
Committee Meeting

of

SENATE ECONOMIC GROWTH COMMITTEE

“The Committee will receive testimony from invited guests representing chambers of commerce within the State”

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: March 4, 2024
10:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nilsa I. Cruz-Perez, Chair
Senator Shirley K. Turner, Vice Chair
Senator Britnee N. Timberlake
Senator Kristin M. Corrado
Senator Joseph Pennacchio



ALSO PRESENT:

Suzanne Miller
Michael D. Walker
Office of Legislative Services
Committee Aides

Erika J. Nava
Senate Majority
Committee Aide

Sarah Fletcher
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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Chair

Shirley K. Turner
Vice-Chair

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NEW JERSEY STATE LEGISLATURE

SENATE ECONOMIC GROWTH COMMITTEE

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COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE ECONOMIC GROWTH COMMITTEE
FROM: SENATOR NILSA I. CRUZ-PEREZ, CHAIRWOMAN
SUBJECT: COMMITTEE MEETING - MARCH 4, 2024

The public may address comments and questions to Suzanne Miller, Amanda DeMarco, Committee Aides, or make bill status and scheduling inquiries to Carla Novatkoski, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideSEG@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Senate Economic Growth Committee will meet on Monday, March 4, 2024 at 10:30 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The Committee will first receive testimony from invited guests representing chambers of commerce within the State. Immediately following this testimony, the Committee will consider the bill(s) listed in this notice.

The following bill(s) will be considered:

S744 Diegnan	Removes requirement that local units may only provide broadband telecommunication service via wireless community service.
S2344 Ruiz/Cruz-Perez	Limits availability of Child Care Facilities Improvement Program grants funded through Child Care Revitalization Act to licensed child care centers.

Issued 2/26/24

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(This is an excerpt from the Senate Economic Growth Committee meeting of March 4, 2024.)

SENATOR NILSA I. CRUZ-PEREZ (Chair): Good morning.

I want to take this opportunity to welcome everybody to the Committee this morning, Economic Growth Committee.

We have new members, so I am going to welcome Senator Timberlake to the Committee. We are delighted to have you in the committee.

May I have roll call, please.

MS. MILLER: Senator Corrado.

SENATOR CORRADO: Here.

MS. MILLER: Senator Corrado is present.

Senator Pennacchio.

SENATOR PENNACCHIO: Here.

MS. MILLER: Senator Pennacchio is present.

Senator Timberlake.

SENATOR TIMBERLAKE: Here.

MS. MILLER: Senator Timberlake is present.

Vice Chair Turner.

SENATOR CRUZ-PEREZ: She is on her way.

MS. MILLER: She is on her way.

Chairman Cruz-Perez.

SENATOR CRUZ-PEREZ: Present.

MS. MILLER: Senator, you have a quorum.

SENATOR CRUZ-PEREZ: Thank you.

As the beginning of a new session, I decided to have hearings, and the main purpose of the hearing is to obtain the perspective and recommendations from various chambers of commerce on disparity. A study that was released on January 24, '24 to explore how the Legislature can help address the disparities highlighted in the report. Additionally, some of the chambers will testify on how businesses have recovered from the COVID pandemic, and any outstanding issue.

We are not discussing budget; we are not the Budget Committee. But, we are definitely going to discuss the issues that are affecting the chambers of commerce and our businesses in the State of New Jersey.

With that, I am going to bring the first panel-- Before that, Senator Corrado, will you lead us through the Pledge of Allegiance, please.

(Pledge of Allegiance recited)

SENATOR CRUZ-PEREZ: Thank you.

Our first panel is going to be the New Jersey State Veterans Chamber of Commerce, Colonel Jeff Cantor. Come forward.

The State Hispanic Chamber of Commerce, Luis De La Hoz, will you come forward, please.

And, the African American Chamber of Commerce, Mr. Harmon, will you please come forward.

Mr. Harmon is not here yet; we will call him when he gets here.

