATOR HAINES: Here.

MR. FELD: Senator Connors.

SENATOR CONNORS: Here.

MR. FELD: Senator Rice.

SENATOR RICE: Here.

MR. FELD: Senator Van Drew.

SENATOR VAN DREW: I am here.

I want to thank you all for being here. I mean, this is obviously a very major issue for the State of New Jersey and for so many of our communities. I would maintain not only for our Urban Enterprise Zones

and for those communities which they surround, but it is a major issue for the future economic development of the State of New Jersey.

UEZs have represented -- Urban Enterprise Zones have represented so much to our State: economic development, economic energy, restoration of our cities and our urban areas, and restoration of communities that normally would not have had the ability to move forward and do better. In some cases, it has been façades on buildings; other places it has been manufacturing that was put in place that wouldn't have normally been there; from doctors' offices, to hospitals, to motor sports complexes -- the list goes on, and you're all going to hear that today.

Many of you know each other -- not everybody does -- and frankly, from North to South, the type of economic development and economic energy that has been created has varied, so it is good to have everyone here today. And most especially -- let me apologize to those folks who are standing. We knew that we were going to get a good crowd; we did not know we were going to have quite as many individuals as we currently do have.

We are, to some degree in New Jersey, in a financial abyss. We know that we have tremendous challenges in this State. We've all heard about it, we are all feeling it; we know it's there, and again, it doesn't matter: North to South, suburban, urban, or rural, we know it's there. And at the end of the day, the only way that we are truly going to achieve the end result, the only way that we are going to be able to move forward and have true independence as far as economic, and as far as job creation, and as far as bringing new business in, is by creating that economic energy.

Urban Enterprise Zones are one of those tools. At the end of the day, the only way that we truly get out of the problems that we have is by incentivizing the private sector. The Governor has said the same thing, and I agree with him. And we have agreed across party lines, many of us, to say that we will support the Governor when he is going to reduce red tape, when we are going to facilitate business, when we are going to create jobs, when we are going to create more economic energy. We need to do that badly in this state. Urban Enterprise Zones already represent that.

It was said-- Some folks think that, perhaps, some areas of Urban Enterprise Zones, and in some areas Urban Enterprise Zones, may not function as perfectly as we would like. Well, quite frankly, nothing does. In areas where we need to do better, than let's do better. If we need to amend legislation -- which is going to be one of the purposes of today's hearing -- if there are folks out there who have ideas on how we can do better, how we can be more responsive, how we can make these Zones work even better, let's hear from you now and in the future because, again, this Committee is glad to move forward and sponsor legislation that's going to make that end happen.

But, for example, there are problems with health care; we're not going to close all the hospitals. If there are problems with Urban Enterprise Zones, we're not going to stop the program. If we continue down the current funding stream that is seen in this budget, Urban Enterprise Zones will eventually, at the end of the day, cease to exist, and they will become ineffective, and we will have less, not more, jobs. We will have less economic development, not more economic development. We will have less

business and not more business in the State of New Jersey. And you're going to hear about that.

Finally, after we're done today, where are we going to go from here? I would say to all of you that we need all to work together to try as best we can to lobby the Governor, to lobby your Senators, to lobby your Assemblymen, to lobby everyone at every level to make sure that we allow and we incentivize this program to continue. I think we also need to look at where we can do better, as I've previously mentioned, and where we do need to amend legislation, where we do need to increase accountability, or we do need to raise the bar; and I believe we can do that, too. This is a real opportunity, and if the face of adversity is always opportunity, this is truly an opportunity for the State, because we have a program that works, but can work even better.

I know that over the next week we're going to hear some other issues about Urban Enterprise Zones and, again, some places where they may not be functioning quite as well as they should. The purpose of this hearing is to make sure they continue and to make sure we do even better. And I thank you all for being here.

With that being said, we have a lot of folks who want to speak -- we're probably close to up to 50 different folks who want to speak. So what we're going to try to do is limit everyone to two to three minutes. And if I do interrupt you, it is not that I intend to be rude; I don't. And believe me, I am interested, but I know the Senators have some other commitments as well. Obviously, I'm staying for the duration. As long as you're here, I'm here, because we're going to fight this fight, and we're going to win at the end of the day. But, if we can, just in respect to the other

folks who are here as well, please make your point, get it done, leave us your testimony. And again, we look forward to working with you in the future.

With that being said, we are going to get started. And I know I have the Honorable Mayor -- Mayor Bollwage -- who has been so involved in this issue for so long. I think he's here with Andy Gellert, and I know Mr. Pascrell was going to speak as well, along with you folks, at the same time.

Thank you folks for being here.

SENATOR RICE: Mr. Chairman, before the speakers speak, because some people may leave, I need to make a quick statement.

SENATOR VAN DREW: Senator Rice, feel free. Senator Rice wants to make a statement. Thank you, Senator.

SENATOR RICE: Thank you.

Let me say to all of you that I came to Trenton in 1986. I was on the Newark Municipal Council in 1983 and we passed legislation, and the intent of the UEZ is what it is. But it was also for those who were from the Irvingtons, the Newarks, and other areas of like kind. It was really supposed to spark development on those gateway corridors leading to the downtown community. Some kind of way, UEZ wound up doing really nothing for those commercial corridors where most of the small businesses are basically minority-, women-, and immigrant-owned. We need to fix that. If I'm going to continue to be supportive of UEZs, and if you check the legislation -- and Mayor Bollwage, you know this: I led the fight on most of this stuff over the years -- then we need to collectively -- your organization -- address that issue, and I'm very serious about that. We should also take a look at some of these UEZs where we do lack

accountability, because the nexus to local government and to other “political relationships” are oftentimes depriving us of the real true benefits.

I just want to put that on the record so that, as we fight to save UEZs, understand because I’ve been a part of it so long, I have a right to do all I can to make sure that it benefits all of those communities, particularly in the urban setting. This was not for the New Yorkers to come in and take all the buildings and not hire local people. It was not for -- at least when we started -- for people to just play politics with, even though we’re building this, and we’re getting buildings in. It was really to help those inner city communities up and down those corridors, such as the South Orange Avenues in Newark, and the Chancellor Avenues and the Lyons Avenues. I don’t want us to forget that; because if not, then I can find another way to take these dollars and make them benefit the communities which I represent. So let me just say that after 24 years I think I’ve earned the right to say that. Thank you.

SENATOR VAN DREW: And Senator, you have earned the right to say that, and thank you for your input, and that’s why we’re all here.

Senators, did you have anything? Are you good?

SENATOR HAINES: No, thank you.

SENATOR CONNORS: Mr. Chairman, thank you.

SENATOR VAN DREW: Thank you. It’s going to be a long day.

Mayor, thank you for being here.

MAYOR J. CHRISTIAN BOLLWAGE: Thank you very much, Senator. And Chairman Van Drew, we appreciate the opportunity.

And as the Chairman of the Urban Enterprise Zone Commission, we're represented here in strength with Zone Commission members, mayors, as well as business members. And I also want to thank you, Senator, for your comments before the Committee last week in stressing the importance of Urban Enterprise Zones. We appreciate all of your efforts, Senator Van Drew. And Senator Rice's comments-- If the Governor has his proposal go through the way it is, Senator Rice, your comments will not ring true anywhere, because there'll be no program. There'll be no program to fix, there'll be no program to work on, and that's why we're here today.

So I'd like to state unequivocally that without the Urban Enterprise Zone Program in Elizabeth, over \$700 million in investment, creating more than 3,000 new jobs in just two projects, would have never occurred: The Jersey Gardens Mall was a former landfill, converted into \$450 million investment, and includes a 1.7 million-square-foot outlet mall and 2,700 permanent jobs. An additional planned \$400 million in the port-related investment will not happen if the UEZ Program is eliminated, as proposed in the FY 2011 budget. These investments were leveraged by UEZ Programs in several vital ways: over \$3 million in UEZ direct funding for design and infrastructure costs; the tax-exempt purchase incentive that saved the project more than \$25 million made it financially feasible; the 50 percent reduced sales tax on retail purchases enabled the imposition of a franchise-fee-generated over \$60 million for the City of Elizabeth since 1998. This was crucial, since the 100 percent pilot payments were needed to be dedicated to repay the New Jersey Economic Development Authority. The UEZ's 2,700 permanent jobs, and \$6 million annually to the City of

Elizabeth, and \$450 million investment would have never occurred in our City alone without UEZ.

Over the last 10 years, nearly \$250 million has been invested in transforming neighborhoods in our City -- the Retail Skills Center, Hospitality Training Center, all attract jobs. The Elizabeth Port neighborhood, Hope VI-- We used leveraged UEZ money with a \$30 million Hope VI grant, \$8 million in Urban Enterprise Zone. That result was 982 units of new housing, dozens of new neighborhood businesses, schools, ball fields, public library. We estimate that this created 200 new jobs and gave a rebirth to an entire neighborhood. In fact, Senator, we're talking about putting a ferry in from that downtown neighborhood to Wall Street.

However, without the up-front commitment of \$8 million in UEZ for infrastructure, this would have never happened. An Urban Transit Hub Tax Credit application was recently filed for one project that resulted in investment of over \$100 million. The Urban Enterprise Zone Program has historically, in the past, shared in the pain of tough economic times and budget cycles. We've had portions of our Zone Assistance Funds balances pledged towards other State budgets. However, it's always been done with the means of recapturing those funds down the road and always in a way that allowed zones to continue to provide ongoing economic revitalization.

The administrative funding has put the program in jeopardy. As I think you know, Senator and maybe others, the Governor or the team has cancelled all of the Urban Enterprise Zone meetings. There is no opportunity to follow up on Senator Rice's suggestion that we work in our downtown areas or get jobs for local people, because this administration has

cancelled all of the Urban Enterprise Zone meetings. And as of now, with this proposal, the Urban Enterprise Zones will be out of business on June 30.

I listened to the Treasurer make remarks when he said that “Oh, don’t worry. The 3-and-a-half-percent sales tax will stay in place.” Well, that doesn’t do any good for the businesses like Mr. Gellert’s, who you’re going to hear from in a few moments, who doesn’t have a retail component. But his argument for keeping the Urban Enterprise Zones and using -- a recipient of a new market tax credit to the tune of \$10 million and another \$12.5 million recently deployed, helped jump-start his business in the City. He moved here from New York, he runs an import business. And to answer your questions, can the UEZ be improved? Absolutely. Are mayors and zone coordinators willing to work with the members of the Senate and the Assembly in this Administration to improve it? Absolutely. Has the previous Administration hurt this program by implementing changes, such as the rebate requirement for the tax-exempt purchases? Absolutely. We can’t get this done in a vacuum; we can’t get this done with bombastic budget proposals, as done in March. We need to do this in a cooperative way.

I’d like to introduce to you Mr. Andy Gellert of the Atalanta Corporation in our City -- a port-related industry that has 280 employees at its locations in two Urban Enterprise Zones in our state.

Mr. Gellert.

A N D Y G E L L E R T: My name is Andy Gellert; I am Senior Vice President of Atalanta Corporation. Founded in 1945, Atalanta Corporation is the largest privately held food importer in the United States, with sales to

retailers, food service operators, and manufacturers nationwide; with sales in excess of a half a billion dollars. With a national sales force, Atalanta provides the finest meats, cheese, groceries, and seafood to families throughout the United States. Atalanta currently employs 280 people in Elizabeth and Lakewood, both Urban Enterprise Zone communities. When faced with an option of expanding Elizabeth, or relocating our operation to New York or Pennsylvania, we went first to the City of Elizabeth and then to the Elizabeth Development Company.

We have been a UEZ-certified business since 1987. The professional expertise of these UEZ-funded staffers made our decision to build a new energy-efficient facility in Elizabeth easy. They provided \$10 million of new market tax credits, and assisted us in securing another \$7 million from the New Jersey Economic Development Authority as part of our \$21 million project.

They assisted us in navigating through the Department of Environmental Protection process as seamlessly as possible. They showed us that by building a new building in the UEZ, we would save nearly \$1 million on construction costs. They continue to work with us on our \$400 million solar insulation system, which will include \$100,000 UEZ grant and result in 28 percent reduction in our annual energy costs, thus ensuring that we stay and continue to grow in Elizabeth for decades to come.

As Mayor Bollwage stated, we have begun to hire an estimated 65 new employees for our new facility. We are working with the Elizabeth Development Company and its One-Stop shop, which is partially funded with UEZ dollars, to hire as many local residents as possible. In addition to the new and retained jobs, as well as the \$21 million investment, the City

of Elizabeth will receive an additional \$250,000 in annual tax revenues from this new project.

I was very impressed with the level of knowledge and understanding that the UEZ staff members at EDC had with all the different State and Federal programs that can be utilized in order to create employment opportunities for New Jersey residents, and made projects such as ours a reality. Without the UEZ-funded staff at the EDC and the incentives offered by the UEZ Program, I would be sitting in an office in Eastern Pennsylvania or New York. Instead, each week I find myself riding around the Elizabeth UEZ looking for the next site where Atalanta and our affiliated companies will be able to expand their operations and grow with the Garden State.

We were able to do this during tough economic times, in great part because of UEZ Program. Imagine what we will do when the economy fully recovers.

Thank you for your attention, and for allowing me the opportunity to make you aware of our success story in Elizabeth.

SENATOR VAN DREW: Thank you, Mr. Gellert.

Mr. Pascrell.

W I L L I A M J . P A S C R E L L I I I: Yes sir. Thank you Mr. Chairman.

I could speak all day about this program, but--

SENATOR VAN DREW: But you're not going to. (laughter)

MR. PASCARELL: --I want to say at the outset, of course I won't have the opportunity to do that.

I want to commend you for your leadership and the Committee's leadership on a very important issue. I know you're dealing with a lot. This budget is something we've never seen before in State history. But I think it's important to note that Mayor Bollwage, then-Mayor Schundler and Mayor Sharpe James created the New Jersey Enterprise Zone Mayors Commission. And I've been privileged to work under Mayor Bollwage's leadership for the last 15 years on a program that was initiated by the great Jack Kemp; that was started in 1983 by the great Governor Tom Kean; that was reauthorized in 2001 by then-acting Governor and the great Don DeFrancesco. This has been a bipartisan work in progress.

And let me state very rapidly that I'm here representing a company out of Ohio -- Columbus, Ohio -- Micro Center, based in Paterson, New Jersey. Were it not -- and, Mr. Chairman, we've discussed this -- for this critical program, they would not be here in Paterson, New Jersey. This is not only job retention; it's job creation.

In 2007, there was study done that Mayor Bollwage worked with everyone in this room to compile. And it proved that over 150,000 jobs are the result of the Urban Enterprise Zone Program. That's as of 2007. Over \$22 billion in private venture investment -- not government money, private investment. And we're left today with a fund that Democratic administrations have tried to tap, too. Governor Christie did not create the problems he's inherited here. But we don't want the ill-fated decision of impacting the Urban Enterprise Zone Program to create further problems. For every \$1 that this program incents, it creates another \$1.70 in new tax revenue at the local level. That helps you deliver the services

that are so critical for the rest of the state, and allows those programs and those urban municipalities to continue to grow.

Then-acting Governor Don DeFrancesco realized in other tough economic times -- we all recall what this economy looked like in 2001, and yet he saw the wisdom to re-up the program when it was about to expire.

The New Jersey Business and Industry Association, all of its leadership, in 2006, 2007, 2008, and 2009 -- in almost as difficult budget scenarios -- stated the tremendous impact this program has on not only attracting businesses, but at helping those businesses to flourish and upgrade the street and landscape that they're invested in. We touch 14 of the 21 counties -- there are 37 Urban Enterprise Zones, and I think all but one are here today, along with their elected official and their UEZ Coordinator, with a business to convey to you today that we are desperately begging this Committee to understand that this is critical. Just because people have said in the Budget Committee last Thursday that this is only a money grab, I believe, personally, speaking on behalf of the experience of the last 15 years, that if we allow this to happen this year, it won't be too far before this program ceases and desists. And then I'd like to see, as we've watched the car dealerships across this country abandon buildings they're in, in some of these same critical urban centers abandon the State of New Jersey.

I know that there are many people here to testify today; I thank you, Chairman Van Drew, for your leadership, and I thank Mayor Bollwage for permitting me to be part of this important program and hopefully its continuation.

SENATOR VAN DREW: Thank you, Mr. Pascrell.

One very quick question, because we do have to move on, and just very simple -- I'm going to ask this to everybody: In your community, Mayor, will the business community expand or contract? Will it get bigger or smaller if these UEZs are removed? Will you create more jobs, or less jobs?

MAYOR BOLLWAGE: It's impossible in my community to create more jobs without the Urban Enterprise Zones.

SENATOR VAN DREW: That's all I wanted to know. Thank you; thank you all for being here.

MR. PASCRELL: Thank you.

SENATOR VAN DREW: Next we have from the City of Jersey City, the Honorable Rosemary McFadden, the Deputy Mayor; and we also have Eugene -- I want to pronounce Eugene's name correctly -- Paolino?

DEPUTY MAYOR ROSEMARY T. McFADDEN: Paolino.

EUGENE PAOLINO, Esq.: You got it.

SENATOR VAN DREW: Paolino-- See, that was good.

Thank you for being here.

DEPUTY MAYOR McFADDEN: Thank you.

MR. PAOLINO: Thank you, Mr. Chairman.

SENATOR VAN DREW: Deputy Mayor.

DEPUTY MAYOR McFADDEN: Thank you, Senator, and distinguished members of the Committee.

Not only am I Deputy Mayor in Jersey City, but I'm the Chair of the Jersey City Economic Development Corporation, which administers

our UEZ Program. And I'd like to enter this statement on the record on behalf of Mayor Jerramiah Healy.

You're going to hear from all the UEZ Programs throughout the state -- everybody's got different aspects of the programs, but we all have one common goal: and that's not only economic development, but it's improving the quality of life for our citizens, whether through safety programs and/or infrastructure improvements.

In Fiscal Year 2009 the State collected close to \$105 million in sales taxes in all the UEZs. I am proud that Jersey City had the highest amount: \$16 million. We have over 600 UEZ-certified businesses. The administrative costs of operating this program at the Jersey City UEZ were \$1.1 million. And I'd like to repeat that number -- \$1.1 million, less than 10 percent of the amount of money that were generated.

Just very briefly, Senator, what kind of benefits accrued to Jersey City and the State of New Jersey as a result of this spend? I'll just give you a few examples.

Since its inception in 1985, the Jersey City EDC has reinvested more than \$97 million in the community, which generated more than \$12 billion in capital investments, especially along our waterfront, our Gold Coast, or Wall Street West. UEZ business enrollments have accounted for the creation of 35,000 full-time jobs in Jersey City, and close to 4,000 part-time. We have one of the most comprehensive CCTV cameras in the State of New Jersey, funded by the UEZ, which is important in terms of crime detection and prevention. We have used more than \$5 million since 2008 to fund 48 police officers and purchase 20 police vehicles. Our Second Chance ex-offenders program today employs 30 individuals.

We've used and leveraged UEZ funds and City monies to improve our infrastructure. Examples: the major thoroughfares in Jersey City were renovated utilizing State, City, and UEZ funds.

To Senator Rice's comments earlier, in the Bergen section of Jersey City we have Main Street Monticello. As a result of investing just \$350,000 over the past five years, 34 new jobs and 10 new businesses were developed, which in turn spurred residential development. And I think Senator Rice is aware of the fact that this is in a very high unemployment and high crime area of Jersey City.

Our job training programs have been successful. Customer Service Skills Center has trained over 600 residents in the retail and service sector. Community partners in hotel employment have trained and placed over 200 women in the hospitality industry. Rising Tide Capital's Community Business Academy supports disadvantaged entrepreneurs with business development skills and training. In 2009 alone, they trained 143 individuals, resulting in the opening of 23 new businesses in Jersey City and the expansion of 45 businesses.

And finally, some of the marketing and the branding that we utilize the UEZ dollars for makes the State of New Jersey and the City of Jersey City an international tourist attraction. I'm sure some of you have seen the Barclay's; and we've got the Red Bull Air Race coming up in June.

In closing, I concur with Mayor Bollwage. We can improve the program. We can quantify the benefits. We can leverage the funds better. But to close the program for a year is tantamount to shutting it forever. We will never be able to get back the momentum that we're experiencing today.

Jersey City looks forward to working with the Administration and the New Jersey EDA to strengthen and improve the program. And in these difficult economic times, we accept that we all have to sacrifice. But on behalf of Jersey City, we urge you to keep this vital economic program which benefits all of New Jersey.

Thank you for your time and consideration.

SENATOR VAN DREW: Thank you for being here.

Same quick question: More or less businesses, more or less jobs if we close the UEZ?

DEPUTY MAYOR McFADDEN: Less jobs; much less jobs. I was at a press conference with the Commissioner of Banking and Industry today where Ace Insurance relocated 130 jobs from New York City to the waterfront in downtown Jersey City, and that was one of the programs they talked about: the benefits of the UEZ Program. And we're in conversations with other financial firms to bring them over to New Jersey. The UEZ Program is vital to job creation in this state.

SENATOR VAN DREW: Thank you, Deputy Mayor; thank you.

MR. PAOLINO: Thank you members of the Committee.

SENATOR VAN DREW: And I thank you everyone for being here. If I can remind everybody--

MR. PAOLINI: Two minutes.

SENATOR VAN DREW: --technically, when you hear that little beeping sound, it's supposed to mean that you're done. (laughter) Now, on the Budget Committee we have a red, yellow, and green light;

we're not doing that. But if you can -- and I know everybody has so much to say -- we appreciate it.

MR. PAOLINO: I will; I will.

SENATOR VAN DREW: Thank you very much.

MR. PAOLINO: Thank you for the opportunity of addressing this Committee in the context of the Governor's current Urban Enterprise Zone proposals.

I do this from the perspective, principally, of counsel for a number of large-scale real estate developers, both residential and commercial developers. But I would hasten to add that these remarks would also apply to far smaller developers because, on this issue, there really is no difference between them.

I do not need to tell you that the large urban centers, from my experience -- Jersey City, Newark, Camden, Trenton, Elizabeth -- have felt and are continuing to feel the serious effects, the secondary effects and aftershocks, of last year's national economic melt down. With State funding down sharply and revenue from other sources in jeopardy, these cities, as well as the smaller towns and boroughs, have no choice but to find some method of enhancing revenues without resorting to a simple increase in property taxes and cutting expenses, which is the standard approach.

One of the methods used to encourage real estate development in communities in New Jersey and spark such development in the central urban areas, at least, was and has been the Local Redevelopment and Housing Law and the Long Term Tax Exemption act, which provides for tax abatement or tax exemption of real estate taxes. And the third part of the tripod is the Urban Enterprise Zone legislation. All of these have been

essential, in my experience, to attracting developers, none more so than the UEZ legislation.

Let there be no doubt that developers across the country -- and I'm talking about major developers from the Toll Brothers, Hovnanian, to a whole series of developers -- are, today, unquestionably trying to decide whether New Jersey is an appropriate and suitable location to place their housing project or their commercial office building. To that end, anything that serves to lower the tremendous costs inherent in such projects is critical. Since 1983 -- the effective date of the UEZ legislation -- New Jersey has often met these needs and the result has been a renaissance of communities along the Hudson River waterfront. Look at the Jersey City waterfront, for instance; the Hoboken waterfront; down Edgewater -- that entire area is tremendously different than it was 30 years ago.

If UEZ provisions are eliminated, New Jersey will no longer be attractive to such investment. Accordingly, the multitude of jobs that these projects create -- and you've heard about the job creation end of this -- the taxes that they pay, both real estate and sales taxes, and the vast secondary trickle-down effects to local businesses -- the restaurants and the shops -- will be lost.

For developers, the simple provision that exempts, for instance, sales and lease taxes for a qualified business in a UEZ zone is essential. This is one example. It would be fair to say that the hard construction costs of a typical 500,000-square-foot residential development is approximately \$250 a square foot. Of that, \$112.50 a square foot is for materials. The resulting tax on a standard job would be \$4 million. This is critical to a

developer determining whether or not this is an appropriate location to invest its dollars.

Developers, very frankly, do not view the business climate in New Jersey as extremely friendly. This is one of the things they look to, coming here and staying here, and I would ask this Committee desperately to keep this legislation in the present form that it is. I'm sure it needs improvement, but at least the gist of it should be unchanged.

Thank you.

SENATOR VAN DREW: And that's a good point. We're trying to make a friendlier business economy. We're actually moving precisely in the opposite direction if we terminate these UEZs.

Same quick question: Are we going to lose jobs and lose businesses?

MR. PAOLINO: There's no doubt -- you'll lose jobs and businesses.

SENATOR VAN DREW: Thank you. Thank you for being here.

From the City of Millville, I believe we have Mayor Tim Shannon; the UEZ Coordinator Don Ayres; and a developer, Steven Durst.

SENATOR RICE: Mr. Chairman.

SENATOR VAN DREW: Yes, Senator Rice.

SENATOR RICE: While the speakers are coming up, would you have staff to get everybody to submit to the Committee--

SENATOR VAN DREW: They are, Mr. Vice Chairman. We've already discussed that.

SENATOR RICE: Well, you didn't discuss my issue, I know, because I'm the only one that wanted to discuss it. I'm the only one to think about discussing it.

SENATOR VAN DREW: Okay.