COLONEL JEFF CANTOR: Honorable Chairwoman, thank you for allowing us to come in and offer testimonies, honorable members of this great committee. Thank you for allowing us to come in to speak today.

I am Jeff Cantor from the New Jersey State Veterans Chamber of Commerce, and also of the New Jersey Diverse Business Advisory Council.

So, since the disparity study came out, we created the Diverse Business Advisory Council, because, as you can see from the disparity study, all the disparaged groups did not get their fair share of contracts in the State of New Jersey.

I am just going to read my testimony. I believe you all have a copy of it as well in front of you. So, I'm offering my testimony from my six-plus years working on procurement for diverse businesses in the State of New Jersey.

As you are aware, the State published a disparity study last month, which indicated that the State has not done its fair share to provide procurement opportunities to diverse businesses. Interestingly, the State last produced a disparity study from 1999 to 2004, which came to the same result, indicating that there is a disparity for awarding contracts to diverse businesses. So, I used the last 25 years of State procurement as a reference to substantiate the inadequacies of the State awarding contracts to diverse businesses. All the information you're going to hear today can be found on the website, *diversechambers.com*, which is representative of all the diverse chambers that are here today.

There are several issues regarding the way the State awards contracts to businesses, which reduces opportunities for diverse businesses. This is clearly evident, as the distribution of 70% of all contract dollars in construction -- roughly \$8 billion -- went to 35 highly-used businesses in the state. These awards to a select few contractors are repeated across construction contracts, professional service contracts, and goods-and-service contracts. So, if you ask those 35 contractors, they will let you know that there is nothing wrong with the procurement process in the State. If you ask

the 20,000-plus businesses that are represented by us here today, the New Jersey Diverse Business Advisory Council, they will share with you that there is a significant problem with the procurement in the State. Understanding problems is about perspective. We are here to tell you that there is a major problem -- but, the good news is that we also have solutions to address this problem.

Are you aware that the State has a 3% disabled veteran business set-aside program? This has been public law since 2015 -- that's nine years of being public law. Just recently, the State has tracked data for this year ending 2021 for DVOBs. The State spent 0.53% -- or \$21 million -- DBOBs that year. I know Madam Chairwoman is a veteran; this greatly affects you as well, as I know you're concerned about this. At the same time, New York State awarded \$182 million to DVOBs. I've heard from Treasury that they are about to launch 2022 data. Although I do not know what it looks like, I've been told that it is not over 1% in spends.

The diverse business community believes that they have the solutions to this problem. We have put together a list of short-term, mid-term, and long-term goals to address this problem. We also have a list of proposed legislation that we would like enacted upon that will right the wrongs of the last 25 years of disparity in procurement in New Jersey. I will provide you with a list of the goals -- which you should all have in front of you -- of what we would like to see.

In the short-term category, we're requesting that the Governor issues an executive order which will memorialize the New Jersey Diverse Business Advisory Council and make it an official State council. We want this council to be led by the diverse chambers in the State, as you see here in

front of you, and also have members of the Legislature, NJEDA, Treasury, front office personnel, on this council.

We want a mandate that every state agency must comply with the directives of the council. We also want the creation of the Office of Small Diverse Business Development, which have created-- We have also created an organizational chart, which can be seen on the website.

In the midterm, we're looking for the unbundling of state contracts to make it easier for small, diverse businesses to compete as prime contractors. We are looking for a price preference program of 10% for all small, diverse businesses to compete in the bidding process fairly. And, we would like the establishment of a capital fund for small, diverse businesses to be able to use State contracts as collateral and allow greater access to capital for small businesses.

In the long term, we're looking for mentorship programs, and, if you think about--

MS. MILLER: Could you please take one more minute.

COLONEL CANTOR: Oh, yes, absolutely.

I look at the mentorship program -- there are not a lot of women-veteran businesses in the state. But, I can tell you this: This is Women's Heritage Month -- not one woman-veteran business has ever gotten a contract with the State of New Jersey. That's a profound statement.

So, we're looking for mentorship programs that can help some of these businesses get more contract opportunities. We're looking for both supply diversity and a diverse business ombudsman at every state agency, with procurement power to help navigate the difficult borders of these small, diverse businesses.

The bottom line is, there needs to be change right away. This disparity study highlights the fact that that procurement is broken in this state. It's been broken for 25 years, and you have the answers in front of you with the diverse chambers sitting here and behind me to help with the solutions.

Thank you for the opportunity to come in and speak today. We appreciate that.

SENATOR CRUZ-PEREZ: Thank you, Colonel Cantor.

Anybody have a question for the Colonel? (no response)

Thank you for your testimony.

Mr. De La Hoz.

L U I S O. D e L a H O Z: Good morning.

Dear honorable members of this State Legislature, I write today with a sense of urgency and determination regarding the recent findings of the State disparity study, which, alarmingly, reveals a persistent failure to provide equitable procurement opportunities to diverse businesses.

As we delve into the implications of this report, it is imperative to recognize the gravity of these findings, and the urgent need for corrective actions. What is particularly shocking about the results of the disparity study is the unsettling sense of déjà vu it evokes. Remarkably, the disparity identified in the recent report echoes those uncovered over two decades ago in the disparity study, from the time between 1999 and 2004. This glaring recurrence serves as a stark indictment of the state's longstanding neglect in addressing the systemic barriers that hinder the participation of the diverse businesses and procurement opportunities.

As we reflect on the past 25 years of the State procurement practices, it becomes abundantly clear that the status quo is untenable. The Latino community comprises more than 2.5 million individuals in our state, with over 140,000 small business owners contributing significantly to our state's economy, cannot continue to be marginalized in the procurement process. With a staggering GDP of \$97 billion annually, the Latino community deserves more than token gestures of inclusivity.

We demand equitable access to contracting opportunities commensurate with our contributions to the state's economic vitality. It is imperative to recognize that the barriers to procurement faced by diverse businesses extends beyond mere access to contracts. They encompass a lack of experience and capacity-building opportunities necessary to compete on a level playing field. Our businesses yearn for the chance to cultivate expertise and resources needed to thrive in today's competitive marketplace.

We seek no handouts, but, rather, a fair and equitable chance to participate in the procurement process, reflective of the taxes we dutifully contribute to the state coffers. We must acknowledge that diversity and inclusion are not merely buzzwords, but fundamental principles of a fair and just and thriving society. By perpetrating disparities in procurement, we not only perpetrate economic injustice, but also squander the untapped potential of diverse businesses to drive innovation, create jobs, and foster inclusive economic growth.

As stewards of public trust and guardians of equitable governance, I implore each of you to heed the clarion call for action. Let's seize the moment as an opportunity to rectify past injustices; dismantle

systemic barriers; and forge a future where every business, regardless of background, has an equal opportunity to succeed.

In closing, I urge you to consider the finding of the State disparity study not as a mere report, but as a catalyst of meaningful change. Our state's future prosperity hinges on our collective ability to embrace diversity, cultivate inclusivity, and champion equity in all facets of government -- including procurement practices.

Thank you for your attention to pressing this matter. I stand ready to collaborate with you in pursuit of a more just and equitable future for all.

Thank you.

SENATOR CRUZ-PEREZ: Thank you, Mr. De La Hoz.

Mr. John Harmon, good morning. Welcome to the Committee.

J O H N E. H A R M O N, Sr.: Good morning to you, all.

I am here with my colleagues, and Colonel Cantor. I will be sure not to repeat some of the recommendations he made, because we clearly have been thinking about the same issues here. So, today, I will give you a brief overview of who we are, what we represent, and give a little historical context and then close on a few recommendations.