SENATOR RICE: I need a breakdown, which I've asked for in other committees, of the number of new jobs created that employed the local residents, and not someone outside of that neighborhood, outside of that municipality. And I need that breakdown ethnically, in terms of the number of African Americans, so it's clear how many, particularly in these larger cities; non-African American women and Latinos. So we can see how this is working in the area where we have the greatest diversities and we're probably producing the most in opportunities. Because you're going to find many of these areas that we're bringing in businesses, and we're not bringing in jobs. In other words, with the business and the job come the person who is going to occupy it. You would like to think that one day if they transition out, somebody local is going to get the job. On the expansion of some of these businesses -- and I can speak from a Newark perspective -- what you'll find is that some of the jobs that pay more and some of the jobs period are not going to Newark residents; they're going to outsiders who have come into Newark. So when you really look at it, yes, you're creating jobs; but the idea of UEZ was not just to create jobs and grow cities, but to revive economic opportunities for many of the residents who are there who need employment. That's why every time you pick the paper up and read about somebody getting shot in Newark -- like yesterday somebody got shot. So at least you should have this data. If you don't have it, you should find the means of getting it and send it to us so we can

do some analytical things as we weigh what the Governor wants to do versus what our needs are, and across the board whether or not there's fairness in participation and benefits. So I just wanted--

SENATOR VAN DREW: Thank you, Senator Rice. We'd be glad to get this information for you. And let me just say from personal account: In the towns that I represent -- and I know that many of the people from other areas here can speak to that -- many of the folks who are among the ranks of the unemployed, many folks who were previously losing their jobs were able to find new jobs through the UEZ and in areas-- And by the way, Senator, I have the county in my district that has the highest unemployment in the entire state of New Jersey and they are going to speak now. We have some of the representatives from one of those cities and they are going to tell you, as other folks are, the significant difference that it's made. We'll be glad to get you that information.

Mayor.

M A Y O R J. T I M O T H Y S H A N N O N: Senator, distinguished Committee, Assemblyman -- good to see you. Thank you for taking the time--

SENATOR VAN DREW: By the way, I'm actually going to ask -- Assemblyman Matthew Milam is here, also from the 1st Legislative District. Assemblyman, as soon as one of them is done, actually, if you want to move up and just say a few words as well, we'd appreciate that.

ASSEMBLYMAN MILAM: Very good.

SENATOR VAN DREW: Or you can stay right there and say it, if you like as well.

ASSEMBLYMAN MILAM: We can do it wherever--

SENATOR VAN DREW: You can take Senator Ruiz's place.
(laughter)

Thank you. Go ahead, Mayor.

MAYOR SHANNON: I appreciate you taking your time and giving us an opportunity. Denise Jackson is with us from the Joint Vineland/Millville Zone; I believe they will be able to provide some of those numbers for the Honorable Senator. I'm going to try to stay on point, Senator, and I will let you borrow my gavel if you need it to knock me down on time.

SENATOR VAN DREW: There you go. I'm trying not to do that.

MAYOR SHANNON: The joint zone of Vineland and Millville has proven over the years to be -- the capabilities of economic development and job creation. In Millville, UEZ funds have leveraged millions of dollars in private investment, raising the ratable tax base significantly since its creation in 1986.

Infrastructure improvements to the downtown area of Millville have benefited not only in seeing the 60 to 70 percent vacancy rate on street-level store businesses and opportunities, to now having a first-class arts district with shops and artists' galleries occupying over 90 percent of the first-floor offerings. Business, jobs, a downtown that I might say is hanging on by more than a thread -- aided, in part, through UEZ-funded programs. Union Lake Crossing was developed on 80 vacant acres with anchors of nationally known chains Target and Kohls. A total of 34 stores and shops now are located in Millville and enjoyed by a regional shopping base. Over 1,000 jobs, both part- and full-time, have been created in this

area alone and in an area -- Cumberland County, as you mentioned, Senator, one of the highest unemployment rates in the State of New Jersey. This one project has given hope and jobs to our area that for too long have not had opportunities to work.

We ask you to let us continue to be a success story in South Jersey. UEZs have been very beneficial to us, and we need those economic tools.

I also would like to introduce Economic Development Director Don Ayres, from the City of Millville, as he also has some information to pass on to you. Thank you.

SENATOR VAN DREW: Thank you, Mayor.

D O N A Y R E S: Senator, thank you.

Two points that I'd like to make, and then we'll ask Mr. Durst, who is from the private sector and really the reason that UEZs exist, to speak.

One is the critical nature of continuing administrative funds to the UEZs. From my point of view, the UEZs are the economic development face of the State, which is at the grass roots and interacting every day with Main Street, with our industries, keeping the property records, showing off new properties. We are the ones who get the initial inquiries often, and we work with our partners, with the NJEDA and the wonderful people who work under Kathy Kube at the State level. And to take away that infrastructure for a year is like any infrastructure: it will deteriorate, it'll go away. And now, at the time when we see the economy turning somewhat, we have an opportunity to take that infrastructure -- that administrative infrastructure throughout the state and to use it as a

foundation so that we can maximize the job creation and tax revenue creation as the economy turns.

The other point is simply to refer to last week's wonderful announcement, where Governor Christie was kind enough to come to Millville Airport and announce that Boeing had chosen Millville Airport as its base for helicopter modification operations. And certainly they came principally because of the workforce skill level and the hangars that were available. But I can tell you that the very next day, our partners at the EDA, myself, and the Boeing officials were on the phone and were talking about "What are the incentives to keep us here, to grow us here, to let us bring more of the Boeing Corporation to Millville?" And chief among the questions was, "What about UEZ; and what about UEZ funding for future growth at that airport?" So I think that's critical to keep in mind.

Thank you.

SENATOR VAN DREW: Thank you, Don.

Mr. Durst.

S T E V E N D U R S T: Ladies and gentlemen, thanks for the opportunity to be here. I represent a company from Jenkintown, Pennsylvania -- Goodman Properties -- although I'm a resident of Medford, New Jersey.

In the past five years, we've been involved in creating approximately \$100 million in ratables in Cumberland County, New Jersey, and over 1,100 new jobs, generating \$30 million a year in salaries and the better part of \$2 million a year in taxes. Significantly at this time, we have purchased, behind Union Lake Crossing, an over one-half million square-foot shopping center that we developed; 30 more additional acres; and we

have put together a deal for two new Marriott franchises to come and serve Cumberland County, largely driven by \$150 million investment, that I'm sure you're familiar with, in New Jersey Motorsports Park. So we're beginning to pull the right demographic and people from national and international communities to Cumberland County to see this magnificent new facility which has three major televised races per year, and these Marriotts will serve that racetrack and these people coming to our area.

However, when they get off Route 55 they come to a dead end, because it takes two-and-a-half hours to get from that spot to get five minutes to the racetrack if you've got a crowd of 30,000 to 50,000 people. The UEZ is participating -- God willing -- to the tune of \$1 million in the first Marriott, which is a \$16 million project. So we're getting an enormous amount of leverage for that \$1 million input from UEZ into this \$16 million project. What it shows is the confidence of the county, the municipality, and the State in its own developments, in its own neighborhood, to a consortium of banks who are financing these Marriotts. And without that confidence, without that impetus from the local community -- local being, in my judgment, the State, the county, and municipality -- we're not going to attract outside capital. We're not going to attract developers to come in here to create ratables and create jobs. Without UEZ, we would be floundering. So it's very, very important to us in the private sector.

SENATOR VAN DREW: Thank you, Mr. Durst.

Just one quick question for you, again: In the county that has the lowest per capita income in the State of New Jersey, that has the highest unemployment rate, highest teen pregnancy-- And, by the way, has

been doing amazing things and we've been seeing that trend reverse -- are we hiring women?

MAYOR SHANNON: Absolutely.

SENATOR VAN DREW: Are we hiring people of color?

MAYOR SHANNON: Absolutely.

SENATOR VAN DREW: Are we decreasing the unemployment rate, are we making it better?

MAYOR SHANNON: No question about it.

SENATOR VAN DREW: We've been moving forward, I believe, throughout the state.

I thank you gentlemen for being here.

MAYOR SHANNON: Thank you very much.

MR. AYRES: Thank you.

SENATOR VAN DREW: We have-- And yes, if anybody has written testimony, if they could please bring it forward and Renee will actually take care of it and we'll send it to all the senators.

And Assemblyman Milam, did you want to say a few words as well? Please.

ASSEMBLYMAN MILAM: Again, very briefly, you don't even have to set your timer on this. (laughter)

Mr. Chairman, thank you--

SENATOR VAN DREW: That's the wonderful-- By the way, Assemblyman Milam is also a business owner in Cumberland County.

ASSEMBLYMAN MILAM: I am. And just listening for the first 45 minutes or so, the success stories that are already happening -- and I have not heard a bad thing with the UEZs -- because we are living in our

district, and it's the only district I can speak of in Cumberland County where it's worked. And I am a business owner; I don't take advantage of UEZs, as where I'm located I'm actually outside the zone in Cumberland. But that's okay, because all the business owners that I know there have taken advantage of it. I've seen our downtowns -- whether it's Millville, whether it was Vineland -- how they are changing their façades. And we have much more to go from there, because we also need to make sure the public feels safe when they do go to our downtowns. And I heard someone mention about security cameras, and it's about police officers, it's about our fire, it's such a broad aspect. But we have many more success stories to go because I look at it -- on a business side is how you have to look at it -- it's about investing capital in business. If I don't invest capital in my business, my business isn't going to grow. If we don't invest in our businesses here in the State of New Jersey, they're not going to grow. We're not going to be an attraction to other ones, and all of a sudden, we'll be closed for business. I heard people make comments, "New Jersey's open for business again." No, they're not. When we start hitting programs like this, we are shutting our doors to these bordering states that will take our leads for successful programs like the UEZs, and they'll start their own. And all of a sudden, you'll see that flock go.

These are not the areas to cut. These are the programs that bring money back to the state. These are not just a dead-out expense that costs the State money. The State can make money from programs like this. There are many other areas-- We know we are in a real turmoil in this state. There are many other ways that this budget could be balanced, and it's not by cutting UEZs. It's not by cutting out jobs. Because, as I said

earlier, there are many success stories that could be even further than the ones that we're going to hear and already have heard.

Thank you, Mr. Chairman.

SENATOR VAN DREW: Thank you, Assemblyman; good job.

We now have the Mayor of the Township of Mount Holly, the Honorable Jules Thiessen; and the owner of Ocean Tents and Party Rentals -- sounds like fun -- also from the Township of Mount Holly -- I want to pronounce your name right: Peregman. Joseph Peregman.

MAYOR JULES K. THIESSEN: Actually, Senator, there's been a change.

SENATOR VAN DREW: Okay.

MAYOR THIESSEN: Our business is Trevdan, Tim Kanavy. He's the Vice President of Trevdan.

SENATOR VAN DREW: Okay.

Thank you for being here, Mayor.

MAYOR THIESSEN: Thank you. And thank you, Senator Van Drew and the other Senators for taking the time to have this important hearing today.

Mount Holly represents probably one of the smaller Urban Enterprise Zones in the state. It's been very important to us. Before I talk about what the Urban Enterprise Zone means to us, I wanted to try to give you a snapshot of what Mount Holly was pre-Urban Enterprise Zone.

We got the designation in 1994. And just to give you an idea of who Mount Holly is: We're 2.9 square miles -- not very large. We're the county seat; we have Virtua Memorial Hospital, the county facilities, and many local social service agencies that all pay no tax -- 44 percent of Mount

Holly pays no tax, which leaves 56 percent of the residents to pick up the tax for the rest of us.

In 1994 when I first took office in Mount Holly, we had the highest property taxes, highest crime rate, and highest violent crime rate in the county. We witnessed the exodus of many private employers, residents, and a growing unemployment rate. That's where we were before Urban Enterprise Zones.

What has the Urban Enterprise Zone done for Mount Holly? Jobs. The UEZ has created over 500 full-time and 1,500 part-time jobs; 16 percent of all current jobs in the private sector in Mount Holly are now provided by the Urban Enterprise Zone.

Senator Rice asked a question about local unemployment. Our unemployment rate is down by 50 percent since we've been an Urban Enterprise Zone, so it's had a great local benefit to us.

Business aspect: Total UEZ revenue for the Township to date is \$13 million -- of all the funds have been put to work on over 100 different projects. We have been focused on providing direct support to participating businesses and in attracting new businesses -- as we'll hear from Trevdan -- in helping overcome the many obstacles.

Our grant program: For every dollar of UEZ investment, we return \$1.31 from the private sector. That's a pretty good investment. We have taken old downtown vacant buildings that at this point probably would have fallen into the street due to disrepair, and turned them into vibrant, viable businesses.

I know a major part of the discussion is in the use of UEZ funds to supplement municipal budgets. I believe Mount Holly has been a

responsible steward of UEZ funds -- only 7.7 percent of our UEZ funds have been used for any municipal purpose.

Fast forward to now: Our crime rate is down by more than 50 percent. As I mentioned, our unemployment rate is down by 50 percent. Major projects that are underway: Creek Side redevelopment area -- four-acre site and a gateway to Mount Holly, estimated to bring five to ten new businesses and a minimum of 50 jobs. West Rancocas Development Area: Four-acre business center; five to ten new businesses; 50,000-square-foot of new retail space, and a minimum of 50 jobs. Without the Urban Enterprise Zone, these projects don't happen.

I'll be brief. The Urban Enterprise Zone means a great deal to Mount Holly. It has been one of the major catalysts in turning around many aspects of our Township. I realize in the State's current financial condition the UEZ may not continue as it is currently constituted, but it must continue.

SENATOR VAN DREW: Thank you, Mayor. Congratulations on your statistics.

Senator Haines.

SENATOR HAINES: Thank you, Chairman.

I have to say hello to my Mayor of the town where my business is located--

MAYOR THIESSEN: Yes.

SENATOR HAINES: --although not in the 8th District. It's good to see you, Jules, and I commend you on the job that you're doing along with your governing body. And I can support what you say, I can verify what you say. And I'm happy to hear the fact that 7.7 percent -- I

believe you mentioned -- is devoted to municipal services. I know that was a concern in the transition report, and I think that's a good number, it appears to me. I don't know what the average is in the State. Would you happen to know that?

KEVIN MIZIKAR: There is a legislative-- My name is Kevin Mizikar; I'm the Economic Development Director for the Township. There is currently a legislative cap that is on UEZ legislation -- define municipal services. And I believe that number is 20 percent. One of the issues that we have, for Mount Holly, with the transition report that was sent along to the Governor's office, is that they defined municipal services in a completely different manner than we as UEZs do. There is already a self-imposed limit on those services.

SENATOR HAINES: And I understand that you're currently under, or somehow monitored by, DCA, and that occurred last year, is that correct?

MR. MIZIKAR: That's right.

SENATOR HAINES: Do you find that DCA is adequately equipped to monitor and respond to you? I know it went from a smaller number of UEZs to, I believe, 31 now. I don't know if the State has been able to keep up with that and monitor what you're doing as well.

MR. MIZIKAR: Senator, the current staffing levels and the type of support that's provided -- although the individuals in those positions that are providing support do it fantastically -- there's not enough support from the State level at this time. There's certainly a number of ways that those could be improved, and we'd love to have input on that process.

SENATOR HAINES: I note that, and again I commend what you're doing; you're doing a great job. The State Auditor's report back in May of 2006 had some recommendations -- and I don't know whether they were addressed or not, or if they could adequately be addressed because of what we just talked about. But I think in the beginning the Chairman made some points about "we can all improve," and Mayor Bollwage also indicated that. And I think some of those improvements could be found in that Auditor's Report. And I just commend you on what you're doing, and thank you for listening to my questions. I took this opportunity to put you on the spot, Mayor, because these are a few of the questions that I had, and that developed throughout the beginning of the testimony, and I appreciate your addressing them for your staff.

Thank you, Mr. Chairman.

SENATOR VAN DREW: Thank you, Senator.

I'm sorry.

T I M K A N A V Y: That's okay.

My name is Tim Kanavy. Pardon me if I stutter a little bit, but I've never been like this, especially in front of Senators. (laughter)

SENATOR VAN DREW: Let me tell you, it's no big deal.

MR. KANAVY: Not now. (laughter)

SENATOR VAN DREW: Don't worry about it. Say what's in your heart.

MR. KANAVY: That's fine.

We're a Pennsylvania corporation; we've been in business for a little under 30 years, and we wanted to expand over into New Jersey back in 2000. Then we found out about the UEZ Program back then, and we came

over. We started out in Trenton, and then we moved down to Mount Holly five years later.

We hired 10 employees, and put an investment into our building of \$1.1 million. We took a property and rehabbed it and made it beautiful. And even the neighbors call us all the time and say, "Thank you for taking this eyesore away, and now we're happy to jog by your place." And they really appreciate it.

We generate about \$4 million a year out of there, and that's one of our smaller locations, but it is growing. And we would like to expand, but being the economic conditions -- what happened has prevented us from doing this right now.

The people seem to enjoy us being there, and we enjoy being there, but if it wasn't for UEZ zone, unfortunately, we probably wouldn't be there. We could operate, do what we do, in Pennsylvania and come into New Jersey. We wouldn't have the employees we have in that zone. And being in that zone is what makes us want to come over here and stay in New Jersey. And with the employees we have we wouldn't-- I don't know what we'd do if we wind up losing UEZ; we might-- I don't know what we'd do, at this time. It's very important to us to have it.

SENATOR VAN DREW: Thank you very much for your testimony.

Same quick question, and you already answered it: more or less unemployment?

MAYOR THIESSEN: Definitely more. We would unequivocally lose business, and the unemployment rate would go up.

SENATOR VAN DREW: And you're hiring local folks, too?

MAYOR THIESSEN: Absolutely.

SENATOR VAN DREW: That's all I want to know. Thank you very much.

MAYOR THIESSEN: Thank you.

MR. KANAVY: Thank you.

SENATOR VAN DREW: We have, from the City of Orange, Eldridge Hawkins, our Mayor; and also Charles Lubetkin, who is the Chairman of Industrial Edge USA.

Thank you for being here.

Again, for everybody's who here: If you do have any written testimony to go along with this, if you could give that to Renee who's-- Or, yes, he will take it as well. She's making copies right now.

Thank you for being here, Mayor.

MAYOR ELDRIDGE HAWKINS Jr.: Good afternoon.

Thank you, Senator Van Drew and the rest of the Committee, for giving myself and other mayors and business owners the opportunity to testify regarding the devastation to our cities that will result from Governor Christie's plan to demolish, essentially, the Urban Enterprise Zones.

The New Jersey UEZ Program was created to help stop the decline of our urban centers; create incentives for the investment; and ultimately, develop job opportunities. The UEZ Program must be preserved for its job creation and economic development features that are critical and in need at this time.

Orange, like many other cities, is a place with crushing property tax burden caused by a relatively small commercial and residential property tax base. The highest priority of my administration is to stabilize property

taxes by expanding our tax bases through development. We are focused on attracting new tax-paying businesses, helping the existing businesses to grow and flourish, and developing new market-rate housing. The Urban Enterprise Zone Program is at the heart of our tax stabilization and redevelopment strategy. The UEZ is the only funded State program that we have to enhance commerce in Orange and other cities. The UEZ projects are creating and retaining private-sector jobs, promoting commerce, and leveraging private investment through maintenance and safety of the Zone. We are using the UEZ funds to attract additional private investment, and especially to spur development within walking distance of public transportation.

In Orange, we used UEZ funding to help develop our long-term comprehensive redevelopment strategy. At a time when many downtown retail corridors are in serious trouble, Orange is implementing a plan to attract shoppers back into its business districts and to help local businesses survive and grow.

Take one example: public safety. Before we can attract development, grow businesses, and revitalize our business districts, people must feel safe on our streets, in our stores, and in our homes. We are making enormous strides in this area: Major crimes were down 21 percent last year compared to 2008. And a recent survey showed that people in Orange are feeling much safer than they did two years ago.

One reason for this is that on Main Street we have 11 police officers funded by UEZ. When shoppers feel safe, retail businesses can flourish. When we lose UEZ funding, we will lose those 11 police officers. We don't have the money to pay for them out of municipal revenues. The

result will likely be a return to the past, when many were afraid to shop in our City. And to take that a step further, we are a city that has been proactively seeking grants on alternative means of funding. We successfully secured a COPS Grant, which gives us five police officers, fully funded, for the next three years. Now, many of you are familiar with Civil Service, where it's last hired, first fired. So if we lose that UEZ funding, not only do we stand to lose those officers that are paid by UEZ, but we'll also lose the other officers who are on the grant, because we have to get through them to get to those funded by the UEZ Program.

And to give you another example: With UEZ funding, we are able to conduct marketing studies, an analysis of our commercial corridors, to develop both long-term and short-term strategies for revitalization. As a result of this study, we found out what kinds of stores we are missing from our retail mix, and how to attract them. This study led to a revitalization plan that includes improved parking, better signage, helping shops improve merchandise selection and presentation, restoring the original architecture of Main Street, recruiting upscale dining and sidewalk cafes, improving our retailing zoning, and much more. Creation of that plan would not have been possible without the UEZ funding. And now, as plans are in the first stage of implementation, the UEZ funds that we need to carry them out are being taken away.

I know we're short on time, so just in short: We've been very aggressive in recruiting businesses to this district. In the past year, we've increased our revenues by \$1 million. Without that money, it would be devastating to our City. Our tax increase would jump substantially, and we would stand to lose many of the public works employees, law enforcement

employees that we utilize to keep these corridors and districts safe and clean to attract these businesses. And I'll go so far as to say this is not just an urban issue; there is no physical barrier around our town. So if Orange or other urban cities continue to degrade because of a lack of this program, it will inevitably affect the suburban communities that surround us.

Thank you.

SENATOR VAN DREW: Mayor, I agree with you. Thank you.

Are you hiring local folks?

MAYOR HAWKINS: Absolutely.

SENATOR VAN DREW: Are you hiring folks of color?

MAYOR HAWKINS: Yes, we are.

SENATOR VAN DREW: Thank you very much, Mayor.

Yes.

C H A R L E S L U B E T K I N: Senator Van Drew, other legislators in the chamber, and concerned attendees, good afternoon.

My name is Charles "Chuck" Lubetkin; I travelled here today to testify on behalf on the City of Orange Township about the importance of maintaining the State's Urban Enterprise Zone Program.

In 1983, when the State started the UEZ Program, Orange was not originally one of the towns approved to become a designated Urban Enterprise Zone. Subsequently, I and other concerned businesses owners came to Trenton to lobby for Orange to become an Urban Enterprise Zone. At that time, I was a member of the New Jersey Economic Development Council, and a member of the Board of Directors of the New Jersey Retail

Association, and later the founding Chairman of the City of Orange's Economic Development Council.

In my opinion, the UEZ Program was, and remains, one of the best pieces of legislation the New Jersey Legislature could have approved for small businesses in New Jersey, and for Orange Township. Since its inception, the program has helped attract and retain numerous businesses, many of which have created jobs and hired locally. Since 1956 -- that's over 50 years ago -- I and my family have, and continue, to operate businesses in and around Orange. Today I am Chairman of Apartment Supplies Inc., a company that trades as Industrial Edge USA and Cabinets Direct USA, which assembles, sells, and installs kitchen cabinets. Our primary customers are owners of apartment buildings. Our multi-functional complex in Orange employs approximately 35 people, many of whom reside in Orange and other urban centers. By taking advantage of the Urban Enterprise Zone's 3.5 percent sales tax collection rate, we are able to compete with large home repair stores on price, while offering quality products and customer service.

We also benefit from the UEZ-funded public safety officers who patrol the zone, and their efforts to maintain and reduce crime. Litter collection in the zone, which also is funded by the UEZ, keeps the area clean of trash and debris. To be quite honest, there have been many instances where customers and friends outside the area expressed their concern to me about coming to Orange to shop. I explained to them that it was safe and clean, which calmed their fears. Over the years, they have returned many times over, and referred friends and family to my business. Clearly, the UEZ Program has made the difference.

In closing, I hope that I have expressed to you the importance of what the UEZ Program has done for economic development in Orange. I know it has done the same, if not more, in other areas. There are small business owners and employees who depend on the program. To change or eliminate the program would be a major error in this difficult economic climate. I ask you to stand with small businesses in New Jersey to restore the funding needed to continue the Urban Enterprise Zone Program without changes.

Thank you very much.

SENATOR VAN DREW: Thank you for being here. Thank you very much.

MR. LUBETKIN: I'd like to make one fast suggestion. The Urban Enterprise Zone has a program that if you employ people in Urban Enterprise areas you get a benefit. However, you lose a benefit if you have a high turnover rate. Since you're hiring people in the Urban Enterprise Zone, normally you do have a high unemployment rate, so it works against you getting that benefit. I'm respectfully asking you that you look at that part of the program.

SENATOR VAN DREW: Thank you very much.

Mayor, one quick question.

MAYOR HAWKINS: Yes.

SENATOR VAN DREW: If we do away with the UEZ, unemployment goes up or down?

MAYOR HAWKINS: Oh, unemployment would definitely go up.

SENATOR VAN DREW: Businesses, up or down?

MAYOR HAWKINS: Businesses, they would be decreased. We'd lose businesses in our district, we'd lack the ability and incentives to recruit businesses to our town. And as I articulated earlier, not only would we lose the law enforcement officers subsidized by the UEZ, but also the grants -- the officers who are funded by grants, because we would have to lay them off to get to the ones employed by UEZ.

SENATOR VAN DREW: Thank you for being here, Mayor.

MAYOR HAWKINS: Thank you.

SENATOR VAN DREW: And all of you, thank you for being here.

From the town of Phillipsburg we have the Honorable Harry Wyant Jr., the Mayor. Is he here?

UNIDENTIFIED MEMBER OF COMMITTEE: He was here.

SENATOR VAN DREW: He was here. We're going to come back to him.

From the town of Kearny we have the Honorable Alberto Santos, Mayor; the municipal department head of the UEZ, John Peneda; and Luis Marrero from Spectra Colors. They're all from the town of Kearny.

MAYOR ALBERTO G. SANTOS: Thank you for this opportunity.

My name is Alberto Santos; I'm the Mayor of Kearny. I think I want to reemphasize the reasons -- the testimony -- that came before me. The three primary reasons from the town of Kearny for the UEZ Program are the same reasons you've heard, I'm sure, all afternoon. One is the creation of jobs. In our case, over 3,000 jobs have been created; over 700

part-time jobs. Secondly, it's about the attraction of new investment in our community so we can grow our tax base, and that has been critical to our efforts to keep property taxes stable. I want to highlight one -- just one -- of those success stories. We were able to, on a former landfill site, develop a Wal-Mart Super Center, which created an assessment of over \$20 million and an annual tax bill that the town sends out of over \$600,000. That goes to our budget. And thirdly, we're able to use UEZ funds to fund investment in our community, to fund infrastructure projects in our community, so we can save tax dollars and so that we can attract more investment.

The reason for these Urban Enterprise Zones, and the situation of Kearny was, we're in between Newark and Jersey City. To our east is Jersey City, to our west is Newark. These were urban areas. Urban areas succeeded a century ago because they generated jobs. They were job hubs; populations were growing. We had Western Electric in Kearny; we had DuPont; we had BASF. It's a story that's probably heard over and over in all former industrial areas in the State of New Jersey. This is only partially - - a very small part captured those jobs. If this program is ceased or discontinued, whatever has been done to create new jobs to make up for those lost jobs that we lost a generation ago will be lost. And the spiral in urban areas could resume.

So that's why this program is important. It's important for the survival and the growth of our urban areas. I don't think I'm over dramatizing it. Certainly a year won't change the world, but it will have a tremendous impact on the efforts we've done. It will set us back for a number-- Just one year will set us back, I think, probably several years in

terms of the efforts we've made in terms of tax growth, because it's cumulative in our tax base. So I would ask that you emphasize to the Governor that this is not the program to do it. Our urban areas cannot go back to what they were when our economy changed from an industrial manufacturing economy to a service economy, with jobs that didn't come to our urban areas.

SENATOR VAN DREW: Thank you, Mayor.

Mayor, you hiring local folks?

MAYOR SANTOS: We do, we hire local folks including Latinos, African-Americans.

SENATOR VAN DREW: Thank you very much, Mayor.

SENATOR RICE: And Portuguese.

MAYOR SANTOS: And Portuguese-Americans (laughter) For example--

J O H N P E N E D A: Hi, Mr. Chairman, my name is John Peneda, and I'm the UEZ Coordinator.

We have approximately 140 businesses that are participating in the UEZ Program, which has been a catalyst for about \$365 million in new economic development in the town of Kearny.

Like the Mayor said, we have over 3,383 full-time employees in this program.

I want to touch on something that Senator Rice mentioned before. He wanted to know more about locals. I have two examples that I have here with me: Wal-Mart, that the Mayor mentioned, has 230 employees. Out of those 230, 76 are Kearny residents, which is 33 percent, and 155 of them live in cities or towns that have UEZ zones, which is 67

percent. So it's a pretty big percentage. Also they have invested over \$497,000 in capital investments, and they've only been around for three years, so it is a pretty good average.

Another example is ShopRite in Kearny. They have a total of 309 employees; 97 of them, or 31 percent, reside in Kearny; 153 of them, or 49.5 percent, live in towns or cities that have UEZ zones. And they have invested over \$7 million in capital investments since they've been around for 16 years; so an average of almost \$500,000 a year.

Also, no one has talked about this, but one of the prime programs that the UEZ has is the loans. We've done 20 loans in the past for over \$1 million, almost \$1.5 million, and no one has defaulted. We've been helping small businesses and large businesses to progress and to go forward. So this program is obviously very, very important, not just for the town of Kearny, but for the whole State of New Jersey.

MAYOR SANTOS: And I just want to add-- I mean, some people from the suburbs might not be impressed with Wal-Mart and ShopRite, but for our community, those entry-level jobs with the skill sets that many of our residents have, those are critical jobs. And it's important, and that's the kind of growth we need and to build on.

MR. PENEDA: I'd like to introduce Luis Marrero, owner of Spectra Colors.

L U I S B. M A R R E R O: Hello, everybody. My name is Luis Marrero; I am the President of Spectra Colors and the Chairman of the Sellers Street Area Association within the Kearny Urban Enterprise Zone.

Our business prospective: The Urban Enterprise Zone Program's benefits and incentives play a major role in the decision to locate

within the community, as well as the ability to attract customers and remain competitive.

Since my business opened in Kearny, 25 jobs have been created providing much-needed employment opportunities and reducing unemployment. The Kearny Urban Enterprise Zone has done, and is in the process of doing, many important projects, some of which are vital to the success of businesses, especially the Sellers Street area businesses, such as Sellers Street area/Broadway reconstruction and drainage that address the constant flooding problems and potholes; business development revolving loan which helps numerous businesses with low-interest loans; two zone fire engines, custom pumpers to combat fires and deal with other emergency situations in Kearny Urban Enterprise Zone areas, as well as patrol cars; and marketing and zone promotion, promoting Kearny and the KUEZ not only as a great place to shop, but also as an ideal location for commercial markets in the southern district, and out of coming retail decisions to the North.

Throughout the Urban Enterprise Zone Program, my business has been able to expand, renovate, and buy new equipment, which would not have been possible in a non-UEZ community.

In this difficult economic environment, where unemployment has reached double digits and individuals have been without work for years, it's imperative that programs such as the UEZ, that have proven their ability to make a difference within a community, be preserved. Without the UEZ Program, 56,000 jobs in the private sector would be lost, contributing to an already suffering economy and place additional financial burden on struggling municipalities.

My business depends on the Kearny Urban Enterprise Zone to assist with the certification process, administer projects, and be available to answer questions and provide guidance for the overall process. The knowledge and local hands-on approach to administration of this program contributes immensely to the success of my business. I am proud to be part of the dedicated, caring Kearny UEZ zone business community which has made our location in the town of Kearny possible. Spectra Colors joined the KUEZ in 1998 with 12 full-time employees and two part-time employees. Now, in 2009, we have 29 full-time employees and three part-time employees. Out of 32 employees, six -- or 19 percent -- reside in Kearny; 14 -- or 44 percent -- reside in UEZ cities and towns. We made a total of \$1.2 million in capital investments in 12 years, an average of \$100,000 per year. We have three African-Americans and 12 Latinos on our staff.

MAYOR SANTOS: And in all that, Luis Marrero, one thing that I think I'd like to highlight about your business: He's one of the success manufacturing stories today in the State of New Jersey. It's a small business, but the DuPonts are gone, the BASFs are gone, and Western Electric is gone. But he's there, and he's hiring people, and it's in the manufacturing industry. And he would not be there if we didn't make the infrastructure investment in the roadways, to improve drainage in the streets where he is -- he would be shut down already.

So that's how critical this is. He's a success story of the UEZ, and maybe how manufacturing can come back into this state.

SENATOR VAN DREW: Thank you, Mayor. And I'm asking the obvious, I'm going to do it to everybody: What happens: Do you lose jobs or gain jobs if the UEZ goes?

MAYOR SANTOS: We're going to lose many jobs.

SENATOR VAN DREW: Thank you. Thank you all for being here.

I'm going to ask folks, where they can, remember we keep all the written testimony. Believe it or not, the Senators actually do read it. So if you can, if you can summarize, you don't have to read everything that you have written. We would appreciate it, if possible.

We now have-- And there's a whole bunch of folks, and they're not all going to be able to speak, but we have a lot of folks from the City of Perth Amboy. I believe most of them are here. We have the Mayor, Wilda Diaz; we have the Chairman of the UEZ--

B A R R Y R O S E N G A R T E N: Senator, we have many people who are here from Perth Amboy, however, we've shortened the speakers' list.

SENATOR VAN DREW: Good, okay. Tell me who they are.

MR. ROSENGARTEN: We have four altogether.

SENATOR VAN DREW: Okay. Actually, one of you come up, tell me who's going to speak, and that'll work. And actually again, if you can-- Yes, please give us the names.

MR. ROSENGARTEN: I will be speaking.

SENATOR VAN DREW: Okay.

MR. ROSENGARTEN: Tracy Jordan.

My name is Barry Rosengarten; Tracy Jordan will be speaking, Lou Vargas, and Steve Jobin.

SENATOR VAN DREW: Again, if I could ask you-- And I know everybody feels pretty passionate about this issue and there's a lot to say, but we have so many folks who want to speak, so if you can summarize. Sometimes less is more. Right, Senators? Sometimes the short speeches are better speeches.

SENATOR RICE: That's right.

MR. ROSENGARTEN: I totally agree.

SENATOR VAN DREW: I found that out the hard way, sometimes.

Thank you for being here.

MR. ROSENGARTEN: Yes. Mayor Diaz, who is in Perth Amboy, asked me to speak on her behalf. I'm also a Chairperson of the Urban Enterprise Zone in Perth Amboy.

One thing that has not been said is that the UEZ Program enhances and creates millions of dollars, far beyond the sales tax advantages that it attracts, through motivating businesses to locate in our City. We contribute back much more than we save in tax benefits. And I think that's really an important element -- is to understand that we generate dollars, we don't take.

In very simple form, the purpose of the Perth Amboy Zone Development Corporation has remained steadfast to its original plan to prepare and administer the UEZ Program and its initiatives. Since 1994, the vision and mission of the UEZ was to promote economic growth within our business community utilizing the powerful incentives offered by the UEZ.

The City of Perth Amboy has been very successful in attracting close to \$2 billion in private capital investment, and has achieved the original goals of an expanded tax base, stabilization of the municipal portion of local property taxes, and the creation of new jobs for local residents, along with an enhanced image of our City.

We stabilized our local property taxes, which has been a hallmark of the City administration. I also want to mention that the City of Perth Amboy -- I am not bragging about this -- unfortunately represents a 15 percent unemployment rate, or greater than 15 percent. That means that every single job that we generate in our City is important to it, and the Urban Enterprise Zone is vital to those jobs, Senators. I can't emphasize it more. We have created, in the years that we've been an Urban Enterprise Zone, in excess of \$19 million. Our goals have been set and are designed to extend our local tax base. We've stabilized our local property taxes to the best that we possibly can, and we have created many new jobs for the Perth Amboy residents. We've created over 4,000 new jobs since the inception of the UEZ.

Our business environment and City image continues to succeed, and it will only do so if we continue with the UEZ.

We are now -- as I mentioned -- in our 16th year. We've leveraged the dollars into over \$300 million. The UEZ implemented and expanded our Clean Team. That's created pride in our City, because, as you know, cleanliness is vital.

We are a city of a diverse population. You've asked that question. We employ in our City the entire diverse population. We're primarily Latino; we are of color, but our colors vary and it's beautiful. I

invite you all to our City, by the way. You would enjoy it, and primarily the benefits that you'll see, the improvements that you'll see in our City are because we have been able to reinvest the tax dollars that we've created through the Urban Enterprise Zone tax-saving process. That reinvestment is vital to the beautification of our City; and the enhancement of our residents to live there, to join in our City, to move into it; and for businesses and industry to be attracted to it.

The basis that we're dealing with is that we know that without the UEZ our City would no longer be competitive. It will languish and suffer severe economic distress. Without a doubt, Perth Amboy will continue to grow, it will continue to attract businesses and residents who desire to take advantage of Perth Amboy and our beautiful Raritan Bay Central Jersey location, only if the UEZ advantages remain. And I implore you to do what our resolution of our City Council states very clearly: "We request that Governor Christie remove any language in his proposed budget that will freeze the UEZ funding, including administrative and project funds, and we request our State Legislators not to sign a 2011 State budget that does not fully restore the UEZ Program and incentives to businesses. We request Governor Christie to work with the UEZ State officials and local representatives to address the future of the program."

This is signed by our Mayor and our Council President. And by the way, we also obviously have a UEZ resolution. We ask you to do whatever you can to maintain the UEZ and its structure, and to maintain the administrative portion of the UEZ.

I'd like to now ask Tracy Jordan to please speak.

TRACY JORDAN: Good afternoon. My name is Tracy Jordan and I'm going to bring this down to the grassroots level quite a ways -- one blade of grass: me. I am on the verge of opening a small coffee café in the train station of the City of Perth Amboy, and that would solve a lot of problems. There are no amenities there; there are a lot of commuters, they need some kind of services. Without the help of the UEZ -- here and there the different tax benefits and incentives that I could achieve through the UEZ -- a shaving here, a shaving there, to a small, tiny woman-owned business like myself -- that adds up to a lot of savings.

I also want to say very briefly that I recently moved to Perth Amboy, two years ago, into a new condominium development on the waterfront there, along with about 200 other people. This is an ex-Brownfield, environmentally impacted piece of property that is now a beautiful condominium project. My neighbors might not own businesses in Perth Amboy. They might not even work in Perth Amboy; they might be commuting to New York, Princeton, next door, I'm not sure where. But they may not work or own businesses in Perth Amboy, but they saw the vision of how Perth Amboy is going to be -- a come-back town -- very much on its way to becoming a come-back town. And in their minds, they don't understand the lines on a map, and what are redevelopment zones and Urban Enterprise Zones, they just see the whole big picture. They put their money, some of them their life savings, behind the dream that they perceived as the rise of our town of Perth Amboy. And really, without the Urban Enterprise Zones Program it would be a radically, radically different story.

I want to conclude by mentioning one other business that I have an affiliation with in town, American Industrial Supply. It is a 50-person business -- family-owned business -- in the industrial steel commodities market. And it's been in Perth Amboy, it was founded there, about 30 years ago. Because of the great tax benefit, we get a lot of New York construction contractors coming to Perth Amboy for those savings on construction materials -- steel, copper, and so forth. That has greatly contributed to the success of American Industrial Supply, which is more of a medium-sized business. What I would like to say: Based on that success, American Industrial was able to invest, get some loans, and become one of the first solar-powered businesses, a project underneath PSE&G, in the entire State of New Jersey. All of these things add up. They're all connected. To an average voter, an average resident of New Jersey like myself, we don't distinguish between the different programs all the time, the different committees, the different legislation, the different layers of government -- we don't get it. We just want New Jersey to improve, we want our quality of life to improve, our economic climate to improve.

And thank you so much.

SENATOR VAN DREW: Thank you.

L U I S V A R G A S: Gentlemen, Lou Vargas. I'm here speaking on behalf of Alan Goldsmith. If you look on your list, he is the President of the Jewish Renaissance Medical Center. He could not be with us this afternoon; I am a board member. I am proud to speak up on behalf of the UEZ.

And its relationship with the Jewish Renaissance was: Essentially, in 2002 the Jewish Renaissance Medical Center began as a

storefront at a little Hobart Street address, serving about 3,000 patients a year. And today, thanks to \$1 million over the course of a couple of years, the Jewish Renaissance was able to leverage that money to build a \$15 million facility that now serves over 90,000 encounters a year to the residents of Perth Amboy and surrounding communities.

What this really means is our emergency room is less flooded with people who are seeking charity care, but rather receive primary and preventative care at the Jewish Renaissance Medical Center, saving I can't say how many untold dollars medically.

In terms of jobs: Exactly 112 jobs were created with opening of the facility, the Jewish Renaissance Medical Center. The diversity mirrors the demographics of our community: roughly 65 percent Latino, 25 percent Anglo, and 10 percent African-American. We do that naturally because we want to serve that population, and we are.

I'm going to shift hats and speak on my employment. I work on a project called the Perth Amboy Alliance for Community, which is a community redevelopment project looking to develop not only the human capital of Perth Amboy, but also the structure of Perth Amboy. Included in my area, the area -- it's a small area, I'm not talking about a port, a large port like Elizabeth -- I'm talking about a small neighborhood. The demographics also mirror the rest of the community, and we're looking to help the small businesses on a small section -- the Amboy Avenue Business District -- which, you can imagine, are mom-and-pop shops run by new immigrants who have great entrepreneurial spirit but not necessarily the business acumen to keep those businesses afloat. With these dollars we have been reaching out to these people, bringing them -- if you would,

assimilating them into the normal Main Street downtown business district mentality, getting involved with the Chamber of Commerce, etc. Without these sorts of programs -- well, in the present economic status, the businesses are falling. With this hope, with this help, we may have them sustained. Without them, they'll be gone.

Thank you.

SENATOR VAN DREW: Thank you.

The same question, real briefly: more or less jobs if the UEZ goes?

MR. ROSENGARTEN: Less.

SENATOR VAN DREW: More or less businesses if the UEZ goes?

MR. ROSENGARTEN: Less business.

SENATOR VAN DREW: Are you hiring people of color?

MR. ROSENGARTEN: Yes, we are.

MR. VARGAS: Oh, yes.

SENATOR VAN DREW: Okay.

And let me say, there was one issue there that you brought up on your resolution, as far as the Legislature putting forward a budget that wouldn't support, in some way, the UEZs. I can't speak for the other Senators at this point, but I am not supporting a budget unless we can ensure that in some way -- in a functional, real way -- the UEZs continue to survive. So I thank you for being here.

MR. ROSENGARTEN: Senator, thank you very much.

We did have one more speaker, if we may.

S T E V E N J O B I N: (speaking off-microphone) The answer is yes.
(laughter) (indiscernible)

SENATOR VAN DREW: You're my man. You're it. (laughter)

Thank you so much. We don't want to rush anybody.

Is Mayor Wyant here? I just wanted to double check.

UNIDENTIFIED MEMBER OF AUDIENCE: No, Senator, he's not.

SENATOR VAN DREW: He's not; okay, good. I just didn't want to overlook anybody.

We have, from the City of Newark, the Director of Housing and Economic Development, the Honorable Stefan Pryor, the Deputy Mayor; from Anheuser Busch-- I'm sorry, I don't have the right people here. Hold on.

From the City of Newark we have Arcelio Aponte, the Director of Operations; Darryl Godfrey, the Brick City Development Corporation; and Olyyn Lettman from the Newark UEZ. Thank you, gentlemen, for being here.

A R C E L I O A P O N T E: Thank you.

D A R R Y L G O D F R E Y: Good afternoon.

SENATOR VAN DREW: And again, if we can-- I'm so happy you're here. If we can compress your testimony, I'd so much appreciate it.

MR. APONTE: I certainly will. I'll go through this as quickly as possible.

SENATOR VAN DREW: Thank you.

MR. APONTE: I've come to speak about the importance of the Urban Enterprise Zone to the City of Newark. I certainly recognize that Senator Rice is an expert in this area.

Mayor Cory Booker believes that Newark is a city of tremendous untapped economic potential. Our transportation infrastructure, world class seaport and airport, and human capital bespeaks Newark's capability to again become a premier economic engine.

Our administration's successful efforts to double the rate of affordable housing production; attract leading businesses like Pitney Bowes, Standard Charter Bank, Audible.com, and Menu.com; and attract developers for the City's first new downtown hotel in 38 years have positioned Newark to emerge from the recession stronger than we entered.

The UEZ is a central tool in our strategy to realize these gains by kick starting Newark's economy and job market. The sales taxes that the UEZ returns to Newark gives us capacity to make effective, targeted investments in our local economy. At present, the Newark UEZ has 13 outstanding projects, representing an investment of over \$33 million in areas critical to Newark's economic revitalization. For example: We are making a \$17 million investment to modernize our retail corridors' streetscapes and façades, while also creating construction jobs. Shoppers respond to a safer, more vibrant environment by providing a boost to our retailers. The loss of the Newark UEZ office's dedicated staff to administer these projects will jeopardize our ability to realize these benefits. Losing our UEZ funding and staff will also jeopardize the success of the job creations projects we have in the pipeline.

Our proposed job creation loan fund program is an outgrowth of Mayor Booker's Job Summit at Rutgers Business School. The fund will provide low-interest loan capital to businesses that commit to hire job candidates from our Workforce Development Agency, Newark Works.

These loans will then be forgiven if businesses retain these hires for 12 months. The program will create local jobs while sustaining and growing local businesses, helping them survive the recession and thrive over the long term.

A major barrier to creating jobs in Newark is the lack of development-ready land for industrial plants. Our UEZ and Brick City Development Corporation staff has identified a site for a new job-intensive distribution center. By acquiring the parcels and assisting with site preparation, the Newark UEZ will produce a development-ready site for the project, providing a path for its economic viability. Prospective tenants have estimated that they would bring between 100 and 250 jobs to the site. Like the other projects I've mentioned, the distribution center may be stalled indefinitely if the UEZ Program is eliminated or UEZ funds remain frozen.

The UEZ Program is a representation of the State's commitment to its urban areas and a recognition that our cities are vital economic engines for New Jersey. During the campaign, Governor Christie signaled his own commitment with his proposal to create Garden State Growth Zones which, in his conception, would combine existing incentives to create a streamlined *super zone*. We encourage the Governor to continue to work with his transition team to develop his promising concept.

On behalf of Mayor Booker and Deputy Mayor Pryor, we would welcome the opportunity to work with the Governor and Legislature, not to eliminate the important UEZ Program but, instead, to improve and streamline it by developing the Governor's proposal. In the meantime, we hope the Governor will also allow uncommitted funds already collected by

the UEZ to be released to the UEZ offices, allowing planned projects, and create jobs, and stimulate the economy during this downturn -- to proceed.

Thank you for the opportunity to present these remarks.

SENATOR VAN DREW: Thank you for being here. Did you represent everyone?

MR. APONTE: Yes.

SENATOR VAN DREW: Just the two quick questions: more or less unemployment, if you lose the UEZ?

MR. APONTE: More unemployment.

SENATOR VAN DREW: More or less businesses?

MR. APONTE: Less businesses.

SENATOR VAN DREW: And do you hire people of color?

MR. APONTE: Yes, we do.

SENATOR VAN DREW: And you hire local folks?

MR. APONTE: Yes, we do.

SENATOR VAN DREW: Okay.

MR. GODFREY: And I would just like to expound on those questions -- the responses to those questions, Senator.

First, thank you for the opportunity you've provided in addressing this important situation and this critical matter.

In answering those questions, I would like to point to a case in point in which Pitney Bowes Corporation, several months ago, relocated to the City of Newark for the express reason of the existence of the UEZ Program. My office was heavily involved in helping to bring Pitney Bowes to this area. They graciously and enthusiastically signed a first-source agreement in which they promised to hire Newark residents for the jobs

that would be created -- over 100 jobs, to be exact. And so far, several dozen Newark residents are now employed at the Pitney Bowes plant -- distribution center -- in our City's East Ward. So that is an example of how the UEZ Program and its presence has brought economic development and opportunity into the City of Newark. I wanted to share that with you personally.

SENATOR VAN DREW: Thank you very much; a good example. Thank you for being here.

SENATOR RICE: Mr. Chairman.

SENATOR VAN DREW: Senator Rice.

SENATOR RICE: Yes, I just want to remind everybody that I'm from the City of Newark.

SENATOR VAN DREW: Yes, Senator.

SENATOR RICE: They have 55--

SENATOR VAN DREW: Senator, you remind us.

SENATOR RICE: These guys weren't even born then. So I know them well.

Would you send to the Committee a list of these 13 outstanding projects and locations and what they're doing? And also, the information on what and where, about the street landscaping and the business façades, and all those things, and what the façades really entail. Because I think earlier, in my testimony, and I know-- I guess you still live in-- You still live in Newark?

MR. GODFREY: Yes.

SENATOR RICE: Okay. Then South Orange Avenue has not changed?

OLLYN J. LETTMAN: Not a bit.

SENATOR RICE: Lyons Avenue, Chancellor Avenue has not changed, okay? So you're supposed to be the new guard under this new Mayor, so why isn't(indiscernible)-- but you all make sure that where you live, those gateways downtown, be the recipient of these things.

MR. LETTMAN: Yes.

SENATOR RICE: The hotel is a project that was coming with or without the Mayor, because that started when I was in the City Hall, as the former Mayor. So I mean, it's good to take credit and keep it moving forward, but that was coming. By the same token, I believe that the Pitney Bowes is property over in the old industrial park, someplace over there? Is that correct?

MR. GODFREY: Yes, it is.

SENATOR RICE: It's been around for years, okay? I just want to be clear on what this means. That industrial park is good for where we put it in the neighborhood, hasn't really functioned to capacity. But it's still not Chancellor Avenue, or South Orange Avenue, the gateways that come in -- from South Orange, New Jersey; Maplewood, New Jersey; Union, New Jersey -- to the downtown hub where we used to have fine mom-and-pop businesses. By the same token, I think you need to take a look at mom-and-pop businesses. Mom-and-pop businesses, depending on the size, are not hiring Newark residents, because they're family businesses. So when you go into the immigrant community businesses, they may have a lot of bodies there, but there may be an EEO problem there, too. It's nice to have a lot of relatives, but Jesus Christ, sometimes you need to have one of

the relatives stay home and babysit and give us a job. That's my spiel for Newark.