But, I am delighted to be here today, and thank you all for your service to our state. I serve as the Founder, President, and CEO of the African American Chamber of Commerce of New Jersey. And, so, we live in a state of what we call capitalism under a free enterprise system, when, through those practices, we believe that it provides access to a better life. Realizing that capitalistic practices have the potential of transforming peoples' lives, we founded the African American Chamber of Commerce in 2007 as a vehicle

which connects Black people -- Black businesses -- to opportunities that derive within the public and private sectors of the State's economy. We served as the vanguard for 1.2 million Blacks in the state; just south of 90,000 Black businesses, of which 4-5% have employees. Ninety-four percent of Black people in New Jersey and 96% -- respectively -- went to the polls and supported the Murphy administration for his stronger and fairer economy on two occasions. Black people are at the absolute bottom when you talk about the highest poverty, the highest unemployment. Our net worth is \$17,000 versus \$322,000 for whites. Homeownership -- between 35-40% of Blacks own homes versus 76% of whites.

The recent disparity study provided an in-depth look at how Black businesses were forbidden to participate equitably in taxpayer-funded public contract opportunities for several years. However, for me, this level of intentional exclusion goes back -- way back, when the court approved the 31 Abbott school districts to receive upgrades. It was an allocation of \$8.6 billion dollars, wherein only 50% of the schools got the upgrades that were earmarked for them. And, then, there was another four-point-some-odd billion dollars allocated to complete that task. The School Development Authority was established, and, notwithstanding that school districts like Trenton were, for years after the Supreme Court decision to get plans and put plans in place to build these schools, only to have that opportunity to participate in the funding and executing those contract opportunities, that was given back to the School Development Authority. And, then, under Governor McGreevey, he established project labor agreements to serve as -- in my opinion -- a preference procurement program for the trades. And, they were not subject to a disparity study.

Every economic state program or initiative, we see that the trades have a preference -- be it bridges, roads, cannabis, clean energy, or vertical constructions. A few suggestions of how we work to achieve a stronger and fairer New Jersey-- And, Colonel Cantor, he laid out a few; I'm going to add a few more.

Implement an immediate moratorium on all non-emergency public contracts over \$5 million. I think that's a good-faith step forward, and it shows that our state is intentional about achieving--

MS. MILLER: (indiscernible), I apologize.

MR. HARMON: I'm sorry, I'll be done.

Our state is seeking to achieve equity. A lot of New Jersey's project labor agreement threshold of \$5 million with that of President Biden's, which is \$35 million. Also, adopt a number of best practices that we see in the region that help women, minority, veterans, disabled, and the lesbian-gay community to have, at least, some incentivized goals -- at least 30%.

You talked about the unbundling of contracts. We should revamp the cooperative systems and state contracting. We should have intensive monitoring systems to ensure adherence to state goals. A quarterly reporting out from the 61 agencies. Prime and subcontractors should have a formal agreement to ensure that their relationships remain intact throughout the bidding process.

We have a task force at the African American Chamber of Commerce, that is willing to sit down with any of you, as well as this administration, to negotiate a mutually beneficial path forward.

Thank you.

SENATOR CRUZ-PEREZ: Thank you, Mr. Harmon.

We have-- And, I hope all my members have the list of the priorities that were put together. This is a combined-- Colonel Cantor, can you go -- very quickly -- there's 15 of them -- if anything that highlights a priority as a team?

MR. HARMON: I could provide them to you, if you like, so you could-- I could run through them, if you like, as well. It's your call. I think one of the--

SENATOR CRUZ-PEREZ: Yes, if you can send us what will be the priorities--

MR. HARMON: Yes, I'll hand it to you--

SENATOR CRUZ-PEREZ: Obviously the whole list is a priority, to my standards; this is a priority, the whole list.

But, we need to start with something, so, I would like to see if-- What will become a priority for the entire group?

MR. HARMON: With all due respect, I'll share with you what I have, and I'll get with my colleagues.

But, at the end of the day, given the gross, intentional, or exclusivity of our participation, we should have a comprehensive look. So, the priorities -- in terms of action items -- may be rather extensive.