And then hopefully, once we finish our audit of Newark, we'll get a better idea what the UEZ looks like. Because we haven't completed the audit, and we're going to go back and revisit those hearings, hopefully through you, Mr. Chairman, when we'll be starting the last week of the former administration. And these (indiscernible) just couldn't get the questions right.

SENATOR VAN DREW: You got it.

SENATOR RICE: Okay?

SENATOR VAN DREW: Thank you, Senator.

MR. APONTE: If I could just mention, Senator.

SENATOR VAN DREW: Thirty seconds.

MR. APONTE: We have five active streetscape projects under design now in the City, and we've also provided millions of dollars of low-interest loans to small minority businesses under Darryl Godfrey's leadership.

SENATOR VAN DREW: And we will let all of you get together and discuss that some more in the City of Newark.

MR. APONTE: Thank you. (laughter)

SENATOR RICE: Let me say this: We will, Mr. Chairman, but as long as I'm on this Committee, let's keep public records. Because when you try to get things addressed, whether it's in Millville, your town, or someplace else within the community, government does not get involved and do what they're supposed to do. And that's why a lot of these opportunities for women and small businesses and African-Americans are

talked about, but I don't think a lot of folks who aren't minorities and aren't women understand. And that's why those of you here who are concerned with the zones, you need to spend some time communicating with the black and Latino caucuses that represent these district so we'll know we're getting equitable opportunities with the resources. I am going to raise it, and we will discuss it at home, but we're going to discuss publicly at these meetings, too. I have not changed in 24 years.

SENATOR VAN DREW: Thank you, Senator Rice.

And from the City of Vineland, from the Vineland/Millville UEZ Program, we have Sandy Forosisky, who is the Director of Redevelopment; Denise Jackson, who is the Administrator; Tony Danza, who is a developer; Stephen Wilson from the Sweet Life Bakery. And is the Mayor-- I saw the Mayor; he was here. He's here; of course. And the Mayor of the City of Vineland is here as well, Mayor Robert Romano.

I'd like to just point out, for those who are here-- Talk about a small community business, by the way -- Sweet Life Bakery, for those folks who ever get a chance to go to the City of Vineland -- he uses as much local produce as he can, actually, from the local farmers in the local area, local employees; small business, working real hard, and making it. And we're really proud of him, as well as many other people. And of course, Tony, you're a little bit bigger, but you're doing well as well; and our Mayor.

STEPHEN WILSON: Thank you, Senator.

SENATOR VAN DREW: As I say with everybody else-- I know you have a tremendous success story in Vineland; but if we can compress it down, I would be so appreciative.

MAYOR ROBERT ROMANO: You know, Senator, I'm about as short as short can be.

SENATOR VAN DREW: You are.

MAYOR ROMANO: So I would just like to commend you and your Committee for taking the time to listen to us, because this is a huge impact, not only on the City of Vineland, but the entire State of New Jersey.

So my biggest thing with Cumberland County is that -- obviously, Jeff knows, because it's your area -- that we have the highest unemployment rate, which I just understand now is at 14.9 percent; and we're one of the poorest, if not the poorest--

SENATOR VAN DREW: We're the poorest.

MAYOR ROMANO: --county in the State of New Jersey. And, with saying that, I'd like to turn it over to Sandy. And thank you again for taking your time.

SENATOR VAN DREW: Thank you, Mayor.

Mayor, how large is your city population? About 60,000?

MAYOR ROMANO: About 60,000, and 70 square miles.

SENATOR VAN DREW: Thank you.

SANDY FOROSISKY: Thank you, Senator.

Sandy Forosisky, I'm the Director of Redevelopment for the City of Vineland. And I talk very fast, so I'll talk as fast as I can.

Cumberland County is a little too south and a little bit too west to be on the way to anywhere. And that's why we struggle with economic development.

There was a four-lane highway that finally got finished in the 1980s -- Route 55 -- and the thought was, "Build it, and they will come." Well, guess what? Without incentives, they didn't come. So what the UEZ meant for the City of Vineland is we were able to take that funding and we've created three industrial parks right off of that highway, which would not have happened but for UEZ funding.

Early on in the program, we realized in order to attract businesses it was going to be more than just offering cheap land in the City of Vineland. We had to give them funding. So we were one of the first UEZs to create a loan (indiscernible). And since its inception, we have loaned over 380 businesses subordinate financing, which encouraged private investment -- \$451 million in private investment, because we had this wonderful program with the bank, where we would subordinate 30 percent of the project. And the banks loved us because it reduced their risk; they were well-collateralized. And then we were able to encourage businesses to come a little more southwest, down off from Philadelphia, because of the UEZ incentives with tax abatements and funding.

Three-and-a-half percent sales tax does not work for manufacturing, as other people have alluded to. It's great for retail; it has helped us tremendously with retail. But just being able to say, "You offer 3.5 percent" isn't going to attract the big employers who provide a living wage. You need more. You need funding.

We were able to take that funding and now we have a very successful second-generation loan fund that we continue, and it has a multiplier effect. We are able to use first-generation UEZ money to revitalize our downtown. There had been no private investment in

downtown in over 40 years. Now we have 60 businesses that are participating in our façade program. We created a restaurant row program where we have a waiting list of restaurants waiting to come downtown. And we did some major projects leveraging.

I want to talk-- No one has talked about UEZ partnering with New Jersey EDA. New Jersey EDA loves the Urban Enterprise Zone. They have a program called New Market Tax Credits. Vineland alone has partnered with New Jersey EDA on three major projects, because in order to use this you need to leverage with other funding. And UEZ funding is a perfect leverage loan and, in fact, when they were applying for another allocation, they asked for me to reach out to all the UEZs to get letters of support.

In our loan fund, we have loaned anywhere from \$5,000 for a micro loan, to \$5 million for a mega loan. I brought someone who has benefited from our mega loan program, and someone who has benefited from our micro loan program. Small business revitalizing downtown -- big business-- We've had a hospital -- a vacant hospital -- over five years abandoned; there would be no opportunity for redevelopment but for the UEZ.

So I'll let Tony Danza talk about Vineland.

T O N Y D A N Z A: I'm going to talk about two cities. I'm going to give you the tale of two cities, because this is about UEZ on the State level -- not only for Vineland. I was attracted to Vineland because of the UEZ. I was attracted to Vineland because of people like Sandy, and the head of the UEZ, and the Mayor. What I do is I develop decommissioned hospitals, and I convert them into medical facilities. Right now, we started with a

360,000-square-foot building, totally vacant. We signed a 10-year lease; we had 30 jobs -- local jobs, local people. That building now is 40,000-square-foot, fully leased on a 10-year lease. And it's generating over \$40,000 a year in tax ratables that it wasn't before, because it was not on the tax roll.

We have an LOI signed with a group that's forming a veterans' rehabilitation facility -- taking a section of the whole hospital and doing a veterans' rehabilitation center. The LOI was signed last week; we're working on the contracts now. That'll generate 300 jobs -- 300 local jobs in the City of Vineland.

We've just completed our reports on doing an assisted living facility, which will generate 200 jobs -- local jobs -- again taking a section of the old building. That funding will be done through the Oppenheimer Fund. We have a meeting in the City of Vineland on the 14th -- this week -- to wrap that up and build out that section of the building.

The last section that we're working on -- and the Senator is aware of it -- is to bring a school of osteopathic medicine into the City of Vineland. And that alone will generate 500 jobs. We've been working on that diligently for the last two years, going on our third year. Last week we also had a meeting with a school out of Chicago that's interested to come in as our possible back-up for the school of osteopathic medicine.

The other city that I want to speak to you about -- because this is about UEZ, and about creating jobs, and about developing inner city projects and giving the ability to recycle these buildings -- this building is 360,000 square feet -- a vacant building in the heart of this city. There's another city that I'm working in, in North Jersey, and I'm responding to an RFP: It's the City of Passaic. Downtown Passaic, on Broad Street -- 633

Broad Street in Passaic -- is the tallest building in the city. It's been vacant for 11 years. Because of the UEZ, and because of what UEZ offers to developers, we're going in and we're going to *condominamize* that building also. We're bringing in a company called Priority Nursing. Priority Nursing is a company that services individuals when they come out of the hospital. It's really healthcare providers -- they're not skilled nurses, but they're healthcare providers. They help you get washed, they help you make a meal, they help you clean the house. They're moving to the City of Passaic with 800 employees. They can consolidate it, and take two floors of this old building, and, again, give us the ability to rebuild the inner cities. That's what the UEZ does. I wouldn't be in Vineland were it not for Sandy, and the UEZ, and the Mayor. I wouldn't be in Passaic were it not for what they offer the independent developer. And not only me, but what they offer the end user. The end user is the Priority Nursing and the veterans' rehabilitation facility. That's why we're there.

So it's an important issue. They work with you-- I wish I had a beeper like that so I could get Sandy to stop talking. (laughter)

MS. FOROSISKY: (Indiscernible) wrap it up. (laughter)

MR. DANZA: But they'll work with you. Thank you.

SENATOR VAN DREW: Thank you, Mr. Danza; thank you, Tony.

And I know we have Stephen here as well, from the Sweet Life Bakery.

MR. WILSON: Thank you for your kind words, Senator.

SENATOR VAN DREW: And you brought baked goods for everyone, I assume? (laughter)

MR. WILSON: I knew you were going to ask that; I knew you were going to ask that.

SENATOR VAN DREW: Yes, well, did you bring some?

MR. WILSON: I didn't, actually. I'm sorry. (laughter)

SENATOR VAN DREW: Thank you for being here. Go ahead.

MR. WILSON: My name is Stephen Wilson; my wife, Jill, and I own the Sweet Life Bakery in downtown Vineland. We moved here from San Francisco -- where we were both working -- to Jill's hometown of Vineland. We were impressed with the town and the direction that we saw when we moved here, and we wanted to fulfill our version of the American Dream; we wanted to open a small business -- a bakery -- where we could work together and make good stuff.

We're poster children for good government. We worked with Joe Molineaux at the Small Business Development Center in Atlantic City. We got funding from the Cumberland Empowerment Zone to open the business. The City of Vineland helped us revamp the façade of the bakery, which was set up from UEZ money. We were able to purchase all of our equipment tax-free, which was a great help to help us put more money into opening the business.

The UEZ-sponsored classes and seminars, offered through our local office, proved to be a big help too, and they still are, such as the QuickBooks class I took a couple of months ago.

Basically, in the two-and-a-half years we've been open, we've gone from being the only employees -- my wife and I -- to hiring five people. And we've been doing so well since we've been open that we are expanding

the business. We started construction last week, and we will be hiring more employees; at least two more full time, probably five, six, seven part-time employees. These aren't high-paying jobs, but they're needed jobs. And we're very excited to be working in downtown Vineland and helping to bring it back.

With the Landis Theater opening downtown, with the Landis Marketplace, with the Newcomb project rolling forward, we're very excited to be taking a place in the revitalization efforts.

Being a fairly new entrepreneur, I've learned that money comes in and money goes out, and that we have to make sure that the money that goes out brings more in. That's a wise investment, and it seems to me that the UEZ in Vineland and Millville has been a wise investment because it seems to bring more money into the community than is spent.

I hope my perspective offered you a little bit of insight into how it's helped a small business. Thank you very much, and God bless.

SENATOR VAN DREW: Thank you all for being here.

Real quickly, Mayor: Unemployment -- is it up or down, without the UEZ?

MR. DANZA: Well, obviously it's going to be up -- the unemployment rate. It's been going up.

MAYOR ROMANO: It's been going up.

SENATOR VAN DREW: Businesses -- up or down, without the UEZ?

MR. DANZA: Businesses are down.

SENATOR VAN DREW: Exactly -- without the UEZ.

D E N I S E J A C K S O N: Senator, I would like-- Can I testify?
Because, I mean--

SENATOR VAN DREW: Thirty seconds.

MAYOR ROMANO: Thirty seconds. (laughter)

SENATOR VAN DREW: You're on the clock already.

MS. JACKSON: Denise Jackson; I'm the Administrator for Urban Enterprise Zone Program. I just want to explain what we do, because nobody's going to touch base on that.

Our office, specifically, administers the program. We work with the small businesses in certifying them. We offer -- I have letters here from the businesses -- we offer seminars, workshops. We work, Senator Rice, hand-in-hand with our small businesses to give them the tools that they need to succeed. We help get their Federal ID numbers at no cost; we'll help them form LLCs; and our administration fund is very important to keep this program going. We work with the Cumberland County One-Stop Center, the Work Force Investment. When we have businesses come in, we call them directly and help them connect with these businesses to hire these people on unemployment.

With our UEZ Program, you can either get, through Department of Labor or the State UEZ office-- There is a form that they have to fill out for employment, where they check off if they're in an urban zone. They check off if they're on unemployment. And they check off if they came, I think, from the Work Force Investment. So there is data somewhere that does show where these people are coming from within our businesses in the zone. So I think that will help you with that.

One other quick thing, and I will be brief -- and I'm going to leave all this with you -- is the Governor mentioned in the 2011 budget that businesses can keep the 3.5 percent and some benefits. We still don't know what those *some benefits* are. And with that, if there's no Zone Assistance Fund in 2011, who's going to certify the businesses to take advantage of these benefits? They have to be in tax compliance to get these benefits. So attached I'm showing you what has to be done in 2011 for the businesses to stay in the program. So as everyone's here talking about economic development -- that is a huge part in this -- but the administration of the program is just as big a part, I feel. Thank you.

SENATOR VAN DREW: Thank you, Denise. Thank you for being here, and the work that you all do.

I guess I'll get that pastry when I go back. (laughter)

MAYOR ROMANO: Thank you again, Senator.

MS. JACKSON: Thank you.

SENATOR VAN DREW: Thank you very much.

From the fine City of Paterson, we have the Honorable Kenneth Morris, Councilman; John Papai, the Vice President of Marketing for Micro Center; and the Executive Chairman of the Paterson Restoration Corporation, Jamie Dykes, who is the President of the Greater Paterson Chamber of Commerce and the CEO of Crown Roll Leaf, Inc. I believe I've got everybody-- No I don't; hold on. I think that was actually George Waitts from Crown Roll Leaf, Inc. And we also have Tim Hussey from Maaco.

And once again, guys, if you can summarize. You don't have to read everything. Just so you know-- I always have fun with this, people

don't know. I've been down in South Jersey more than I've been anywhere else; I've lived most of my life in South Jersey. But I lived my early life -- until my teenage years in high school, I grew up on East 30th Street, across from the Barnert Hospital, which is now a parking lot.

C O U N C I L M A N M. K E N N E T H M O R R I S Jr.:

Everyone who's anyone grew up in Paterson, sir. (laughter)

SENATOR VAN DREW: There you go; I'm with you.

COUNCILMAN MORRIS: Thank you again, Senators, for allowing us to provide testimony this evening. And given the hour, and the fact that I have to deal with traffic going up north, I will be brief.

Good afternoon; my name is Ken Morris, I am the Councilman-At-Large in the City of Paterson, where I chair both the Community Development Committee and the Finance Committee. I am also the Director of Government Affairs at St. Joseph's Regional Medical Center in Paterson, which is the largest employer not only in the City, but in the county, and the second-largest provider of charity care in the state.

I believe that everyone recognizes the tremendous pressure the Administration and Legislature faces in ensuring that the State has a balanced budget. However, attempting to achieve this goal by gutting the State's UEZ Program is, in my opinion, extremely shortsighted. This program has allowed urban cities, such as Paterson, to be able to compete on a more equal playing field when it comes to attracting and retaining businesses in our communities, particularly those communities of color.

In the past year alone, as a result of the benefits offered by the UEZ Program, over 200,000 square feet of new development has come to the area surrounding the hospital. These projects include new senior

housing, medical and professional office space, mixed-use residential and retail space, a 170-room hotel, and a new 1,150-space parking garage to support the area. These projects will create hundreds of new jobs and successfully address State, regional, and local development and planning strategies, not to mention bring in additional sales tax revenue.

The Governor has said that urban cities must begin to wean themselves off of State assistance, such as Distressed Cities aid, and become more self-sufficient. Paterson, with a population of over 172,000 -- despite what the census says -- with only 54.4 percent of its total population gainfully employed, a city with a median household income of \$32,000, with 19.2 of its families living below the Federal poverty level, needs every economic development tool available in order to do this. If we want urban cities to stand on their own feet, don't kick the crutches out from under us, as we work to rehabilitate our cities, by eliminating a proven program that works.

With that being said, Senator, I'd like to now pass it over to Mr. Michael P. Papai, the Vice President of Retail Marketing at Micro Center.

MICHAEL P. PAPA I: Thank you, Senators.

Micro Center is a privately held retailer; we're based in Columbus, Ohio. We have 22 large retail stores operating in 15 states, all in very premier locations.

We sell computers and electronics -- large 35,000-square-foot store located in Paterson. We do only locate one store -- regional store -- in a marketplace. So of all of the North Jersey area, Paterson was our single selection for a store location.

We are in a very competitive industry -- the computer industry -- and we needed a competitive advantage. We felt -- particularly because of the UEZ and other factors -- that Paterson offered us a competitive advantage against a lot of competition out there. We located in an old truck depot location and totally revamped it in May of 2007. We employ close to 90 people: 54 full-timers; 35 percent of all of our hires have been from UEZ areas and a substantial number of people from the Paterson immediate area.

We noticed at that store we experience very low employee turnover. People like their jobs and have stayed.

When we came to New Jersey, we considered multiple options of where to establish a retail store, since location really is everything in retail. We could have gone in Clifton or Paramus or Secaucus -- those were all no-brainer type of locations. But all have a known retail destinations, unlike Route 20 and I-80 in Paterson where we did locate. We located there because of the UEZ sales advantage -- sales tax advantage -- at 3.5 percent, and going hand-in-hand with the need for us to pull customers from a long way away. We market to an area 30-mile radius of our store, including New York State and City.

It also gave us a good partnership with the local government in the fact of the return of that money to the local government.

There were risks. Paterson is not our customer. We pull customers from outside that area. We actually need to pull customers from the New York City area in order to maintain the high volume we have at that location. So it's simple to say, basically, that but for the UEZ we would likely not have a store in Paterson. We're glad we did, though,

however; we're successful. That store is well on its way to \$60 million in sales, being one of the top three stores in our chain. And as of October, we will have put a little over \$5 million -- paid a little over \$5 million in sales tax in the short three years since we opened.

We know the model works. So we do market the competitive advantage; we do market it to our customers to remind them of that. And I have to be quite frank that discontinuing the UEZ not only would hurt us in the local area by having the effect it has on customers, but as our competitive advantage erodes, we will take sales losses. We don't know how much exactly, but with sales losses will come a reduction in the number of people we can staff at that store.

We've also considered store locations both in Elizabeth and in Camden areas, similar to this same model. With the UEZ not in place, certainly, those investments will be suspended; as well as our likelihood of locating other stores in New Jersey in the short term is probably next to nil. We like -- as most retailers like -- a stable environment in which to locate stores.

Thank you.

SENATOR VAN DREW: Thank you.

J A M I E D Y K E S: Good afternoon, Mr. Chairman and Committee members. Thank you for allowing us this opportunity to speak on Paterson's behalf.

SENATOR VAN DREW: And when you can, and I know -- and I appreciate you so much being here: brevity. Thank you.

MR. DYKES: My name is Jamie Dykes; I'm the Chairman of the Paterson Restoration Corporation and the President of the Chamber of

Commerce. I do have written remarks that I would like to offer to you that highlight our individual--

SENATOR VAN DREW: Thank you.

MR. DYKES: --economic success stories.

So rather than go into that -- because Paterson does have many, and you're going to hear representative sampling here -- pretty much since I've been listening to the testimony today, apparently the underlying question is: Can the State afford to have a UEZ? And I would put it forward to you from the testimony and our own experience: This State can't afford not to have a UEZ.

In Paterson, as Councilman Morris gave you the statistics, many of our 170,000 residents are at the bottom of the economic ladder. They depend solely on the jobs that have been created through our economic programs, such as the Urban Enterprise Zone. And, let me tell you, if the State does not pay for an Urban Enterprise Zone, through job loss and other safety net features you will be bearing the cost of those now-productive citizens through safety and social programs.

Our program has also supported the Smart Growth. Paterson is not pristine, we're not the suburbs. We're taking Brownfield sites, such as the site where Mr. Papai's store is located -- that was a Brownfield under-utilized site -- and we're bringing it back on the tax rolls and making it a productive part of Paterson's inventory.

In Paterson, every level of our residents participates in our economic zone -- our Urban Enterprise Zone. We have programs that affect all businesses, and our businesses are purely representative of our different ethnicities. We have programs that help everybody, whether they are a

starting-out entrepreneur and need no more help than a \$500 loan, up to a larger corporation that needs up to a \$1 million loan. And these would not be possible without our Urban Enterprise Zone. This is a public/private partnership that leverages the public dollars with many, many-fold return on that investment.

The other great thing -- we've talked about some of the problems with the Urban Enterprise Zone, and yes, there are some. We do want to reduce the red tape. However, one of the great facets of this program that I would like you to see -- why it's such a success -- is it's customizable at the local level. We have the State program, but through the projects that are developed by two different committees of business people, we are able to take the facets of the Urban Enterprise Zone structure and customize them for what the businesses in Paterson and our residents need. That's what truly makes this the successful program that it is, rather than having the State come down and say "one size fits all," because that just does not work.

I'll close in saying that too many of the other State programs have barriers that are preventative for our people taking participation in it. And finally, in terms of Paterson, the UEZ is the economic goose that laid the golden egg. Let's not kill that in New Jersey. Thank you.

SENATOR VAN DREW: Thank you.

Thank you all for being here.

Councilman, are you hiring local folks?

COUNCILMAN MORRIS: Absolutely.

SENATOR VAN DREW: And folks of color?

COUNCILMAN MORRIS: If I wasn't, I wouldn't be in office next year. (laughter)

SENATOR VAN DREW: All right, thank you, Councilman. Thank you.

Just to announce that Assemblyman Gary Schaer is in the back of the room, and he's supportive. We appreciate you being here, Assemblyman, and we appreciate your leadership.

ASSEMBLYMAN SCHAER: (speaking from audience) Thank you, Senator.

SENATOR VAN DREW: And as well, Senator Nick Sacco is here and submitted a letter of support for the Urban Enterprise Zones.

We are now going to move on-- Where am I? Hold on. We have Urbanomics consultant Dr. Marilyn Rubin; we have Mark Lohbauer, past Assistant Treasurer of the State of New Jersey; and we have Rich Perniciaro, who is the Director for the Center for Regional and Business Research at Atlantic Cape Community College, and he is also discussing the City of Pleasantville.

M A R I L Y N M A R K S R U B I N, Ph.D.: I think I gave you my presentation in my folder.

SENATOR VAN DREW: You could just summarize it.

DR. RUBIN: Please.

SENATOR VAN DREW: I know you know all the rules. We're going to *compress*.

M A R K S. L O H B A U E R: You thought mayors like to talk? Now you get economists. (laughter)

SENATOR VAN DREW: I hear you. It's good to see all of you. Thank you for being here.

DR. RUBIN: Thank you.

MR. LOHBAUER: Thank you.

DR. RUBIN: May I go first?

MR. LOHBAUER: Ladies first.

DR. RUBIN: Somebody mentioned Kemp before -- Jack Kemp. I had the honor of testifying about the original enterprise zone program, and Bob Garcia told me I was the fastest speaker he had ever heard. (laughter) So I'm going to try.

SENATOR VAN DREW: That's pretty good company. Okay.

DR. RUBIN: As you know, my name is Marilyn Rubin. I'm a professor at the John Jay College of the City University of New York, and also a principal in Urbanomics.

As a partner in Urbanomics, I believe I am the only person who's been hired by the State of New Jersey twice to evaluate their Urban Enterprise Zone Program -- once in 1988, and once in 1998. I brought the documents, if you wanted to see them later. I only brought one document from the 1998 study, because there are 12 and they were too heavy.

SENATOR VAN DREW: I can understand that.

DR. RUBIN: So in both the 1988 and 1998 studies, we found that the UEZ incentives are an important factor in encouraging businesses to expand, locate, or start up in the zones. In both studies, a questionnaire was mailed to UEZ participating businesses asking them a series of questions about the program. The response rate to the survey conducted in

1988 was 49 percent; and in 1998, 40 percent -- which is a very good response rate for a mail survey.

In both surveys, businesses were asked how important the UEZ incentives were in their expansion, relocation, or start-up decisions. In the 1988 survey, close to one-third of the respondents stated that the UEZ incentives were the primary or only reason that they either located or expanded in the zone. An additional 38 percent stated that they had some impact. So we have close to -- or more than -- 75 percent of the businesses saying that the incentives were an important factor.

In the 1998 survey, about 35 percent of the businesses said that the UEZ Program had a very positive impact on their decisions. Among large firms with 250 more employees in all 20 zones included in the study, more than 90 percent of responding businesses said that the UEZ benefits were a factor in their location expansion decisions; and more than half indicated that the loss of UEZ benefits would have a negative impact on employment, in response to one of the questions you were asking. The 1998 study also revealed that among the UEZ incentives, the one most frequently used was the sales tax exemption: 79 percent of the businesses reported that they took advantage of it; among businesses with 50 or more employees, 95 percent reported that they used the sales tax exemption.

Now again, this is the latest that we have, because nobody has done an evaluation for the State since 1998, so these findings are from then.