I will submit to you, given that Black people are on the absolute bottom of this aggregation, an intentional focus to get us in a better place should be the utmost priority. And, then, my colleagues as well, we can move along. But, from our vantage point, the Number 1 priority is to ensure that Black people in New Jersey are equitably participants in the State's economy -- particularly given our taxpayer dollars. Everyone is paying taxes, but the

groups that appear to be having the preference as far as in the trades-- So, for me, this aggregation, the setting of goals, and this project labor agreement, given alignment with the President, I think they would be my three top priorities.

SENATOR CRUZ-PEREZ: Thank you.

MR. HARMON: You're very welcome.

SENATOR CRUZ-PEREZ: Colonel.

COLONEL CANTOR: Madam Chairwoman, I would say to your question, items Number 2, 3, 4, 8, 9, and 15 would be the top priorities. That would have the most dramatic impact -- the quickest impact -- on helping diverse businesses in the state.

SENATOR CRUZ-PEREZ: Thank you.

COLONEL CANTOR: Thanks.

SENATOR CRUZ-PEREZ: Thank you.

MR. DE LA HOZ: Can I add something?

SENATOR CRUZ-PEREZ: Absolutely, Mr. De La Hoz.

MR. DE LA HOZ: During the pandemic, a lot of businesses got certified as minority business owners. The number of businesses certified in the state increased because that was one of the requirements to access many of the programs that became available through NJEDA. That number-- Right now, we are in a better position to access recruitment opportunities, because it's free for the small businesses to get certified, and it's one process for all the certifications (indiscernible).

SENATOR CRUZ-PEREZ: Thank you. Thank you so much for coming and testifying.

This is just the beginning of the conversation. I know we said five minutes; that probably is a whole day-long conversation. But, with this list, we've got homework to do and we can work together to improve the numbers in the State of New Jersey and close that disparity -- at least trying to close that gap.

Thank you for your testimony.

MR. DE LA HOZ: Thank you for the opportunity.

COLONEL CANTOR: Thank you, Chairwoman.

SENATOR CRUZ-PEREZ: Senator Pennacchio.

SENATOR PENNACCHIO: Thank you, Chairwoman.

Just a couple questions, first for Colonel Cantor. You had mentioned the disparity with the women's veterans businesses not being able to have any procurements. Do you know how many women's veterans businesses there are in the State of New Jersey? And, do they actually seek procurements -- businesses from the state?

COLONEL CANTOR: That's a great question, Senator.

At this time, utilizing the NJ SAVI system, which is the system that the State uses to track diverse businesses. There's no way to determine which is a woman-owned, woman-veteran-owned, woman-disabled-veteran-owned business. That--

SENATOR PENNACCHIO: You did make a statement that said that you were very disappointed in the fact that zero women businesses have been able to procure statements.

But, if you don't know how many there are -- if there are any at all -- they fall into another subset, another minority subset, then you may be

doing a disservice to the work that you already did and you're presenting to us.

COLONEL CANTOR: Senator, so, my second part of my statement, what I'd like to just say, is that within the Veterans Chamber of Commerce there are about 20 -- a little bit more than 20 -- women-veteran businesses in the State of New Jersey. Out of those 20 veteran businesses in the State of New Jersey, zero have gotten a state contract.

SENATOR PENNACCHIO: And, just a question for John.

First of all, welcome, John, we've worked closely in the past and it's truly a pleasure to see you.

If you can, just briefly talk about the surety bill, because we had--
- We had made that a priority a number of years ago, and, at that time, it was a game changer. Just explain what it was and how it's actually helped the group, because these are the things that I think we should be doing more of. Instead of giving you that -- vulcanizing the amount of procurements that are out there to individual groups, what we do instead of giving them the fish, we give them the pole--

MR. HARMON: Yes--

SENATOR PENNACCHIO: --and give you the tools--

MR. HARMON: Yes--

SENATOR PENNACCHIO: --and, then we tell you to fish on your own.

MR. HARMON: Absolutely.

So, Senator Pennacchio, I want to thank you for not only the question, but thank you for your partnership.