In terms of the job impact: In the 1998 study, 90 percent of participating businesses reported that the program was having a positive impact on their community through job creation. These jobs consisted of

what we economists like to call direct jobs, the jobs actually being created by the businesses. But, as you well know, there's also a multiplier effect of these jobs. And so we built an economic model -- which I won't discuss -- which we use to determine the multiplier effect of the increase in economic activity in the businesses in the program. In both 1988 and 1998, several scenarios were run through the input/output model. We've heard a lot of numbers here today about how many jobs were created. But we felt that the most realistic thing to do was to look at the jobs that were reported by businesses that said it was the primary or only reason that they were creating jobs. We did that, and we found out that there were, in the first round, there were 12,000 jobs created, and in the second round 17,000 jobs.

Two other points: The Zone Assistance Fund -- we found that the Zone Assistance Fund was saving tremendous property tax money for these zones that we had looked at. We found that in the 40 zone-assisted projects we looked at in 1998, that the savings were as high as 53 cents per \$100 of assessed valuation -- so a tremendous benefit to these zones.

In summary: While our evaluation efforts appear to indicate that the program is having a positive impact, we felt that there was a need to more fully examine the program, especially since the last time this was done for the State was in 1998.

So based on my remarks and on my study, it should be clear that I believe that the UEZ Program is important in building New Jersey cities, but it should not be surprising to you, since I've done two evaluations, that I fully agree with the Governor's decision to review the program and to evaluate it. What I do not agree with is the Governor's

decision to take the UEZ funding away before he knows the results of the evaluation. I would tell my students, “This is not good public policy,” and would seem to negate the findings of the evaluation before it even begins.

Thank you.

SENATOR VAN DREW: Thank you, Doctor.

RICHARD PERNICIARO, Ph.D.: Good afternoon. Richard Perniciaro; I’m the Director of the Center for Regional and Business Research at Atlantic Cape Community College. I’ve worked with several of the UEZs. I’ll talk a little bit today about some of the work we’ve done in Pleasantville, through the Center.

A little perspective, I think, goes well with what you’ve just heard. The UEZ Program was adopted in New Jersey for a reason: that is, that every urban aid program, every urban renewal program that came before it did not work. By the 1970s, New Jersey had one of the worst urban distress profiles of any state in the United States. Past programs had failed miserably.

In my mind, one of the largest fiscal issues that New Jersey faces today is making the urban centers net generators of wealth, rather than having a continuing dependence on State aid. In fact, it dwarfs most other fiscal issues. UEZs, when structured correctly, are a good foundation. They have the incentives right; they ask cities to work for their benefit, and to help them become more fiscally independent. However, they have not always documented these successes.

When the Governor is concerned about UEZs as an effective tool for encouraging economic development, well, there’s good news, as you just heard. The evaluation that we did was on a city level; that is, for

Pleasantville. The good news is that UEZs, unlike pornography, can be defined; they can be measured -- their success, their performance can have measurable objectives, goals, and outcomes; and we can measure these things and evaluate them over time. It is not a program that people think just the money goes, and nobody knows where it goes.

SENATOR VAN DREW: Rich, you did this evaluation for Pleasantville?

DR. PERNICIARO: For Pleasantville, and in fact--

SENATOR VAN DREW: The City of Pleasantville? Okay -- who is here, as well. They are here as well; okay.

DR. PERNICIARO: Excuse me? Yes. And there's now -- in 2006 in fact, in 2006 the State Auditor gave us a best practice for doing that. Unfortunately, those practices -- as Marilyn said -- the State has never used those evaluative processes to look at the entire program in 20 years, or whatever -- close to 20 years.

In any case, there are case studies -- one we've done for Pleasantville. The City made demonstrable strides to close the income, ratable, and employment gaps with the region. I think that's a good measure. How is the City doing versus the region -- is the employment gap closing? Is the income gap closing? In essence, what we'd like to do is bring the cities up to the economic performance of the surrounding areas, in a lot of cases. In a large part, this was due to the UEZ Program and has benefited the entire region.

Politically, however, the evaluation and clear criteria opens the door for a conclusion that some zones may have been incorrectly designated, some zones may use the program as an urban aid substitute,

and some zones might just be poor performers. However, if the purpose and goals of the program are well defined, there is no doubt that most UEZ Programs can fulfill the Governor's criteria as a successful program for encouraging regional economic development, and they have been doing this in many cases.

Finally, the use of funds for public safety and other services -- which has gotten a lot of attention -- was not the intent of the program, nor should it be. However, in the context of encouraging economic development, when these expenditures are made as part of a comprehensive economic development plan, they help to overcome some of the initial barriers to private investment. More fireman and police will not bring about urban renewal, but they will allow it to happen over time.

Thank you.

SENATOR VAN DREW: Did you do that for the college, the study?

DR. PERNICIARO: We did it through the college, as a contract--

SENATOR VAN DREW: Atlantic Cape?

DR. PERNICIARO: --with Atlantic Cape, yes. We've done several -- we've done two or three for Pleasantville, created a spreadsheet, used the same input/output models that are used traditionally by urban economists. We made a spreadsheet, showed them how to use it. You can put the jobs in; it can show how much it saved on a ratable base, or how much property taxes have been saved over time for the municipality as well; and where the jobs are, and who they benefit.

SENATOR VAN DREW: Very good.

And you are the past--

MR. LOHBAUER: Yes, former Assistant State Treasurer.
Thank you, Chairman.

SENATOR VAN DREW: Assistant Treasurer-- You don't want to do it anymore? (laughter)

MR. LOHBAUER: Right now would be a really difficult time.

SENATOR VAN DREW: You think?

MR. LOHBAUER: We were happy to do it in flush times, back during the Whitman Administration, Senator, but--

SENATOR VAN DREW: It's good to have you here. Thank you for being here.

MR. LOHBAUER: Thank you.

I wanted to give you a little different twist, a different perspective. And that is, I sat on the Urban Enterprise Zone Authority for six years, under three different treasurers: First, under Treasurer Clymer, whose initial response to the Urban Enterprise Zone Program was -- much like Governor's Christie's -- take some of the money to help balance the budget. That money was restored, though, and it was soon after -- within a year, the first year of the Whitman Administration -- we began to recognize the value of the program and the fact that it was, in fact, generating revenue. This was not a loss of State revenue; this was an investment that was returning a positive flow of revenue to the State. And it maintained that way throughout the balance of the Whitman Administration.

But I wanted to speak with you about -- and I've given you my testimony -- I'll just summarize the final four points that I think are important.

First off, I think there's an unintended consequence of Governor's Christie's proposed budget. I'm not sure the Governor's Office actually anticipates this, or wants this. But if you shut off the operations of the local zones by terminating their administrative fees, you will be shutting off the program. And if you turn it off for a year, as he's proposing -- put them on sabbatical, as Commissioner Grifa has said -- you won't be able to restart it so easily, because small business won't wait -- small businesses rely on the revenues, small businesses rely on the assistance of the local Urban Enterprise Zone Coordinators, and they will leave. You'll see businesses close, because they won't be able to continue without that assistance. You'll see other businesses that will decide not to come. So I think that's very important. I don't believe that's what the Governor wants or intends.

So my four points -- first: The administrative costs to the local UEZ Coordinators should be preserved in the FY 2011 budget. They should not be cut. That is a small amount; it winds up being, I think, 10 percent of the total amount of the revenue of the program.

Second: I think that it is wrong-headed for the budget to chop the UEZ Program by 100 percent. No other department, no other agency, no other authority, is being asked to contribute that much to support the problem of the revenue deficit. Only the UEZ authority is being asked to contribute 100 percent. So I would ask that, in your negotiations with the Governor, that you suggest that the UEZ should not contribute any more than the worst of the lot, and right now, from what I read, that would be Department of Community Affairs contributing 35 percent of their budget. UEZs should not have to contribute more than that. Where do you get that lack of revenue? How much revenue are we talking about? The money

that's been frozen already was \$78 million from the FY 2010 budget; another \$91 million is anticipated through the FY 2011 budget. So \$168 million -- if you chop that by 35 percent, that's \$58 million to the UEZ -- from the UEZ Program, leaving them with \$108 million to operate with. They can operate on a two-thirds budget. It would be difficult, but it would force them to be more prudent, force them to address some of the inefficiencies, and force them to tighten their budget just like everybody else has to do.

Where do you make up that \$108 million? I'm proposing that you look to the other authorities. None of the other authorities are being touched in the proposed budget. Many of them have the ability to -- by making small cuts -- make up that \$108 million. By way of example: Create a Casino Reinvestment Development Authority, funded by a special tax on casino revenue. Since 2000, they have contributed about \$71 million a year to projects. If they diverted 35 percent of their project fund, that would yield \$25 million. If the Turnpike Authority took some of their revenues from the Turnpike and Garden State Parkway toll fees-- Their annual operating expenses in the past year were \$481 million. If you were to cut that by 22 percent, that would yield the entire \$108 million. I'm not suggesting you take it all from the Turnpike Authority, or take it all from CRDA. But if you took 5 or 10 percent of the operating budgets of those other authorities, that would make up the difference. It would allow the UEZ Program to continue in operation.

Finally, the fourth point: There is no doubt in my mind -- and I'm sure, from the testimony you've heard already, you know -- this is an efficient tool not just for creating jobs, but for creating economic growth and for sustaining businesses that we already have that we would definitely

lose. You cannot afford to take it away in this time of economic crisis. This is a primary tool that you need right now.

Thank you.

SENATOR VAN DREW: Thank you very much.

And, just so you know, now we're going to have-- (applause)

You're the only guy who got applause. (laughter)

MR. LOHBAUER: I understand that. And I'm from Treasury -- wow -- former Treasury.

SENATOR VAN DREW: Thank you. Your testimony was good; except, of course, we're going to hear from the Turnpike Authority tomorrow-- (laughter)

MR. LOHBAUER: Yes, I know; I know.

SENATOR VAN DREW: --and we're going to hear from some other folks as well.

Senator Haines.

SENATOR HAINES: Thank you, Mr. Chairman.

And this group, I think, is probably best qualified to answer this question that I've been thinking about. In New Jersey, all of the UEZ zones, I believe, have been extended -- the duration -- into the future with definite periods of extension. In your experience, Dr. Rubin, do you-- With your substantial experience with the law and the policy and your testimony, do you ever see a time when a zone would not be qualified to remain in the UEZ, or whether it's a goal to get out of the UEZ? I know it's a great thing, because of all these success stories. It could create a model place, I guess, and could possibly qualify to -- no longer qualify for UEZ status, I guess.

DR. RUBIN: I think that's a very interesting question, because I ask myself that frequently. And I think that the legislation really never addressed this issue.

SENATOR VAN DREW: Yes, they do.

DR. RUBIN: And I think that's one of the things that an evaluation--

SENATOR VAN DREW: Actually, they do. In the first five years, it goes down 1 percent; the second five years, another percent; the third five years--

DR. RUBIN: Right.

SENATOR VAN DREW: --it goes down to zero. So it does.

DR. RUBIN: It does happen.

SENATOR VAN DREW: We reauthorized it, but actually it would end in 2018.

DR. RUBIN: 2018.

SENATOR VAN DREW: 2018.

DR. RUBIN: But nobody ever really looked at what criteria should be used to determine how specific zones should be phased down. And that was something that this should look at. By the way, I just have to say one thing that I left out of my testimony: We're talking as if the UEZ Programs didn't generate money. We found in our study that--

MR. LOHBAUER: It actually generates revenue.

DR. RUBIN: Right, that it generates revenue, and that for every dollar the State gave up, that if you look at all the businesses that said the UEZ had an impact, that the State got well over \$1 back in State and local taxes. So we're not talking about a neutral program here.

MR. LOHBAUER: Right.

DR. RUBIN: There are a lot of questions that should be asked. One of the big things, too, is in terms of performance criteria that up until relatively recently-- The Zone Assistance applications really never looked for performance measures, and now they're requiring them. But I think that-- And all the zones had to submit strategic plans. But as far as I can see, they've just sort of done them, and nobody's really held them to their goals and objectives and everything else. So I think this is what has to be done.

SENATOR VAN DREW: And that's a little bit of what you did--

UNIDENTIFIED MEMBER OF AUDIENCE: That's not true.

SENATOR VAN DREW: --of what you did in the City of Pleasantville. Hold on.

SENATOR RICE: Through the Chair--

SENATOR VAN DREW: (raps gavel) --through the City of Pleasantville, that was some of what you did?

DR. RUBIN: Yes.

SENATOR VAN DREW: It was a different set of--

DR. RUBIN: But I'm saying, in general there has not been a motivation.

SENATOR VAN DREW: Okay, thank you.

Senator Rice. Were you done, Senator Haines? I'm sorry.

SENATOR HAINES: Yes, thank you, Mr. Chair.

SENATOR RICE: First of all, if you're going to look at how laws are created, and what they mean, you have to go back and attend the

Legislature. Oftentimes it's not documented (indiscernible) in floor debates. And I'm telling you, I've been here 24 years. Every piece of legislation to do with the UEZ I've dealt with on one aspect or another --- and even sponsored it. The intent of the Legislature was to phase it out over a period of time. And the measure was supposed to be knowing how well that UEZ was doing to become self-sustaining. Just like we talk about tax abatement -- there's a point in time where it goes and something else comes in. I just want to be clear on it. Now, we may have to revisit it to kind of redefine or get more definitive as to what that picture should look like. But to say it was never the intent-- This was not something to perpetuity.

The other problem is that we don't know how much-- We know that it's been successful in raising dollars. But the question is, who's really enforcing what? Is it the director -- who's in charge of what? How do you get to all these districts to even do the audits and things that should be done? Because some of this stuff, I'm telling you, is doing okay, maybe economically, but indirectly there's some real questions that need to be raised subjectively about some of these zones. So I just want to go on record with that. But the intent is to eventually grow communities to become self-sustaining and to move on.

SENATOR VAN DREW: Thank you, Senator Rice. And you know, and that was at the outset of this hearing, what we said: There were two issues here. One: Everybody agrees on the efficacy and the importance of the UEZ Program. There's not a person in this room-- And anybody who has studied the issues believes that we need to continue and move forward, most especially during these challenging economic times. Again, as

I stated in the beginning, we want to incentivize business. We're trying to become more business-friendly. To do as has been suggested in this budget, and to continue with that, would certainly send out the very opposite message. So that's why we're having the hearing.

Second part of the hearing is -- and I mean it, as we go forward and as Senator Rice said, and I think Senator Haines was alluding as well -- we need, as you do with every program and every piece of legislation that we do, and every program that we set up, we need to constantly evaluate it. It's a dynamic process. And oversight -- not that anything has been done wrong, because, quite frankly, I don't think there has. And I think that even as we see the most recent report, we won't find any egregious examples of problems. But there are some issues -- then as we move forward we can improve the system even more. There are some checks and balances, for sure, and you will hear about that a little bit more as we go forward.

I know that I have somebody very anxious in the back of the room who's jumping up and down, who definitely wants to talk about that, and we will get to that point as well. But I get your point. We appreciate you being here, and we appreciate your support. Thank you.

And with that, I'm going to ask, from the City of Wildwood -- which is getting ready for warm weather, right?

LOUIS FERRARA: Yes.

SENATOR VAN DREW: We have Mr. Zampino and Lou Ferrara. And Clark Doran was here, but I think he may have had to leave.

MR. FERRARA: Yes.

SENATOR VAN DREW: Yes, he did.

MR. FERRARA: Thank you, Senator. My name is Lou Ferrara; I am the Executive Director of the four Wildwood Urban Enterprise Zones.

I have a statement here from Clark Doran, who is the Director of Planning and Development for the Morey organization. He apologizes -- he had to leave for a planning board meeting for a very important project. They're about to make an enormous investment in our City by constructing one of the largest new roller coasters in the State of New Jersey. And it was on the planning board agenda tonight, so he had to leave. But he did leave us a statement, and a summary of that statement is: Although their organization agrees that the Governor must look at ways to neutralize our budget, or cut our budget, they don't believe that the UEZ is the place to do that. It has significantly helped their organization create employment and retain employment. But more importantly, it's done something that the City has not been able to do in the past 100 years. One hundred years ago, the City of Wildwood built this famous boardwalk. And for many, many years they've looked for resources to rebuild or upgrade that boardwalk for today's economy. Many, many have said that the Wildwood boardwalk is the economic heart of our community. Without that boardwalk, we'd be a very, very sad, sad community. We've seen other examples of that in other shore communities throughout the state where their boardwalk has failed and they have lost their major ride and amusement operators. Only the UEZ-- The UEZ was the first organization to come forward to fund the reconstruction of that boardwalk. Because it's not your typical roadway or passenger street or pedestrian street, it never met the models of other agencies, like the Department of Transportation.

It wasn't until the UEZ came to Wildwood eight years ago did we finally have the funding to make a major investment back into the boardwalk and, as a matter of fact, on Friday-- Thank you, Senator. He was our Master of Ceremonies in cutting the ribbon for the second phase of our boardwalk reconstruction. The boardwalk employs thousands of people, alone, from the Morey organization. And it's critical to the economic heart of our community.

You also have a resolution from my Commissioners and my Mayor asking all Senators not to sign a budget that would remove UEZ funding or remove UEZ administrative funds. We'd appreciate that consideration. I also believe that by putting any sort of curtailment on the program for a year would absolutely kill the program and devastate it for years to come. It has certainly been a God-send to our community that has an unemployment rate over 20 percent, and has gone to great lengths to help us.

The second person who was here was a gentleman by the name of Tony Trivelis, who owns the Schellenger's seafood restaurant in Wildwood. It's a very famous restaurant and he was here to tell us how the UEZ dollars have kept him alive from year to year. And, with that, I'm going to hand it over to Mike Zampino, who, I believe, has some important things for us to hear.

M I C H A E L L. Z A M P I N O: Senator, and members of the Committee, thank you.

Mike Zampino, Triad Associates. And we have had the privilege of representing the Vineland, Millville, Bridgeton, Pleasantville,

Gloucester City, and Wildwood enterprise zones in the southern half of the state and, all but Bridgeton, in actually securing the designation.

One thing that we have found over the years-- One of our primary responsibilities in working with our enterprise zone cities has been finding other funds that the UEZ could leverage. One program to just touch on is the U.S. Department of Commerce Economic Development Administration. USEDA has been the infrastructure provider, the major public partner, if you will. We've talked about a lot of private partners, but this has been a public partner who has provided, in looking back, over \$40 million to these cities for road reconstruction, new construction of business parks, renovation of buildings, and projects that have set -- through the infrastructure -- set the stage for the other incentives that the UEZ has available. The big problem with the USEDA's program is it requires a local match. The cities-- And the distressed criteria to qualify is high employment -- 1 percent at a minimum above the national unemployment rate at any given time, and less than 80 percent of the median -- so high unemployment, low per capita.

These cities all meet that distressed criteria but, because of their distress, have a problem finding the match. UEZ has matched the USEDA dollars and put-- Their infrastructure was needed for the new Convention Hall (*sic*) in Wildwood, the regional mall in Vineland, the Aviation Tech Park in Millville. The Food Innovation Center built that building with USEDA funds, to construct these facilities that have then generated the other private dollars that have come forth since then. It's been a critical resource -- and even more so these days -- to have UEZ dollars to match and leverage those Federal dollars that are there for these most distressed cities.

And it's worked; it's been very -- \$40 million may not sound like a lot, but that's a 20 to 50 percent match that UEZ has come up with.

SENATOR VAN DREW: Sounds like a lot. (laughter)

Thank you very much, gentlemen, for being here.

MR. FERRARA: Senator, if I could, just one last thing. I've given you a copy; but there's also been comments that there are no recent studies of Urban Enterprise Zones. The University of Maryland just completed a significant study about six months ago that talks specifically about the New Jersey State Enterprise Zone. I'd like to enter that into the record.

SENATOR VAN DREW: Thank you; we'd appreciate having it. Thank you very much.

And we have the Mayor of Asbury Park, who is here with us, Ed Johnson. We'd ask him to come forward, as well as the Director of Commerce, Tom Gilmour; and Jacob Jones, the Director of Community and Economic Development.

And Mayor, I apologize. We didn't know you were here in the beginning, and then it got-- You know.

MAYOR ED JOHNSON: Well, good afternoon.

SENATOR VAN DREW: It's good to have you here.

MAYOR JOHNSON: I'm sure that you'll enjoy the brevity of my comments today--

SENATOR VAN DREW: Thank you.

MAYOR JOHNSON: --as I turn it over to Tom Gilmour.

Let me just first -- for the record -- and I'll also share with you that I wear two hats: I'm the Mayor of Asbury Park, and I'm also the

Director of the Brookdale Higher Education Center in Long Branch, New Jersey. So I'm very aware of how the UEZs have benefited both Asbury Park and Long Branch, New Jersey.

For the record, I would first like to begin by recognizing our UEZ Chairman, who succumbed to a very courageous battle against cancer on Thursday of this past week. Even in the last days, his concern, even over his health, was that we continue the UEZ and the program in Asbury Park and across the state.

As the Mayor of Asbury Park, I started my career in public service as the UEZ Chairman in Asbury Park. And I think anyone who knows the story of Asbury Park knows the term *economic winter*. In fact, sometimes I think if you look up *economic winter* in the dictionary, they'll have our picture.

For the 1970s and the 1980s and the 1990s, the UEZ just wasn't something -- when we came on board in 1994 -- it just wasn't a program that helped us do better, or helped us move ahead. The Urban Enterprise Zone saved Asbury Park. And I'm telling you that with all of my heart. This program helped save our community. There was a time when we had no money in our coffers and fire trucks where the wheels were about to fall off. It was the UEZ that rebuilt our fire department. There were times when public safety was an issue in our community. It was the UEZ that helped us regain the upper hand, with our bike patrol and bringing on the necessary public safety people.

Just this past Saturday, as we lined up for our March to the Mailbox for the census-- The census is something that's going to seal our fate for 10 years in New Jersey, with regards to Federal funding. It was

ironic as we marched down the line to prepare ourselves to march through town, we lined up our UEZ fire trucks; we lined up our UEZ police personnel and cars; and we marched through the UEZ district of stores, façades, employees, business owners, all-- Which none would have been there without the UEZ.

So I know you've heard the facts and the figures. I know you've heard the stories. But I want you to know that for us the UEZ is not just about doing better, it's about being here today.

And with that, I'd like to turn it over to Tom Gilmour.

SENATOR VAN DREW: Thank you, Mayor.

T O M G I L M O U R: And just to echo some of those comments-- I'm just going to make one point here, because everybody has talked about a lot of good points. But the UEZ Program is a revenue producer. What gets lost in the shuffle here, with a lot of the cities here, is there are a lot of businesses that are in our cities that are paying the full sales-tax rate. And I'll just give you two examples in Asbury Park: one is our restaurants, and the other is our entertainment centers. And as we look at the UEZ Program, that revenue is not part of that program, so it sort of gets lost in the shuffle. But if the UEZ Program was not in our City, those restaurants would not be there. We've opened 17 restaurants in the last eight years, and we have two more coming right now. In a very bad economy, people are coming to Asbury Park.

And what that indicates is that -- I'll just give you an example of our boardwalk. Three years ago, our boardwalk generated about \$250,000 worth of sales tax revenue for the State of New Jersey -- full sales-tax revenue, not UEZ revenue -- full sales-tax revenue. This past year, we

made \$18 million -- \$18 million. And the reason that those businesses have moved to our boardwalk is because we have invested UEZ dollars into cleaning our beaches, fixing buildings, and, most of all, recruiting businesses. We're using our UEZ funds to recruit businesses into our City. So our success-- Don't look just at our UEZ figures; look at the whole City, because without those UEZ dollars, that would not be happening.

Thank you very much.

SENATOR VAN DREW: Thank you.

How long a period of time was that, between the two -- the \$250,000 sales tax?

MR. GILMOUR: Three years.

SENATOR VAN DREW: Three years. Very good; congratulations.

MR. GILMOUR: Thank you.

SENATOR VAN DREW: Keep up the good work.

MR. GILMOUR: And now we'd like you to talk to our colleague here -- because we don't want to leave him out -- Jake Jones who runs the UEZ for the City of Long Branch.

SENATOR VAN DREW: By the size of him, I don't think you're going to leave him out. (laughter) He looks like he's going to do his thing there, right?

MR. GILMOUR: (indiscernible) sitting down.

J A C O B L. J O N E S: That's right.

Thank you, Senator, for this opportunity to testify.

I just want to say: In 1994, something very wonderful and unprecedented happened in the City of Long Branch. After decades of

deterioration and neglect, we finally implemented a program that came along and was merged with a redevelopment plan. And we happen to have - - the identical zones of our redevelopment were Urban Enterprise Zones. This implementation of this program reversed the trend that went on for decades. So we were able to redo our oceanfront, major deteriorating business corridors. We were able to remove blight, remediate Brownfields, we rezoned areas and then brought in new commercial uses, mixed uses, economic development opportunities. New commercial, residential, and recreational projects were all completed with the designation of the UEZ.

So this is what happened in Long Branch after years and years of neglect.

I just want to say that as we work with small businesses -- I heard Senator Rice raise some concerns -- as we certify businesses-- And by the way, we had to certify a major developer who came and did our oceanfront and was responsible for redoing an area that had caught fire in 1987 -- and this fire completely damaged what was left of the Long Branch oceanfront. And that situation remained for years until a small city like Long Branch -- which we don't have that many taxpayers, we've got just under 33,000 people -- it's tough to come up with the millions of dollars needed to redevelop or even develop businesses and uses that are necessary to sustain a community.

We were able to do this with the UEZ. We were able to leverage half a billion of private dollars just for the oceanfront, which brought in more than 30 stores, new hotels, new buildings, and it also helped develop our major business corridor.

So these are some of the things that are happening in Long Branch: park areas -- urban park areas -- are now being done; we have new façades, new way-finding signage; new buildings, restaurants, hotels; new businesses; not to mention enhanced City services, more jobs created, jobs retained. And yes, Senator Rice, we hire local people. We certainly worry about that 25 percent factor. If you know the UEZ Program, we certainly get involved in that. Local people are hired. I do have to say this: that our State staff provides the oversight that we need. I don't know who in this room goes unchecked, but I think we have a great monitoring system in oversight. We haven't had any abuses. I think the representative from the State is in my office more than I am. (laughter) And I'm there every day. So we certainly get the oversight that I hear mentioned that's not happening in cities. And we get the direction. So I think Kathy Kube and her staff, by the way -- they do a great job.

But the bottom line is that the UEZ is an essential project for our City. Without it, as Asbury has said, we would have no oceanfront. We invite anybody there to see it. Pier Village is undergoing Phase III now, as we speak. And in this time and climate, where redevelopment projects are pretty much dead in the water, we are still going forward -- because of the UEZ -- with Phase III now at Pier Village, and soon to be the Broadway Corridor, all because of the UEZ.

So we would never have had this growth without the program. We thank you, again, for this opportunity just to testify. We hope, again, that this program is maintained. Thank you.

SENATOR VAN DREW: Thank you very much. Thank you, gentlemen, for being here.

SENATOR RICE: Mr. Chairman.

SENATOR VAN DREW: Yes, Senator Rice.

SENATOR RICE: You mentioned staffing. That wasn't part of my eminent domain problem now, was it? You mentioned staffing. Mr. Gilmour, you have some knowledge of staff in this State, right? Did you come from the State?

MR. GILMOUR: Yes. Prior to becoming the Director of Commerce and the Executive Director of the Urban Enterprise Zone, I worked for the Commerce Commission in the Urban Enterprise Zone Program.

MAYOR JOHNSON: I actually stole him from the State.

SENATOR RICE: That's what I thought. And I think Mr. Gilmour was (indiscernible) on the record, and he can't be now because he doesn't work for us anymore. How many directors do we have? I mean, who is the Executive Director?

MR. GILMOUR: Ironically, once the Commerce Commission was eliminated, we have struggled, from a State standpoint, of administrating this program, because it's been sort of divided between the DCA and the Economic Development Authority. Consequently, we're understaffed right now, and the biggest problem that I think we have suffered from is the fact that we have not had a permanent Executive Director of the Urban Enterprise Zone. Kathy Kube, who is running the program right now on an interim basis -- God bless her -- has struggled, mainly because she does not have the authority that a permanent Executive Director would have. So consequently, we are reporting to a lot of different people: we report to the UEZ Authority; she reports to all us

people out in the field; she reports to Caren Franzini, the Executive Director (*sic*) of EDA; and she will report to the new DCA Commissioner right now. So as we look at the program here in the budget process, I think it's time to fix that part of the program, too, at the same time.

SENATOR RICE: Well, I wanted to raise that, because-- We don't mean to keep everybody, but we have to jump in. If not, we're just seat holders, and I didn't come to be a seat holder. I want to educate my members, and they educate me.

Therein lies part of the problem. And I'm telling you, as a result of that, they're staying in Long Branch. But elsewhere is not getting any checks and balances. You understand what I'm saying? The State is too big. So as a result of that, yes, there may be zones -- everybody's crying for zones -- but you haven't heard one person say, particularly those in the program saying, "And please come in and audit us and check us." Because when you check some of these systems, you're going to find out that when the Governor ran around the state -- and you know I'm a strong Democrat, and I want to be -- and he argued that there's a lot of abuse and waste out there, if you look at some of these zones, you've got some problems. And so we have got to be honest about that in order to protect the rest of the zones that need the dollars that are doing the right kinds of things.

I know the history of Asbury Park. You know, maybe you don't know it. One of the problems the Mayor had was not just that -- UEZ was his lifesaver, primarily because one person owned all the development rights at one time, another person owned all the doggoned land. I don't know how that ever happened, but they got that straightened out; that's why they have a new Mayor, okay? Now he needs some help.

In the meanwhile, you've got cities like Newark and others, but nobody's overseeing anything, no cooperation, except for a meeting. And nobody wants to hear the public meeting. So if we're going to talk about the zones, we need to fix this piece, and we need to be very serious, and that's why I'm supporting the Governor. I will support the Governor on accountability issues throughout the state, where he wants to see things, and documents things, and do audits. I'll support that. And I'll support UEZ. But that's going to be part of my determination of how I do this budget, moving forward, and how we maintain UEZs. I want to make sure it'll work for us, and that the intent that I had 20-some years ago remains the intent of growing these communities that need help.

SENATOR VAN DREW: Thank you, Senator Rice. And let me clarify that, for a little bit, from, I think, my viewpoint on this.

There are two issues, and let's go over this again: The one issue is, are we going to continue to have UEZs in the State of New Jersey? And I believe that the majority of the Legislature agrees that we should continue to have UEZs.

The second issue -- as it is with any piece of legislation or any other program -- can we improve it or make it better? Without question, we always can. So I think the issue at hand here, and the purpose of this meeting, is too -- is one, to support the UEZs, because, frankly, we're not going to have to worry about accountability if we don't have a program. There's nothing to be accountable to, because there's no program, there's no economic development, there's no job creation, there is increasing unemployment, and there's decreasing businesses. So we need to ensure that the program goes forward.

As it goes forward, if there are some issues of accountability or legislative change that needs to be made, we will move forward in those areas. That's the second purpose of this meeting, as I said at the outset. We are looking forward to having ideas come in, and we will draft legislation, we will move forward with that legislation, unless it's done in a regulatory way. But we welcome -- whether it's Asbury Park, Long Branch, Pleasantville, Vineland, Newark -- I don't care where it comes from, if folks have some ideas to increase accountability, let's do it. I think that's a good idea, because, quite frankly, it's a good program and when it's not running perfectly it makes us more vulnerable. And as I've said before, we have a healthcare problem in the United States of America -- we're not going to close every hospital. If we have some minor problems with the UEZs, let's fix them, and let's move forward, and let's continue to create jobs and be business-friendly.

MAYOR JOHNSON: And Senator, I agree with you. Just as you said, that in the Legislature it's your feel that the Legislature wants to continue this program, in my discussions across the board with the UEZ members and zones, I don't think there's anyone who is opposed to being held accountable and strengthening the program with regard to accountability. You know, if there's something wrong, let's fix it. But let's make the program stronger.

SENATOR VAN DREW: And Mayor, you're right. And by the way, the lack of accountability issue is, to a great degree, the State's fault over the years, for not maintaining that accountability, not having a system, not having an Executive-- There's a number of issues, but, quite frankly, that falls upon the State more than, in some case, than it does on

the individual UEZs. We have a responsibility to create that accountability, and we should.

MAYOR JOHNSON: Well, we're ready to work together that that happens.

SENATOR VAN DREW: I know that you are.

MR. JONES: Yes, we are.

SENATOR VAN DREW: And thank you for being here.

MAYOR JOHNSON: Thank you.

SENATOR RICE: I'll let you know some of those people don't want it. In fact, I'll see you right now.

SENATOR VAN DREW: We have from-- Let me see where I am; I got sidetracked here, because we have some folks, and we still want to move forward here -- from the Small Business Developmental Center. It is Barbara O'Neal and Joseph Molineaux. From Vineland/Millville is Joseph, and from Jersey City is Barbara. And she is the Director there as well.

Hi, thank you both for being here.

B A R B A R A O ' N E A L: Thank you for inviting us, and having us here today.

Actually, you had hit the nail right on the head with your last comments, so I will be very brief.

SENATOR VAN DREW: Thank you.

MS. O'NEAL: Because my whole purpose -- and it really relates to, Senator Rice's passion is my passion -- I'm here to create jobs; to work locally with the community to make sure that the businesses in the community not only get training and counseling, but get follow-up business services so that they stay in business and can grow their business. And I

think the SBDCs, as they are located throughout the state, have a network in place already that this will enable us to do this very well; and that the money that we get from the Federal government-- We use the State funds to leverage that money, plus our university funds, plus private funds. So when you withdraw that support from the SBDCs, you withdraw a big pool of money that's available to small businesses throughout New Jersey.

I defer to Joe.

SENATOR VAN DREW: Thank you.

R. JOSEPH MOLINEAUX: Thank you.

I want to thank everyone for inviting us. I think it's very appropriate, and I just want to tell-- I just have some brief comments; I'll be well under my time.

I'd like to thank you for the opportunity to come before you today to talk about the UEZ Program here in New Jersey. There have been many people before me, and many after me, who will share examples of how and why the program works, and provide you with the data that supports their statements. I, too, could do that by talking about a unique partnership, including multiple groups, that was formed in Cumberland County to serve the needs of both existing and, most importantly, new businesses.

The UEZ of Millville and Vineland is a catalyst for the creation of that partnership. In March 2009 when the partnership began, Caren Franzini, the Chair of the UEZ Committee and the head of the NJEDA, called it a model program and she suggested all UEZs and SBDCs across the state should undertake a similar model, if possible.

There are similar programs in Paterson and Jersey City, but what makes our opportunity unique is that the commitment of the additional non-UEZ programs allows us to serve the entire county's small business training and counseling needs. It's that leverage that Senator Rice talked about -- leveraging those dollars.

I'll share the numbers with you at the end, if there's time; but if you need them, I'll give them to you.

When the idea of termination of the UEZ Program throughout the State was brought to my attention, I simply asked the same question that most people would ask: why? The UEZ Program works for the same reason the New Jersey Small Business Development Center works: and that is simply because you need individuals on the ground, in these communities, to promote the opportunities within the UEZs to administer the program and, more importantly, to make decisions and follow economic development plans that grow their communities. It works because local people have the ability to build -- or, should I say rebuild -- the communities in which they are personally and professionally invested. Our SBDC program is based in Atlantic City and serves Atlantic, Cape May and Cumberland counties. We have three UEZs that include seven municipalities. The ability to have these communities make the short list for businesses to consider starting and growing an existing business within their borders, is an option due mostly, in part, to the opportunities and the relationships that the UEZ Program officials, working in partnership with the programs around them, have created and continue to develop.

I think we all know the answer to my previous question which is: Why are they looking at being possibly terminated? It's because the

State of New Jersey is broken and we need to close the budget shortfall. But I will finish with one simple question for each of you, and to the leaders of our great State: Based on the fact that there was money available to be removed from the UEZs, and by the simplest of definitions, and by what you have heard today from so many individuals is success, why would we interrupt or consider termination of a program that has and will continue to generate revenue for both the State of New Jersey and over 30 communities it was and continues to revitalize?

Now, the numbers real quick, if that's okay, if there's time on my time: Since the partnership began in 2009 -- March is one year -- 925 people have been trained at over 65 seminars and workshops, while over 200 unique clients have come through the program and have been counseled at over 380 individual sessions. The program has proven its success and will continue to increase services if we are given the opportunity.

MS. O'NEAL: And just to add just two more points to that: In Hudson County, we've created over 114 jobs in just two years. We only received -- on average in that two-year period -- almost \$300,000, but we facilitated loans going to small businesses of almost \$6 million. And we brought in to Hudson County -- especially since I deal with Jersey City, which I receive my funds from Jersey City -- they lost medical services. We brought in the medical services to Ward F, which is a minority area that had been underserved by the medical profession. And we also brought in private dollars from PPG Corporation (*sic*), which they trained people in Ward F for professional painting jobs, including taking the National Painting Exam. But not only training them, we also helped get them

employed and, I must say, 90-plus percent have been employed after training.

SENATOR VAN DREW: That's a good number; that's a number we want to hear.

MR. MOLINEAUX: To answer your previous questions that you asked everybody: Entrepreneurship, as a career and a job creator, has no race bias, no age bias, and we are color blind at the SBDC. So--

MS. O'NEAL: Teams.

SENATOR VAN DREW: Thank you very much.

MR. MOLINEAUX: Thank you very much.

MS. O'NEAL: Thank you.

SENATOR VAN DREW: Thank you for being here.

From the great City of Pleasantville, and the great City of Bridgeton, we have Roger Tees from Pleasantville, and John Barry III from the City of Bridgeton.

R O G E R B. T E E S: Good afternoon, Mr. Chairman and Senators. My name is Roger Tees; I'm Director of Economic and Industrial Development for the City of Pleasantville; and in that capacity I am Coordinator of the City's Urban Enterprise Zone Program.

Created in February 1995, the Pleasantville UEZ demonstrated itself to be the primary instrument for the redevelopment and revitalization of the City of Pleasantville, and the primary tool for job retention and new job creation.

At its inception of the UEZ Program, the City suffered from 13.1 percent unemployment and ranked second or third in the county of

Atlantic in the lowest median incomes, highest population on public assistance, and the highest transit-dependant population.

The Pleasantville UEZ Program created an environment in which we could grow our way out of the economic distress and to help our businesses weather other economic stresses. New business investments have been attracted to the zone, and more are on the table for development. For example: We enjoyed the reopening of a once-abandoned commercial laundry, and creation of 200 new jobs made possible with UEZ financial support.

We capped two landfills and placed on top of them new light industrial uses, valued at more than \$13 million to the local property tax base. With them came new businesses and new jobs. Our strategic economic development plan is threatened however, with perhaps the demise of the UEZ Program in Fiscal Year 2011.

About one-third of the Pleasantville business community belongs to the UEZ Program, a number that was severely reduced over the years as a result of tax compliance issues and increases in the threshold for use-tax exemption benefits. The strength of the retail base has also eroded because of the economic recession and the loss of both business and employment in the neighboring Atlantic City gaming industry.

In one striking case, we are on the verge of losing a casino gaming equipment supplier -- with more than 100 jobs -- in part because of the perceived end of the UEZ Program and the State's continuing high tax burden on businesses. We're in competition with Florida, Georgia, and Pennsylvania for this company. Even our Lieutenant Governor and the Economic Development Authority are trying to save the day, but we've lost

the competitive edge with that perception of the UEZ leaving. This is a decision that could be made if not in weeks, in just days.

Threatened by the loss of the UEZ Program is our City Center Redevelopment area. That project of 30 acres in the downtown district has a projected employment of 500 temporary construction jobs and 100 permanent jobs in new commercial space and other mixed-use buildings in the zone. The value of the project's first phase alone exceeds \$50 million.

The Pleasantville UEZ is integral to the success of both the public ventures and private investments being groomed for our community. The continuation of the UEZ Program will provide the resources and incentives to sustain and grow both the Pleasantville and Atlantic County regions, keeping people employed in viable businesses and supporting them with low-interest loans; marketing support; new or redeveloped commercial, retail, or industrial space; and the other State and local incentives is possible only with the UEZ Program.

There is no more of a pressing need, and no more an important time than now, to provide the city, the region, and the State of New Jersey the State's most valuable, and its only, urban cities economic development tool, the New Jersey Urban Enterprise Zone Program.

Thank you for allowing me this opportunity to present these remarks.

SENATOR VAN DREW: That was good testimony; thank you very much. We appreciate you being here.

Any questions? (no response)

MR. TEES: Thank you, sir.

SENATOR VAN DREW: Thank you.

Next we have, from the City of Bayonne, Terrence Malloy and Mary Divock. Terrence is the UEZ Coordinator, and Mary is Executive Director of the Town Center Management Corporation.

Thank you for being here.

T E R R E N C E M A L L O Y: Thank you.

First I would like to thank the members for your time; I know your time is as valuable -- if not more valuable -- than ours.

SENATOR VAN DREW: Next time we have the bakery here, we're making him bring coffee and Danish, both. (laughter) If we do this again.

MR. MALLOY: Let's put it this way: next time I'll bring the coffee and Danish; don't worry.

SENATOR VAN DREW: There you go.

MR. MALLOY: Besides being the town's Urban Enterprise Zone Coordinator, I'm also the City's Business Administrator, Chief Financial Officer, and have served as Mayor in the past.

As Mayor, I could easily talk for an hour on this program. As someone who loves the program, I could go on for days, if necessary; but I'll keep it much briefer than that.

The Bayonne Urban Enterprise Zone has been in existence since September of 2002. Since that time, our members have created 638 full-time jobs and 107 part-time jobs. These figures are net numbers and include any job losses incurred by our members. Yes, despite the deep recession that we are in, our UEZ members have experienced significant job creation since 2002.

During the same time frame, the City of Bayonne as a whole has seen an increase in our unemployment rate from 5.7 to 11.7 percent. The actual number of unemployed has increased from 1,674 to 3,413 -- more than doubled since September 2002. If the UEZ did not exist and our current members were unable to increase their employment rolls, our local unemployment rate would be in excess of 14 percent.

Because of our members ability to charge reduced sales-tax rate, and their ability to take advantage of sales-tax-free purchasing for their businesses, they have been able to grow their businesses when others have had to cut back and, in some cases, close their doors.

The Bayonne UEZ has also made use of Zone Assistance Funds to directly impact employment. In December of 2009, the Bayonne UEZ completed a seven-year, \$2.5 million loan to a private developer for the construction of a major retail center on a former Brownfields site. This project will create 1,200 construction jobs and 900 permanent jobs. The UEZ funds were used to complete the financing which included private capital, private financing, and EDA funds. Without the UEZ loan, this project would not have moved forward. I am pleased to report that tenants are scheduled to open in fall of 2010, and real jobs will be going to real people.

This retail project will also produce an estimated \$1.5 million of UEZ revenues, much of it coming from shoppers who reside in Staten Island, New York. These new revenues have been pledged by our local elected officials to be used for the revitalization of our downtown shopping district.

Other uses of Zone Assistance Funds have included marketing - which I like to point out in Bayonne, zero amount of those marketing dollars have gone towards consultants. We prepare all of our own marketing materials; every dollar goes directly-- Whether it's radio, TV, or newspaper ads. We're involved with small business loans and commercial façade improvements, all of which have directly enhance the opportunities for our mom-and-pop businesses to survive and also to expand.

In short, the UEZ Program in Bayonne has clearly demonstrated that it has been a job creation engine, and this engine is currently providing the means for retail development to move ahead -- despite the recession that we are in -- and will create, in the next 12 months, over half the number of jobs that Bayonne has lost since 2002.

The UEZ Program is vital to the continuing economic recovery in Bayonne, and the program must be kept alive so that further job creation becomes a reality, and not just an unfulfilled promise.

Thank you.

MARY DIVOCK: Hi. The Bayonne Special Improvement District represents over 200 businesses located in a traditional shopping district in Bayonne. Our businesses, most of which are small mom-and-pop businesses, are already struggling, both from recession, competition from the malls and the big box stores. Without the UEZ Program, many of our businesses will cease to exist within five years. This program is vital for the growth of our small businesses and for the continuation of job creations.

Thank you for your time.

SENATOR VAN DREW: Wow, was that good. (laughter)

Thank you so much for being here, and waiting.

MR. MALLOY: Thank you very much.

Ms. DIVOCK: Thank you for your time.

SENATOR VAN DREW: Good luck; good luck with everything. Thank you.

From the City of Newark, we have, from the Newark Special Improvement District, Director of the Ironbound Improvement District is Seth Grossman; and the Director of the Newark Downtown District is Anthony McMillan. And I think-- Who else do we have? You two gentleman-- Okay.

S E T H A. G R O S S M A N, Ph.D.: Anthony McMillan isn't here, but we have the Director, Ollyn Lettman, of the UEZ Program.

I'm Seth Grossman.

SENATOR VAN DREW: Who's Seth?

DR. GROSSMAN: I'm Seth Grossman.

SENATOR VAN DREW: Do you know there's another Seth Grossman--

DR. GROSSMAN: Seth A. Grossman over here, from your--

SENATOR VAN DREW: Yes; do you guys know each other?

DR. GROSSMAN: No, we're not.

SENATOR VAN DREW: Do you know each other? Do you ever speak?

DR. GROSSMAN: We have never met each other, but once, it was like-- We're very different people, let's put it that way. (laughter) It's almost like opposites--

SENATOR VAN DREW: This is going to be the Chairman's digression for a second. There is a radio talk show and--

DR. GROSSMAN: I know. Yes, I know.

SENATOR VAN DREW: --an attorney who's from Atlantic County, who is very, very, very, very, very, very conservative and very outspoken. He's a very interesting guy--

DR. GROSSMAN: He's a very--

SENATOR VAN DREW: --very knowledgeable; loves history--

DR. GROSSMAN: And he's an attorney.

SENATOR VAN DREW: --and he has a radio show that he does as well. And he's on the radio-- And there aren't that many Seth Grossmans, and I've known him for years. And his dad was a dentist, by the way; I happen to know his dad as well -- who has passed away now. I was wondering what the heck Seth Grossman was doing here. Now I know.

DR. GROSSMAN: I can assure you, I won't sue anybody for not-- (laughter)

SENATOR VAN DREW: You guys ought to get together. I think he's getting you in trouble. You probably go someplace and say, "I'm Seth Grossman," and they get mad at you, and you don't know why. (laughter)

DR. GROSSMAN: When I come to South Jersey, I have to always make this explanation.

SENATOR VAN DREW: Exactly.

DR. GROSSMAN: Plus I can assure you I won't sue you for not wearing your seat belt. (laughter)

Good evening, Senators. Thank you--

SENATOR RICE: Mr. Chairman, excuse me.

Are you speaking? Are you going to be speaking today?

UNIDENTIFIED MEMBER OF AUDIENCE: Who me?
Stuart?

SENATOR RICE: No; from Newark.

UNIDENTIFIED MEMBER OF AUDIENCE: Me?

SENATOR RICE: Yes.

UNIDENTIFIED MEMBER OF AUDIENCE: (indiscernible)

SENATOR RICE: You're still running the UEZ?

UNIDENTIFIED MEMBER OF AUDIENCE: Yes.

SENATOR RICE: Who's in charge of the UEZ?

MR. LETTMAN: I am; Director Olyn Lettman.

SENATOR RICE: You're the Director of the UEZ?

MR. LETTMAN: Yes.

SENATOR RICE: Okay; alright.

MR. LETTMAN: And I'm--

SENATOR RICE: So this is the only testimony coming out
(indiscernible)

MR. LETTMAN: Right.

SENATOR RICE: Because I know we had people earlier--

MR. LETTMAN: Sure, sure. Yes, and I'm just to accompany
my colleagues here, Dr. Grossman, from the Newark UEZ. Very quickly,
but to give you some background--

SENATOR VAN DREW: Please relax; continue on. We're
glad to hear from you.

MR. LETTMAN: Okay. Just to give you some background
information, the City of Newark uses the UEZ Program to create Special
Improvement Districts, which is a critical component in the City's

revitalization strategies. At present, we have three different SIDs operating in the City of Newark: in the North Ward, in the Downtown District, and in the Ironbound District which Dr. Grossman represents. So I just wanted to introduce him as the Executive Director of the Ironbound Business Improvement District, as well as the President of New Jersey Managed Districts Association, and Director of the Rutgers University Institute of Business District Management. So with his varied hats, you can see that he has a very special and intimate knowledge of the effectiveness and the importance of the UEZ Program. And we're very pleased that he's here representing over 500 businesses, to share the story of how the UEZ has been critical in helping the Ironbound neighborhood and the East Ward of the City of Newark.

Thank you.

DR. GROSSMAN: Thank you all, and thank you Senator and the Committee for allowing us to speak.

Senator Rice, I wish we were here to discuss performance measures, and management, and accountability issues for the UEZ. I wish that's what this hearing was about.

SENATOR RICE: Well, we'll get one; don't worry about it. You'll be called.

DR. GROSSMAN: Because that would show us -- it would tell us, of course, that, as we all know, that UEZs have been successful. Have all of them been as successful as others? No. These things go up and down. Different towns and municipalities have different challenges. Certainly in Newark, we have a lot of different challenges. It's an extraordinarily challenging city in many ways. You know, I go back and I think about the

UEZ Program when it started in the 1980s. It's also when the Business Improvement District legislation-- I'm sure Senator Rice and other people around then were part of that, too. What happened in the 1980s? We also had a recession, right? We also had great crisis -- economic crisis. And it hit New Jersey badly.

But we also had something really odd in New Jersey -- well, not really odd, New Jersey -- that we just let our cities go. As a State, these cities had tremendous investment in infrastructure, in capability. When I look at the City of Newark, you can just look at the transportation network around it, you can see that we have there, okay? This is why the UEZ Program was put together. It was put together to help our State manage its most important economic generators. Because we had competition. And we have serious competition.

The second aspect of that -- and also including the Business Improvement District -- was to encourage entrepreneurship: new ideas, innovation, risk taking. And in our urban areas, which were very compromised in many ways, the UEZ Program, as government often does, has helped reduce the risks. Sometimes the private sector, they can come in and make the investments they need to. And what does the UEZ Program really do? I can tell you what it does for us in the Ironbound: One of the biggest jobs we had was actually rebuilding Ferry Street. And we're very proud of it; the community is very proud of it. But it helped with the investment of money in public infrastructure. And anybody who has worked in public life knows, the public infrastructure will easily cause anywhere from four to 10 times private infrastructure. And one of the reasons about that is this: It's trust in the public realm; that they know that

the public realm will stand up and take care of the areas that are around them; that you're not doing it all by yourself.