I remember several years ago I met with you and your colleagues in the Republican Caucus and you all asked me what are some of the specific things that we would like to get done. And, I said, "We need a bonding program." Because when we hear the announcements of these public projects without a bond, you can't participate on contracts over \$200,000. You stepped up, and the late Senator Rice co-sponsored a bill, and this body unanimously approved, and then Governor Christie signed it into law.

To date, sir, we've issued probably about \$55 million in bonding opportunities for businesses in the state in partnership with the Murphy administration and the New Jersey Economic Development Authority. But, it all started with a conversation like today.

So, that's going well, and we're kicking off cohort five, I believe, starts tonight.

SENATOR PENNACCHIO: And, one of the fears-- A couple of fears that I have, looking at some of the bullets that you have over here, is some of the set-side where I guess a 10% preference means that if somebody bids on a job, that they're allowed to bid 10% more than the next bid, and they will be allowed to get that. Am I reading that correctly?

MR. HARMON: Yes, so, I can handle that, thanks.

In New York, that's a best practice that works. Let's say that you as a majority firm or a non-minority firm bid \$100, and I as a minority firm bid \$100. My bid would be accepted at \$90. That's a way to incentivize that the underserved, the firms that are not participating equitably, will have a chance to get this opportunity. So, it is a best practice that's working, not only in New York but in other states around the country. So, I think the

State -- given the recent disparity -- has to find a way to put forth some incentives to get us in a better place.

So, let me give you another example, and you asked Colonel Cantor to speak to participation of a certain group. So, in this disparity study, contracts between \$65,000 and \$5.7 million -- just to put a little context to this discussion -- Blacks received 13 contracts totaling about \$3.3 million. I believe white women were somewhere about 250-some odd contracts, approximately \$277 million. And, then, white men was \$10 billion. So, that's to give you a sense of the inequity, taxation without representation.

SENATOR PENNACCHIO: We have to tread very lightly, because we agree on most of what you're saying, but you have to keep in mind that the difference is made up by the taxpayer, and we always have to keep in mind and put them at the top of the list as far as the people who we should be concerned with.

If there has been a disparity, and it's been done overtly, then that should be addressed, not only by legislation, but by the courts.

MR. HARMON: I agree.

SENATOR PENNACCHIO: I just have this fear. This fear is that if we start to vulcanize all these procurement processes by giving 3% to one group and 10% to another group, eventually you're going to start cannibalizing yourself. And, you're also going to start affecting the taxpayer, and increasing the amount of burden that's put on the taxpayer in order for somebody's procurements.

I am with the Chairwoman 100% as far as taking a look at this. John, we spoke about this a number of years ago. I think the biggest thing to

come out of this conversation right now is that it took 25 years to have an advisory council; this should be done, quite frankly, maybe on a yearly basis. Maybe there should be an office, that way you can keep us abreast. And, if there's a surprise, it's not going to be compounded by the fact that it took 25 years for us to realize that there was an inequity.

So, that's something that we may want to look at, and that's maybe -- it should be put on the top of the list, that way you know what's going on in real time.

And, I thank you all for your time today.

MR. HARMON: So, Senator, if I can respond to that, I would say that a year is too long. So, we may have to decide what makes more sense semi-monthly, quarterly. Because we need to move this as expeditiously as possible to catch up.

When you talk about taxpayer dollars, I get that, because I am a taxpayer. But, when I see the trades -- which, I have nothing against the trades other than they're not inclusive, they're not diverse -- to get a tradesperson versus a traditional small business to participate, the cost is significantly higher, if you want to talk about taxpayers. You have about 79% of New Jersey's construction businesses that are non-union, and 21% that are union. These are estimates from the Association of Builders and Contractors -- or Construction.

So, what I am saying is we need to level set and acknowledge what is happening here. If the taxpayers were aware of the inequities that are existing, and the lack of participation by society as a whole, I think they would have a problem with that as well. So, I think that's what this

conversation is all about. We've had a historical look back of people who have benefited and people who have not; people who have been marginalized.