This is absolutely crucial with the UEZ Program and the BIDs; which, by the way, are a wonderful partnership. And to make it very clear what the difference is -- just in case anybody doesn't really think about it -- is the UEZ is a State program. It's a government program; a very specific government program. And it comes from the State down to the municipalities, because there's great State issues at hand, such as overall State job creation.

The BIDs are different. BIDs are local management and self-help capabilities. They are ground-- So the BIDs come up from the ground, the BIDs (*sic*) come down from the top, and they meet together; and incredible things can happen. They are, as stated earlier, public-private partnerships. This is what we need to encourage. That, in fact, is the new public entrepreneurship, because we cannot rely on one sector or the other, particularly in urban areas that have certain risks, as I stated earlier -- to completely make it on their own.

I want to give you an example of how this has worked for us on Ferry Street. The UEZ Program has come in with our streetscape project. We, on the private side, did a lot of the design, the community work, and got the community behind it. We put up -- literally -- we probably put up about \$250,000. And the UEZ Program could do something we could not do: We did not have the type of capital funds to do that streetscaping. Guess what? The streetscape is what welcomes everybody -- our customers, our businesses -- to that district. A few million dollars had to be put into that. Recently, though -- this is the leveraging factor, this is what happens

there -- the UEZ Program-- We had a last little part of it, about \$1.2 million, and we, the business community, were able to come up with the money -- about \$70,000 to pay for the last part of the engineering, so we could get this project done. Without the engineering, we couldn't send this thing out to bid. Practical, fundamental entrepreneurship.

The multipliers, as people are calling them, are obvious. You know, it's like when you paint your house, what does your neighbor do? When you fix up-- When a community takes care of itself -- and this is what the UEZ Program does, what it allows municipalities to do -- is to take care of those public infrastructure things, and items, as well as, quite frankly, some larger marketing and business infrastructure issues. Then businesses feel they have the trust, the camaraderie, the capability. There's no such thing as an independent entrepreneur, if I can say so. That is a mythological creature out there. All businesses are intradependent. And the UEZ Program helps to build the glue to that. If we miss that point, we miss a tremendous amount.

And secondarily, I want to say it creates that management capacity to get things done. And I want to just say one last thing about this UEZ Program that might be important for this group to keep in mind: We're talking about being penny wise and pound foolish. Very short sighted, when we all have seen the long-term effects. I haven't given all kinds of numbers, because you've heard them a lot, and you're going to keep hearing them. I think it's not good policy -- as you heard -- public policy to be short-sighted. The UEZ Program was never meant to be a short-sighted program. It might have had where it was going to cut off later, and it had some ideals to do that, but the fact is that building New

Jersey's towns and cities is a daunting task. I do it; it's a daunting task. It doesn't take five years. It's going to take probably another 25 years, at least, to bring us up to the level of competitiveness that we can be at, and should be at, and need to be at to address all the concerns we have.

SENATOR VAN DREW: Thank you. Thank you very much for being here. Good remarks.

DR. GROSSMAN: Thank you very much.

SENATOR VAN DREW: You're very welcome.

And we have, from the City of Camden, if they're here: Albert Handy, David Foster, Bridget Phifer, Bob Zane -- the Inspector of the Camden Police Department, the President of the Greater Camden Partnership, the Executive Director of Parkside Business and Community in Partnership in Camden, and the CEO-President of Campbell Soup Company.

I think everybody's here-- But some of you are. Who are you?

A L B E R T H A N D Y: Al Handy, Camden Police Department Inspector.

D A V I D F O S T E R: Dave Foster, Greater Camden Partnership.

S U E B R E N N A N: Senator, I am not Bridget Phifer; I'm Sue Brennan, the Director of Broadway Main Street in Camden City.

SENATOR VAN DREW: Very good; thank you for being here.

And again, as much as you can, not read and just give it to-- We're here.

MR. HANDY: I'll be very brief.

SENATOR VAN DREW: Thank you.

MR. HANDY: Again, I'm from the police department. The UEZ in Camden funds many projects. We are just one of those. We performed the two-phase project with UEZ funding to improve technology in the police department. That entailed new CAD -- computer automated dispatch of the records management system, which has improved our data analysis capabilities. It has translated into deployment decisions for us. We also acquired an AVL system -- automated vehicle location system -- which has increased our accountability for officers' efficient, effective response to calls for service. And we were able to put NBTs -- computers -- in every police car, giving the officers the much-needed information right at their fingertips.

We had anticipated additional funding to provide additional information systems and to sustain the ones we already currently have.

I'm not going to go into great detail explaining the nexus between improved public safety and the capacity for economic redevelopment, but we view UEZ as a valuable resource that we obviously would like to see continue because of its ability to provide fundamental tools for our officers.

SENATOR VAN DREW: Thank you.

MR. FOSTER: Mr. Chairman, thank you again very much for your time.

My name is Dave Foster; I am the President and CEO of the Greater Camden Partnership. We are a private, non-profit, economic development organization in the City that represents the leading institutions -- public, private, non-profit -- across the City.

On behalf of my members, I'm here today to urge your continuation of the Urban Enterprise Zone Program, because we do believe it is the single most important and effective tool to revitalize Camden City and other depressed urban areas around the state.

We acknowledge that this is a very difficult budget year, and tough choices need to be made. In such times, however, it is critical that we all look closely at the programs which are yielding the best results and we focus our limited resources on maintaining those efforts.

Put simply, the Camden UEZ produces jobs and economic development in an efficient and high-impact way. By way of example, I want to speak very briefly today about the Camden Special Services District, which is one of our very most important programs in the City of Camden.

Throughout the country, urban areas have embraced the notion that clean and safe streets are necessary prerequisites for economic development. Camden is no exception; and particularly given the fact that we have more than two million folks who come each year to our waterfront -- who we are working hard to attract to come into the downtown -- clean and safe streets and attractive appearance are critical.

The business community has answered this call by voluntarily raising more than \$600,000 on an annual basis to voluntarily fund what has become our Special Improvement District. And each year, those funds are matched by the UEZ as part of the Clean and Safe Program to be able to extend it, both across the downtown and out into the business corridors where the small businesses are outside of the downtown. This truly is a public/private match, and that match -- the \$600,000 -- just one example of

the kind of return that the program can generate. By providing clean and safe services and graffiti removal across the downtown, we're stimulating the growth of small businesses as well.

But most importantly, however, this partnership funds 24 full-time positions, all with benefits, that go exclusively to Camden residents. Many of these workers have been through the criminal justice system, and this is an opportunity for them to get back on their feet and to make a difference in their community. Twenty-four jobs; an impact of Clean and Safe on several hundred businesses, helping us to fight the fight of bringing those two million people from the waterfront to the downtown -- all at the cost of \$600,000 a year. That, to me, says high impact, and echoes some of the sentiments we've heard throughout the day.

Thank you.

SENATOR VAN DREW: Thank you.

MS. BRENNAN: Good evening. My name is Sue Brennan, and I'm the Director of the Broadway Main Street program in Camden, New Jersey, which draws significant funding from the Camden Urban Enterprise Zone.

This program -- a designated Main Street New Jersey community -- has been a vital part of the redevelopment and the restoration of the Broadway commercial corridor. And I'm here today to give some clear examples of how important this program is in Camden City and across New Jersey.

As someone who has been involved in economic development in Camden City for over 10 years, I have witnessed the tremendous changes that have occurred in Camden over the years, and would like to not only

reinforce the testimony of my Camden colleagues who you've just heard from, but also give you a snapshot of the role the Urban Enterprise Zone has had on individual businesses, especially in the Broadway commercial corridor.

We have businesses-- And last year, there's been two new businesses that have opened on the Broadway corridor: City Eyes is an optician that moved out of their existing space in Cooper Hospital onto the Broadway Main Street corridor and immediately signed up for the Camden UEZ, knowing the tremendous advantages that being part of this program provides; and also the Broadway Food Court, another new business along the corridor that has also signed up for Urban Enterprise Zone Program.

Over the course of the last year, there has been a very aggressive revitalization on the corridor, with plans not only for additional retail, but also a four-year medical school that is a partnership between Cooper University Hospital and Rowan University. The Broadway Main Street program has been a liaison between the existing Broadway businesses and the new businesses that have come on to the corridor, as well as to the future plans for Broadway.

The loss of the Urban Enterprise Zone would severely hamper the activities of this Broadway Main Street program. The business community has come to depend on this program as the go-to place to get information, education, marketing, events planning, retail development, and recruitment, in order to run a successful business in a tough city like Camden. This program is the glue between the past, present, and future development on Broadway, and the Urban Enterprise Zone Program is a very valuable part of the Broadway Main Street program.

I hope today's event will clearly show why Governor Christie would be doing the state a serious injustice to abolish the Urban Enterprise Zone Program.

Thank you for your time.

SENATOR VAN DREW: Thank you very much for being here.
Thank you for your time.

Thank you for being here.

We are now looking for Trish Komsa, Executive Director of the Lakewood Development Corporation. Are you here, Trish?

UNIDENTIFIED MEMBER OF AUDIENCE: She stepped out to her vehicle a few minutes ago.

SENATOR VAN DREW: Okay. And we're straightening that out -- there was some concern that the garage would be locked. We'll make sure it's not locked; these meetings go on late sometimes. Hopefully, it won't be too much longer.

Straightened out?

UNIDENTIFIED MEMBER OF AUDIENCE: (off microphone) We're good; we're good.

SENATOR VAN DREW: We're good.

UNIDENTIFIED MEMBER OF AUDIENCE: (Indiscernible)

SENATOR VAN DREW: There are some tough budgetary issues; therefore, you will be leaving your vehicles with the State of New Jersey. (laughter) If you don't have the title with you, we will send some paperwork and you can fill it out. (laughter)

We will go back to Trish, then.

From the Township of North Bergen, and also from Union City, we have Larry Wainstein from Union City, and Tom Galinis from the Township of North Bergen. Tom is the Vice President of Operations of 6th Avenue Electronics; and Larry is the owner of a business in Union City as well. And he is also Chairman of the Union City UEZ Executive Board.

A M A D A A V I L A: Who do you want to hear first? We are Union City; he is North Bergen.

SENATOR VAN DREW: The list we have-- You're first.

MS. AVILA: We're friends, so we can sit together.

SENATOR VAN DREW: Absolutely. You want to all come together, that's fine.

MS. AVILA: Good afternoon. My name is Amada Avila; I am the UEZ Coordinator for the City of Union City. We became members of the UEZ back in 1995.

We have an official population of 67,000 in 1.5 square miles. Unofficially, after the census, it could be 80,000.

Our UEZ Program has been instrumental to the survival and success of our Bergenline Avenue businesses which are 95 percent minority-owned, second or third generation family-owned. I cannot say enough about the importance of the continuation of the UEZ Program; some of the projects that we have continued to develop, especially the façade improvements that has helped us change the landscape of Bergenline. A perfect example: When he opened a laundromat on Kennedy Boulevard, he got a grant for \$50,000 for a new façade, and he invested \$850,000. So I'm going to let him speak -- I'm going to be very brief. All I want to say is that we have 500 businesses on Bergenline; 170 are UEZ participants, and

employment has increased by 740 full timers and 100 part timers. I cannot even begin to imagine the consequences of not having the UEZ Program. And as the administrative end of it, I feel like a den mother because my customers -- the businesses -- they call us for all types of information, assistance, translating services. We help them with everything. And by themselves, they would not be able to continue.

So I want to thank you for this opportunity; and I leave you with Mr. Larry Wainstein.

SENATOR VAN DREW: Thank you for being here.

LARRY WAINSTEIN: Thank you, members of this Committee, for giving me this opportunity.

My name is Larry Wainstein; I'm representing the Latino and minority merchants of Union City, who, like myself, have benefited greatly from the benefits of the UEZ Program. I am also the Chairman of the Union City UEZ Board.

In Union City, I own Superwash Laundromat, with 10 full-time employees, and have invested over \$850,000; Financial Service Centers, also with 10 employees, invested \$750,000; Henry & Larry, Inc., also with 10 full-time employees, invested over \$1 million.

I also own businesses in North Bergen, Perth Amboy, West New York, and Elizabeth, all within UEZ zones. I would not be investing in opening new businesses if I didn't believe in the future of Union City and the other urban communities, which, in my opinion, go in-hand with the UEZ Program.

The UEZ Program has been a great help to minority-owned businesses like mine. UEZ projects have transformed Union City

commercial districts into a thriving shopping area with new façades and other improvements. The façade improvement program offers assistance to many of the small business owners in Union City to improve the exterior appearance of their business. These grants have helped to improve the landscape in the commercial district by enhancing the historic beauty of our commercial buildings and achieving uniformity of design. In the area with improved façades, it gives the public a positive and safe feeling, thereby potentially attracting more shoppers, as well as investors. An increase in shoppers translates into more sales, and as a result creates more jobs.

An enhanced litter clean-up program has been in effect for many years, and has proven to be a great success. The project maintains cleaner streets seven days a week all year round, in addition to work being done by DPW workers. This enhancement has resulted in cleaner streets and sidewalks. The UEZ shopping district is offering a more attractive image, presenting a message that Union City is a beautiful, clean, and a thriving community.

The marketing program has many benefits that it brings to the City and its merchants. It provides the exposure that urban districts need to be able to attract the shoppers and compete against the mega malls. The marketing program consists of advertising campaigns that are crucial to the success of our business district. Marketing consists of cable advertising, print media, direct mail, and summer entertainment throughout the UEZ zones. Through this marketing, we are able to attract consumers to our commercial avenues and portray a safe, clean, secure environment to shop, dine, and take advantage of our 3.5 percent sales tax.

I cannot stress enough the importance of this program, and the economic growth it has provided to our business community. In these economic times, the continuity of these programs is essential for our commercial zones. Without the UEZ Program, our downtown district would find it extremely difficult to survive, and would not be the vibrant shopping district it is today.

Thank you very much.

SENATOR VAN DREW: Thank you for being here.

Yes?

KIM NICOLIELLO: I'm Kim Nicolliello; I don't think--

SENATOR VAN DREW: Quick.

MS. NICOLIELLO: What?

SENATOR VAN DREW: Do a quickie. (laughter)

MS. NICOLIELLO: Well, I'm here because Senator Sacco is also the Mayor of North Bergen. I'm the UEZ Coordinator, and he asked me to read--

SENATOR VAN DREW: And we did enter his testimony; and, by the way, he presented testimony. He wasn't here, but he--

MS. NICOLIELLO: Yes; I was going to read it to you, but if you'd rather I not, that's okay.

SENATOR VAN DREW: It's in the record, and we did see it, and if you could just express his support, that would be wonderful. I know that Nick does support it very much, and we very much appreciate his support and his help with it. And perhaps you could just give us about a minute on that.

MS. NICOLIELLO: I'm actually going to speak from the heart.

SENATOR VAN DREW: Good; that's the best way to speak.

MS. NICOLIELLO: We have an area in North Bergen called Tonnelle Avenue. And years back, it was old, decaying warehouses, and it was a horrible-looking place. Now, since we have the UEZ there, we have a Pathmark, a Target, Home Depot, Lowe's; and then, at the end, we have a Wal-Mart Superstore -- which is the second-biggest in the country -- a Staples, a BJ's. And, I would say about 95 percent of the people who are employed in these places are North Bergen residents.

SENATOR VAN DREW: Good; thank you very much. That's what we want to hear from local folks; very good.

SENATOR RICE: Well, quick question: When you did that project, you brought businesses in, but you also displaced businesses. Is that correct?

MS. NICOLIELLO: Are you talking to me?

SENATOR RICE: Yes.

MS. NICOLIELLO: Oh, okay. (laughter)

SENATOR RICE: In the Tonnelle Avenue project, right? When that project was done, there were some businesses there, right?

MS. NICOLIELLO: One business was Larry's business. (laughter)

SENATOR RICE: There were a couple of businesses there. One got negotiated to stay in, because they were going to court; one got negotiated out, because of the politics. That happened to be the liquor

business, and etc., etc., etc. Am I correct? Wasn't there a liquor business there?

MS. NICOLIELLO: He's the owner of the liquor business.

MR. WAINSTEIN: Since then we have relocated within the UEZ zone, Senator.

SENATOR RICE: What's your name?

MR. WAINSTEIN: Larry Wainstein.

SENATOR RICE: Yes, Larry.

MR. WAINSTEIN: Yes, sir.

SENATOR RICE: You okay?

MR. WAINSTEIN: Yes, sir. (laughter)

SENATOR RICE: All right, because you know, I've always fought that battle up there, right?

MR. WAINSTEIN: Yes, sir.

SENATOR RICE: Okay, that's the point. The point I'm trying to make -- and I'm glad Larry's okay -- there were two businesses--

SENATOR VAN DREW: I think Larry's better than okay. (laughter) He seems to be doing pretty good here.

SENATOR RICE: I think you need to know this for the record, so as we go through the State -- it was almost like an eminent domain situation. There were businesses there, but you wanted to do an enhancement; okay? Fine, but it was not really first opportunity. Then two people were going to go to court: one with this business, and I forget the other one. When that process started, each side was negotiating to work with the one business to stay there, and they found a way. This business was supposed to be a transition, which was problematic. The major

problem was that they weren't sure if you could find enough land in a similar location. And I just wanted to say that when we do the UEZ pieces, we need to pay attention to the UEZ the way we pay attention to eminent domain. Don't harm me if you don't have to harm me in the process. We've got some fairness and equity. And I'm glad you made out okay.

MR. WAINSTEIN: Yes, sir.

MS. NICOLIELLO: Yes.

SENATOR RICE: And I'm glad to see you, too.

MR. WAINSTEIN: Yes, thank you. Likewise, Senator.

MS. NICOLIELLO: Yes.

SENATOR RICE: Okay, very good. Thought I didn't know the history, huh? I'm all over the state.

MS. NICOLIELLO: I just want to say one more thing.

SENATOR VAN DREW: One more quick thing.

MS. NICOLIELLO: I just want to say one more quick thing: That was a Kmart that was there, and it was a horrible Kmart that was probably--

SENATOR RICE: I just remember this.

MS. NICOLIELLO: --going to go out of businesses.

SENATOR RICE: I remember this business and one other. But this one, I said, it didn't make any sense.

SENATOR VAN DREW: So we got rid of the bad Kmart, we took care of Larry; we're doing good. Thank you.

Let's move on. (laughter)

MS. AVILA: And I want to invite you all to come to Bergenline; we'll see you.

SENATOR VAN DREW: From the City of New Brunswick, Glenn Patterson. He's the Director of Planning, Community, and Economic Development.

Thank you for being here, Mr. Patterson.

G L E N N P A T T E R S O N: Thank you for having me. I appreciate the opportunity.

Brunswick faces a lot of substantial problems: high taxes, underfunded obligations, high unemployment. We all know that we have to contribute to the solutions. New Jersey needs to grow our economy as well as prune back.

The indiscriminate cutting of programs is not going to solve New Jersey's problems. We can't cut enough to solve our financial woes. Pruning trees and taking out the deadwood helps keep forests healthy; clear cutting it kills it. We all understand the need for sacrifice, but sacrifice has to be part of a plan to grow New Jersey's economy. The UEZs need to be part of that plan, because UEZs help grow the economy.

Governor Christie ran on a platform to reduce the burden of taxes on our residents, and that's exactly what the UEZ Program does. It reduces taxes on consumers and businesses to spur economic growth in the State of New Jersey; it reduces sales tax impact on residents; it encourages out-of-state residents to purchase in New Jersey; it reduces sales and corporate business taxes on New Jersey businesses; and it encourages business investment in the very places that want to accept growth and where our State master plan encourages.

The theory of UEZs is that lower taxes will break down the barriers hindering the economic growth. But to be successful, UEZs have to

support other investments, such as access to transportation, access to capital and labor, and adequate infrastructure. New Jersey's UEZ Program does exactly this, and that's what we've done in New Brunswick. We use UEZ funds to subsidize local shuttles to get people from low-income neighborhoods to industrial job areas that are underserved by other transit. We use UEZ funds to fund small business lending to a private sector, non-profit partner, Axiom. We use our UEZ funds to rebuild George Street, our main commercial street in downtown; and coordinate with utilities to upgrade their infrastructure. Recently, in these past storms, there was a blackout in downtown New Brunswick for five days, and this caused businesses to lose tens of thousands of dollars in perishable inventory and lost business sales. UEZ investment is going to leverage these improvements to upgrade this infrastructure so we don't have this problem in the future, and do it in a way that's going to minimize the cost to these utilities.

UEZ theory has worked in practice, as New Brunswick has created new jobs faster than the State's job creation rate. New jobs are going to local people, and new companies want to come into New Brunswick. One example of this is a company we're dealing with right now -- Unitex -- which is an out-of-state commercial laundry which is looking to locate in New Jersey. They've only been looking at UEZ towns, and we believe they're going to land in New Brunswick. This is going to bring 120 new jobs to a low-income neighborhood in New Brunswick. We're going to be supporting that with our shuttle system to get residents from our other low-income neighborhoods to this location so they can take advantage of these jobs. If the UEZ Program fails, these new jobs are not going to be coming to New Jersey.

New Jersey just can't cut its way out of its current problems. We need to grow the economy, as you make wise decisions on where we can do more with less.

UEZs are part of the growth solution. They need to be continued and kept as part of New Jersey's economic development toolbox.

Thank you very much.

SENATOR VAN DREW: Thank you for being here; thank you.

And from the City of Trenton, we have Jerome Harris -- he's the Director of Housing and Economic Development; and Raymond Myslinski, who is the accounting manager of Hutchinson Industries.

ANTHONY CARABELLI Jr.: Good evening, Senators. I'm Anthony Carabelli; I'm the Economic Development Specialist at the City of Trenton. I'm representing my Department Director, Jerry Harris, this evening.

On behalf of Mayor Douglas Palmer, I would like to respectfully implore your continued support of the Urban Enterprise Zone. Since its inception, the Trenton UEZ has served as the catalyst for economic development here in our Capital City. Briefly, the program has brought over 1,200 jobs to UEZ businesses in a variety of fields here in Trenton, serving over 770 businesses since its inception in 1985. The UEZ has fueled over \$610 million in private investment by UEZ businesses.

In discussing UEZ projects through the use of UEZ funds, the City of Trenton has invested \$17 million in over 70 economic development projects. Just to name, quickly, two of them: Nearby we have the Roebling Market, which received almost \$500,000 in infrastructure improvements.

If not for those monies, I don't believe the project would have ever been completed. There are several small and large businesses that are located at that location. In addition to that, most recently -- last year, in 2009 -- we had an architectural firm -- a major architectural firm -- relocate to the City of Trenton at the Masonic Temple building, a stone's throw from this building.

So in short, without these tax incentives and availability of project funds, the City of Trenton will be faced with an even harder task of attracting private investment into its borders. One other example -- and I have right here, from Hutchinson Industries, Ray -- and Hutchinson has been an employer of City residents and has done a fantastic job of expanding.

So Ray.

RAYMOND MYSLINSKI: Thank you for allowing me to speak.

Hutchinson Industries has benefited greatly from the UEZ Program. We're actually a manufacturer of world-class military mobility devices, where we make aluminum wheels and rubber runflat devices for military vehicles, in the City of Trenton.

Without this program, we would not be able to grow and expand and create jobs here. We've been able to reinvest in our company and expand our operations. We currently have two locations in the UEZ Program, with the hopes of adding our newest facility -- which is the former New Jersey Transit property on Olden Avenue here -- that was a dilapidated building that we rehabilitated and brought back into service.

Most of our employees are residents of Trenton, and we really feel it's important to employ people from the local community. We currently employ over 330 people in Trenton, and many of these jobs were created because of the UEZ Program. With the savings we've incurred, we've been able to buy new machinery, update our facilities, and expand them. A perfect example of this is our wheel manufacturing facility. In partnership with a local developer, we were able to renovate a dilapidated building and build a world-class aluminum wheel manufacturing facility right here in the heart of Trenton. Right now, this facility currently has over 50 employees, and (indiscernible) in jobs that range from engineers who design the wheels, to operators of high-tech mechanical lathes who machine the wheels into a final product.

Last year we invested over \$500,000 of capital equipment in this facility because of the UEZ Program. By participating in the UEZ Program, we are constantly able to update our technology and create new jobs in the City. Hutchinson feels it's very important to help the City of Trenton grow and improve, and we're glad to be part of this process. This program is essential to the continued success of Hutchinson Industries and the City of Trenton.

SENATOR VAN DREW: Thank you very much.

MR. CARABELLI: Thank you; thank you very much.

SENATOR VAN DREW: Thank you very much. Thank you for being here.

MR. MYSLINSKI: Thank you.

SENATOR VAN DREW: And from the City of Plainfield we have Jacques Howard, who is the UEZ Coordinator; Jeff Dunn from The

Incubator; Al Green from E & A Restaurant Supply; and Bobby Green from the same business. They are not here right now? They were here? Maybe they're outside.

UNIDENTIFIED MEMBER OF AUDIENCE: Maybe they went to move their cars. (laughter)

SENATOR VAN DREW: Okay; we'll come back to them.

We have, from West New York -- Is Kevin Hughey here?

O S C A R M I Q U E L I: Good evening. My name is Oscar Miqueli; I'm the Coordinator of the Urban Enterprise Zone in West New York. And since we are running late on time, I would like to just to thank you for giving the time, and I have brought one of the biggest businesses that we have in the Urban Enterprise Zone, from P.C. Richards -- and he will tell you more about what would happen if we did not have UEZs.

SENATOR VAN DREW: Thank you.

MR. MIQUELI: Mr. Kevin Hughey.

K E V I N H U G H E Y: Good evening; my name is Kevin Hughey. I am the Treasurer of P.C. Richard & Son. I want to thank Oscar Miqueli from the West New York UEZ for the invitation to speak to you this evening.

In addition to West New York, we currently have locations in the UEZ zones of Jersey City and Carteret. Does that give me nine to 12 minutes, because we have three? (laughter)

I didn't think so, so I've been cutting my speech.

If our marketing department has done their job, hopefully you have heard of P.C. Richard & Son. Hopefully, you've had the opportunity of going into some of our showrooms to see what we're about. P.C. Richard

& Son is a retail company in the highly competitive consumer appliance and electronics industry. We're a privately held, family-run company, and we just celebrated our 100th birthday last year.

One of the reasons for our success is the commitment we have made to the communities that we serve. As we expanded our business in New Jersey in the early 2000s, we strategically selected new retail locations in the UEZ zones of West New York and Jersey City. We were excited at the opportunity to be part of the redevelopment of these two great communities. We not only made a significant capital investment for the renovation of old properties, but to Senator Rice's point, we invested in the people of the community. P.C. Richard & Son believes in hiring and training from the local communities. Although the UEZ has a 25 percent employment factor, requiring certified businesses to employ people who live in the UEZ zone, over 75 percent of our full-time employees, in both West New York and Jersey City, live in a UEZ zone. And if you take into account the part timers, you are approaching 85 percent.

From a retail perspective, P.C. Richard is very concerned about the possible elimination of the 3.5 percent sales tax. The 3.5 percent reduction in sales tax that is part of the UEZ Program, along with the many sales and marketing promotions that we run, enable the people of these communities to more reasonably afford appliances and electronics, and helps them increase their standard of living and their quality of life.

As you can appreciate, due to the increased competition and the state of the economy, we need to continually monitor the performance of our retail stores. Anyone who has bought a flat screen TV within the last couple of years can look today and see that the prices are half. Due to the

competition, the margins are even less. So we have to sell two TVs to make up for every one that we sold two years ago. So that is a challenge for our company. If the sales tax reduction is abolished and increased back to 7 percent, we are concerned for the volume of our stores in West New York and Jersey City, and the ability for them to remain profitable.

Also, in 2009, we relocated our New Jersey warehouse and distribution center to Carteret, New Jersey. One of the main reasons we chose Carteret was because it was in the UEZ zone, and we would be able to benefit from the UEZ Program. We entered into a redevelopment agreement in Carteret, and have made significant capital investments in the renovation and expansion of the existing facility. Also as part of the agreement, we had planned to build a retail store and showroom, with the understanding that we would benefit from the reduction in sales tax. In addition, this new location would also increase employment in Carteret. In light of these recent developments, we might need to reexamine our strategic plans.

One of the catchphrases in American politics today is the redistribution of wealth. If the UEZ Program is suspended or abolished, the exact opposite would happen: We would be hurting the people in communities who need our help the most.

We respectfully request that the Committee recommend the continuation of the UEZ Program, not only for the success of the businesses within these communities, but for the continued growth and success of the very communities themselves.

Thank you for the opportunity to speak to you today on behalf of P.C. Richard & Son.

SENATOR VAN DREW: And thank you for being here.

MR. MIQUELI: Thank you.

SENATOR VAN DREW: Much success; thank you.

I think we have-- Trish is here, from Lakewood.

PATRICIA A. KOMSA: Hello, my name is Patricia Komsa. I'm the Executive Director of the Lakewood Development Corporation, which administers the UEZ; therefore, I am also the UEZ Coordinator.

Since the Urban Enterprise Zone Authority's approval of the Lakewood's UEZ designation in 1994, businesses have benefited from our economic development projects funded through this program. Our most notable project is the Lakewood baseball stadium which, by the way, is one of the largest UEZ projects ever undertaken in the State of New Jersey. It is home to the Lakewood Blue Claws, a single-A affiliate of the Philadelphia Phillies. This project required a UEZ investment over a 10-year period. The stadium has proven to be an anchor in Lakewood's economic development through its attraction of an estimated 500,000 fans each season.

The success of the stadium has also drawn nationally franchised restaurants and a Hilton Garden Inn to Lakewood. They generate roughly \$15.6 million in ratables, \$500,000 in general tax revenues, and about 175 jobs to the municipality.

The UEZ has also founded a financial assistance program with opportunities for businesses to apply for low-interest loans, varying in size, for purchases of equipment, working capital, and inventory. Since the project's inception, approximately \$10.5 million has been loaned to start-up

and expanding businesses, many of which are women- and minority-owned businesses.

Those loans created almost 500 additional jobs to Lakewood, most by small start-ups and expanding companies, and, as well, they have created ratables and general tax revenue.

The Township of Lakewood, in cooperation with the UEZ, NJEDA, and numerous State relocation incentive programs, was successful in attracting Blinds To Go approximately 12 years ago. Blinds to Go is a Canadian-based manufacturing retailer, and they wanted to located their U.S.-based retail operation here in the Northeast. And we were successful in creating 240 jobs by working with them on an incentive package which included \$1.5 million.

On another note: The Lakewood UEZ has taken deliberate steps to create programs that directly impact our local businesses. Such programs include a cooperative advertising program and a small business development consulting program. By utilizing these programs, we allow our businesses to learn to grow more efficiently and quickly, and also create jobs.

SENATOR VAN DREW: Thank you for being here.

MS. KOMSA: Thank you.

SENATOR VAN DREW: And we have the UEZ Executive Director from Passaic, and also the Vice President of Falstrom Company -- Ricardo Fernandez, the Executive Director; and Clifford Lindholm III.

How are you?

R I C A R D O F E R N A N D E Z: Thank you, Chairman.

SENATOR VAN DREW: Ricardo, it is you alone, huh?

MR. FERNANDEZ: It's just me; he had some pressing issues.

SENATOR VAN DREW: No problem; I got you. It's been a long day.

MR. FERNANDEZ: But I appreciate your time; and I know it's been a long day, so I'm not going to repeat a lot of the same numbers you've heard, and a lot of the same programs. So what I would like to do is kind of discuss the Governor's proposed budget, and the devastating effect it will have on the City of Passaic. It would stop one of our major efforts, which is attracting developers to under-utilized properties in our town. Oftentimes, these properties have challenges associated with them that make them unattractive to private developers.

Only through the efforts of an intermediary, such as the UEZ, can these properties be brought back to a level that will interest the private users. A current example which was, to my surprise, mentioned earlier in the hearing by Mr. Danza, is our 11-story building in the dead heart of our central business district, which is known as 663 Main Avenue. This building had remained vacant for decades until the UEZ stepped in. Working with the redeveloping agency, the UEZ was able to address the environmental problems, and I'm happy to say that we have remediated it and we expect the property to be back on the tax roll and serve as a catalyst for job creation in our downtown.

As part of our commercial redevelopment program, we use UEZ funds successfully in spurring the redevelopment of many other properties in the City, by bringing them from a vacant and underutilized site to thriving businesses. These businesses have created many jobs, which I feel is the intent of the UEZ and why it was created. All of these efforts would

not have been possible without the support of the local UEZ project funding -- the exact funding that will be unavailable if the proposed budget is approved.

Senators, I know you've heard this many times before: Cutting the local UEZ funding would be a mistake. These funds make an important difference, a difference that will revitalize our commercial and business districts and create jobs. There has never been a time in recent history when this support is more needed by our businesses and cities. I ask that you support reinstating the local UEZ funding for Fiscal Year 2011.

Thank you for your time.

SENATOR VAN DREW: Thank you for being here, Mr. Fernandez.

Stuart Koperweis, representing Downtown New Jersey.

S T U A R T Z . K O P E R W E I S: Good evening, not good morning. Good morning, wow-- I feel like--

SENATOR VAN DREW: It's been awhile. (laughter) We're almost there.

MR. KOPERWEIS: The first thing I want to say is thank you so much, Mr. Chairman and Committee members, for your patience and for your ability to stay here and be with us, and really the importance of this hearing. This really is truly very, very important.

And just as by way of background: I wear many, many different hats, and I'll discuss those in a minute. But also, in terms of a perspective, one of the things that I've been involved with over the years with Mayor James, and Mayor Bollwage, and then Mayor Schundler -- at the time I was his Director of Economic Development, his Chief of Staff at

the time, part of the Mayor's Commission in terms of putting them all together. And the reason I bring that up is that I think it's important, because of my conversations with now our Director of -- our department head of Education -- it's important to recognize that he is very critically supportive of the Urban Enterprise Zone Program, understands that program; and I believe if you reach out to him, he'd be more than happy to have that conversation with you. And I hope that you are able to do that.

In my capacity with Downtown New Jersey, I represent over 90 managed districts, Special Improvement Districts. I'm also involved with those programs. I also represent a variety of different interests and thousands of businesses. Without reading it directly, I actually do have my testimony here for you, and you can each have copies of that as well. I believe I handed those out earlier, so I'll give those to you.

In addition to that, one of the things is that, as you said Senator and Mr. Chairman, is that the State is in a fiscal crisis and there's no denying that, and that's what we really need to deal with. The key is how are we going to be dealing with that, and I believe that's what we're trying to focus in on here today.

One of the items that we talked about earlier was what the census data really talks about -- is that in New Jersey, roughly 184,000 businesses -- small businesses, those with 19 or fewer employees -- those are the ones that represent 75 percent of the state's business employment here in the State of New Jersey today. And those are the individuals -- those businesses -- that this program is directly going to effect. And those are the areas that we need to be able to look at very quickly.

In addition to that -- and I'm sorry that the timer hit so quickly -- I also represent Hudson County. Hudson County has seven Urban Enterprise Zones. In those seven Enterprise Zones in the county, \$95 million in zone funds have been actually utilized so far, which has created over \$9 billion in investments. If we look at that, that's \$41,000 per job, in terms of funds; and creating over \$391,000 of additional investments in the private sector. That's a 95:1 ratio of return. That's the type of program and economic development stimulus packages that we're trying to look for.

But also the real question is: Answers; you were looking for answers today. One of the things that I think I enjoy is the fact that I'm not employed by an Urban Enterprise Zone, I don't get paid by an Urban Enterprise Zone, I'm not associated with an Urban Enterprise Zone. But being involved with Urban Enterprise Zones for a better part of 16, 17 years, I can tell you that one of the problems has always been, as we said earlier, where is the program? We would not be here today, Mr. Chairman and Committee members, if it wasn't for the fact and recognizing that there are problems with the program. And those problems began at the State level. The State has moved this program around from place to place to place, from home to home to home, without any type of leadership in the last 10 years. And it isn't until that time that we would be able to get effective communication, and effective programs, and effective efficiencies out of this program -- unless we have those individuals guaranteed that they know who they can call their boss. They are where the rubber meets the road. They are the individuals fighting in this community every day. They are what the Governor's looking for, in terms incentivizing our businesses and our communities for growth and economic opportunities. It's in the

Urban Enterprise Zone Program, but it takes leadership. And I thank you for your leadership, for your new thinking, and for your commitment, which is what this program needs -- is a little TLC. And that's new thinking, and new leadership, and a new commitment.

And I believe that you can do that. And basically, it's really a function of not throwing the baby out with the bathwater. And that's where we are today. I think we should applaud the people who run this program, but are there inefficiencies? Absolutely. Are there ways of fixing it? I believe there are. I think that 50 percent of the program can be reduced. I also believe that, quite frankly, if we do a phasing out of the municipal services contracts, that can create an opportunity for savings at the same time. I also believe there are ways of creating efficiency, by making sure that each job is created, with the Urban Enterprise Zone Program, by enabling and making sure that there is efficiency in administration.

One thing that's critical is that the administration of this program must be funded in order for it to be effective. If it's not funded, there is no program. And that's what I'm here to talk to you about today. And I implore you to be able to keep this program, because, quite frankly, it will affect thousands of people. One thing that we didn't look at: If you just take a small number -- a very small number -- if you take 2,000 people who are going to be unemployed by this program being cut and gutted, and at \$25,000 if you look at all the multipliers, you're looking at \$12.5 million, on an annual basis, it's going to cost this State. Those are the numbers that need to be looked at, and it has to be the Administration that has to be held accountable, just as much as the Urban Enterprise Zones.

Thank you very much for your time.

SENATOR VAN DREW: Good job; thank you very much.

MR. KOPERWEIS: Thank you.

SENATOR VAN DREW: And our last--

R O B E R T A F A R B E R: Yes.

SENATOR VAN DREW: --group from the City of Jersey City: Duval Brown, Charlene Burke, Roberta Farber.

MS. FARBER: It's only Duval Brown and myself; thank you.

SENATOR VAN DREW: Okay, well that sounds good to me.

MS. FARBER: Thank you, Senators.

I just would like to start-- I will have some comments afterwards, based on some of the things that I heard today, just to give some clarification on some of the points that were brought up.

But with me, I have Mr. Duval Brown. He has gone through two UEZ training programs that we fund. So I have brought the human element to this hearing.

Mr. Brown.

D U V A L B R O W N: Thank you very much; thank you for your time.

My name is Duval Brown. I'm here just to share my testimony, from the heart, how Jersey City Episcopal Community Development center has changed my life and helped me to better myself, and to secure myself with a full-time job.

First of all, I want to say the Customer Service Training Skills has really developed me as a better person, as far as communicating, and also helping me with job search, with my resume, updating my computer skills; also for (indiscernible) dealing with job developers, as far as more

interviews; also to really go out there and get it for myself. And without this program in the community, in the City of Jersey City, I wouldn't be here speaking to you today. And one of the things that stood out was public speaking. And my goal, now, is to move forward, to get a little bit better as far as the community; and reaching out to others and let them know that this works -- I'm a living testimony that the program works.

The program works, such as I have my own travel business. And the thing about it was, the skills that I learned there -- I was able to impart them and to move forward. And also, my goal in the future, long-term, is to employ other people in the City of Jersey City, the community, and to train them in that area; and to assist this program, to let you know that it does work, because I'm a living testimony of that.

And I thank you for your time, and I want to see this program continue. I am well-supportive of it, and I'm behind it. Whenever they need me, they call me in to be a testimony to the new incoming classes, to let them know that it does work -- to encourage them.

So to you, and from my heart, I encourage you to keep this program going in the City of Jersey City and in the State of New Jersey; and to spread the word, because it does work. Thank you.

SENATOR VAN DREW: Duval, we wish you much luck, and we're proud of you. Much success.

MS. FARBER: Thank you.

Okay. Senator Haines, I'd like to -- through the Chair -- you questioned whether or not the UEZ Program really ever ended. There is, in the legislation, where it states that if your unemployment rate is 2 percent

lower than the State's unemployment rate at the time, that you are ready to come out of the program. That is the factor that is looked at.

Also, whether or not-- One of the things that we, as UEZ Coordinators, are trained to do is to start second-generation fund programs. Most of us have long programs; any type of equipment that is sold goes into a second-generation account. Nothing moves into our first-generation accounts. Many moons ago, when I first started being a UEZ person -- I guess it was about 17, 18 years ago -- they suggested that I start a second-generation account because, eventually, the program was going to end. Unfortunately, there are new rules and regulations which go against what was the original intention of second-generation funds. Any time a second-generation fund project has to be formed in a way of a project and go before the UEZ Authority now, we cannot use our second-generation funds for administration for this program. So therefore, any time in the future, were Jersey City or any one of the other municipalities-- We can't then, if we still have funds available for us to use, that need to go before the Authority, that -- we cannot use them for the administration of the program, unless the municipality is going to take it upon themselves to increase their employment for somebody to administer what has already been started with this program. So that is part of the answer to some of that question.

Also, municipal services -- they talked about that before -- someone suggested that it was 20 percent. There is a municipal service cap of 35 percent for each municipality. Whatever it is that you intake in your project status account, 35 percent of that is eligible for any municipal services project. The 20 percent is what the city must match on any municipal project.

One other thing: You talked about unemployment; you've asked everyone who has come up today. If we get rid of the UEZ Program, what happens, unemployment-wise, is it going to hurt us? Of course it is. Two weeks ago I got phone calls five minutes apart: one from ADP that is looking to relocate a business from Manhattan into Jersey City. The other was from the Economic Development Authority, and someone there looking to move a business into Jersey City. In both cases I had to tell them the same thing: They were questioning whether or not -- we have a \$50,000 relocation grant for moving businesses into Jersey City from outside of the State of New Jersey, so long as they are going to increase employment by at least 10 persons -- whether or not that program was still in place, and if the incentives for the UEZ Program were in place. And I've asked this question many times, and there are still no answers. And maybe, with a little help from Senators, we might be able to get these answered. In the Governor's proposed budget on the UEZ Program, he states that the program's not going to die; that the 3.5 percent is going to stay in place for the retail establishments. We all know that his intention is to move those funds into the General Fund, therefore stopping any funding to us. He also states that there will be some benefits for the businesses. It does not say what those benefits are. It does not say whether it's going to be the reduction in the sales and use tax for the businesses that is going away. It doesn't talk about whether the credits for the unemployed persons that they hire, if that is going away. It does not talk about the unemployment insurance and whether or not that is going away. These--

SENATOR VAN DREW: And the reason for that is that none has been defined yet. We have asked, and you're right. Those are very

good questions. And first of all, I think -- and I didn't mean to interrupt you -- but we're still not abiding by the premise that his proposal is going to be what's done at the end of the day; hopefully not, because we're all going to have some significant problems, structurally, if that happens. Secondly, though, to your specifics: That has not been defined yet, as of now.

MS. FARBER: Right. And when I speak with these companies--

SENATOR VAN DREW: You don't know what to tell them.

MS. FARBER: Correct.

SENATOR VAN DREW: Yes.

MS. FARBER: And that's why we did not even send letters out to all of our businesses, because I would get the phone calls from the 600-some-odd businesses in Jersey City. I can't tell them yet what is going to be, and what isn't.

SENATOR VAN DREW: Which is a very good point that you make, as well, and why we have to really square this away. We can't do this every year. We can't even every year be starting to play around with-- I mean, if we need to change -- again repeating -- but we need to change some structural things of what we do with this UEZ, we should do that. But we can't worry every year that we're not going to have the program exist, because, quite frankly, businesses that are interested in investing, staying, relocating, are not going to, because they're going to say, "Boy, we're at risk there," and rightly so; justifiably so.

The Governor talks about our high taxes, and how businesses don't want to come here sometimes, or the bureaucratic maze that they have to go through; and I believe that he's right about that as well.

MS. FARBER: I do, too.

SENATOR VAN DREW: However, another disincentive is going to be if every time they'll wonder, "Gee, I wonder really, if I do come to Jersey City, is that whole thing going to go away? I mean, it's part of my commitment there." We can't do that. So we have to get this squared away, hopefully this year, and move forward.

MS. FARBER: But, as of right now, if that proposal goes through June 30--

SENATOR VAN DREW: We're done.

MS. FARBER: We're done. So how do I tell businesses that are coming to me now that these benefits and these programs are in place?

SENATOR RICE: Well, through the Chair--

SENATOR VAN DREW: Yes, Senator Rice.

SENATOR RICE: You don't tell them. You tell them the truth. We may not have the program.

Let me say something to you.

SENATOR VAN DREW: Actually, I'd say I think we're going to be able to say it, because I want to get the business in here. But, go ahead, Senator Rice. (laughter)

SENATOR RICE: The thing is that if-- Look, I'm going to look around, regardless. If I can get a benefit over here, that's great. I'll get myself a (indiscernible). If I can't, I'm going to still look around, because locally, local governments have other flexibilities if they want to use them, or have the ability to create some, etc. So just tell them truth; that's number one.

Number two -- through the Chair -- I'm going to suggest that you write down the issues you have real concerns with right now. And I'm going to suggest that you get them to Senator Cunningham and Assemblyman Mainor and ask them to bring them to the Legislative Black Caucus Retreat, because we're going to have a discussion on this issue there. What we are calling it -- a brotherly/sisterly love discussion -- about the impact on our folks. Because we know what this pain means throughout the state, but every time there's pain, we know where the majority of that pain falls: that's women and minorities. And so just get that to them, and tell them I suggested you do that, so that they can lead the discussion in that. And then, through the Chair, they can get the questions to us; hopefully, through the Chair. If not, the Chair will get it to me. I'll raise those questions with the Governor again. I don't think we should wait until June to get an answer to those particular issues.

MS. FARBER: Gladly; thank you, Senator.

Thank you, Senator, for all of you, for sitting and listening to all of us.

SENATOR VAN DREW: You're welcome.

Anybody else, or I think we got you all, right? (laughter)

We do have somebody. Come on forward.

MAURICE JONES: We saved Burlington County for the last.

SENATOR HAINES: We saved the best for last, right?

SENATOR VAN DREW: There we go. Senator Haines, here you go, right? We knew you stayed for a reason.

SENATOR HAINES: You knew it.

MR. JONES: I have my Mayor, David Patriarca, with me, from Pemberton Township.

SENATOR VAN DREW: It's good to have you here; thank you.

MR. JONES: My name is Maurice Jones, Pemberton. I'm the UEZ Coordinator. Pemberton is adjacent to Fort Dix and McGuire Air Force Base; about 64 square miles, but only 30,000 people there.

Many years ago, we were looking to develop Pemberton Township. We didn't have the funding. We got into the UEZ Program about 14 years ago. We finally got some funding together, we were able to leverage that funding with the tax abatement monies, and we were able to attract a developer to Pemberton Township.

It resulted in the building of a shopping center called the Pine Grove Shopping Center. We have 15 stores there, which supply services to our residents that they never had before. Believe it or not, they never had a shoe store in town, and we were like heroes when we brought that in.

More importantly, it created 100 jobs; 75 of those jobs are used by residents.

That's in the past. What we're looking at now: We hired a consultant recently. We're looking to redevelop Browns Mills, which is our major shopping center. We're in Phase I with that consultant, where we're developing the plan. We're taking a look at our retail stock. We're trying to determine which way we should go, and how we should approach this. If we lose this funding, there will be no further phases, and all we'll be left with is a plan and not be able to implement it.

That's what this program means to a small town in dire need of funds.

Thank you.

SENATOR VAN DREW: Thank you for being here. That's another good aspect to have.

MAYOR DAVID A. PATRIACA: Senator, if I may; and I'll try not to make this a fatal mistake on your part for asking for another speaker. I'll make it short.

To give you a little background about our town: We are 64 square miles -- as Moe said -- we're the third largest municipality in Burlington County. We're the largest municipality adjacent to the Mega Base, with three to four gates coming into our community.

Our town is large in size, but we are crippled in the sense that we are a Pinelands community -- a State-supported program which limits our development, limits our ability to raise funding. And if I want to go back several speakers back -- I believe it was Paterson -- was the only one that made a comment on the fact that -- State aid and how that impacts communities. Pemberton Township also relies a lot on State aid, and I'm sure if we did the numbers and we looked at UEZ communities-- How many UEZ communities are there?

SENATOR VAN DREW: There are 37.

MAYOR PATRIARCA: If we looked at the dollars per resident, within those 37 communities, of State aid that's gone out, as opposed to the other whatever 530-some communities -- or whatever it is-- I think that we'll probably find more State aid is going to those communities and the reason being is they need help. And that's what we're trying to do -- help

these communities. Help towns like Pemberton and other towns in UEZ communities. And my point is -- and I've argued this many times -- we're a Pinelands community; 90 percent of our town is in the Pinelands. My 10 percent that's not in the Pinelands is being assimilated by Farmland Preservation, and they're still seeking more of that. And there's no hope that I've seen so far to increase our two-way sewer supply service area.

So we don't have the means to raise the funds to stand on our own two feet. Quite frankly, the State has us hooked on aid. And by building a business community that we feel will be viable and allow our town to grow in the area we are allowed to -- in our regional growth area, that could help us when we start losing the aid, as most communities have this past budget season, and we have. We can survive. We're not going to stand on our own two feet yet; but, as I say, give me the ability to do that. Don't take away every-- You're pulling the rug out from under us with this last little -- taking away our UEZ Funds when we have plans. And we did what we thought was the right thing by going into our Revitalization Steering Committee, bringing our redevelopment plan in line, and bringing in a professionals to redevelop our business district to bring energy into our community. And then right when the curtain's about to rise for us, you guys pull--

SENATOR VAN DREW: Not us. (laughter)

MAYOR PATRIARCA: Excuse me. I stand corrected, because I have heard a lot of support here today.

SENATOR VAN DREW: Now, I let you talk at the end here; come on. (laughter)

MAYOR PATRIARCA: The curtain is now being held down, and we're not able to open it up.

And I do applaud Senator Rice on his commitment to making sure that this program is managed properly. Accountability -- I believe in that wholeheartedly. And also for the fact that if accountable, he'll support the program. And it needs to be; government needs to be accountable in all aspects, in all our programs.

I thank you for the time.

SENATOR VAN DREW: Thank you, guys. Thanks for being here.

Do we have anybody else? (no response)

One, two, three. (raps gavel)

Meeting's adjourned. (applause)

(HEARING CONCLUDED)