But, the fact of the matter is that Black people are at the bottom. And, unless we do something to mitigate that and position them to compete - We're not asking for charity, we want to compete. And, we think if we compete and provide value, the taxpayers or beneficiaries in the State of New Jersey will be in a more competitive situation as we benchmark against other states around the country.

COLONEL CANTOR: And, Senator--

SENATOR CRUZ-PEREZ: Yes, we definitely -- I'm sorry, Colonel. Go ahead.

COLONEL CANTOR: I'm sorry Senator -- Chairwoman.

Senator, to answer your question, 13 other states have adopted a price preference program.

SENATOR CRUZ-PEREZ: Thirteen.

COLONEL CANTOR: We would be Number 14 to do that.

I had a sit-down with the state of Michigan to ask them specifically about their price preference program, and how much extra it costs the taxpayers. And, it did not cost the taxpayers any additional dollars by implementing that program -- Number 1.

Number 2 is, as a business owner, how can I -- as a small business owner, and a diverse business owner -- how can I compete against those 35 businesses that get contract after contract after contract? They might have their equipment mobilized already all across the state. I have to charge to mobilize *my* equipment in a construction company to do that. So, it's an

impossibility that I would ever get a contract, because it costs me more as a small, diverse business than these larger companies.

So, there needs to be fairness built into the system.

SENATOR PENNACCHIO: One of the paths that may be taken, and if you just take a look at the subcontracting within those procurements, where you don't have to outlay all the money if you don't have it to begin with. And, that way you can co-join and become symbiotic where you have some of these groups that you're fighting for with some of the other 30 groups that have most procurements (indiscernible) in the state. So, that's something that we may want to take a look at.

John, I'm going to give you a copy of that bill that we spoke about doing this type of conversation on a more yearly basis. That way, it's not a 25-year surprise.

Thank you.

MR. HARMON: That would be great, Senator.

And, there's one other best practice that works. If you have businesses of the same size competing in the unbundling process of contracts of the same size, their costs are going to be very similar; and, therefore, you're competing against your peers versus a \$500,000 business competing with a \$10 million business. Their cost is different, and, therefore, the smaller business is going to lose every time.

So, New York has implemented that, and I believe the Port Authority as well.

SENATOR CRUZ-PEREZ: Just to let you know that in the past, we have had some projects where we have-- The requirement has been that

they have to subcontract with a minority, and then they come back to us and say, "We can't find them."

So, let's get ready to provide that list, because I don't want to hear that anymore, that they cannot find the people who we should find. Because the people are there.

So, thank you so much for your testimony--

MR. DE LA HOZ: We can find those minority business owners for them--

SENATOR CRUZ-PEREZ: Oh, I know--

MR. DE LA HOZ: If the State enforced that portion and the prime contractors use us, believe me, we will provide the list of everybody who is ready, and we will become the support system for them to make sure that they can do the work that they are offering.

SENATOR CRUZ-PEREZ: And, that's exactly what I'm expecting from you guys. Provide those names, because I know we have them. I know we have them.

Thank you so much--

MR. DE LA HOZ: Thank you--

SENATOR CRUZ-PEREZ: --for your testimony, and have a blessed day.

I know that Senator Timberlake would like to say something.
Senator.

SENATOR TIMBERLAKE: Yes, thank you, Madam Chair.

I just wanted to say I heard you loud and clear regarding working with Legislators on these issues.

I did wonder, Mr. Harmon, if there were any pieces of legislation currently out there that you are right now pushing. But, also, many years ago, you and I met and connected when I was just a freeholder -- now called commissioner -- in the county of Essex writing a piece of legislation on the county level to address these issues. And, I think that we can hit play on some of the things that we discussed back then, but, then, also, some of the best practices now to create equity.

Because that's what I hear is needed, is the creation of equity to make sure that businesses can compete; there is fairness; and that the rules are not just written for those who have deep access to capital or who are of a certain demographic historically, but so that businesses can compete across the board in an equitable way. And, I am fledging to be that legislator again.

MR. HARMON: Well, we look forward to it. We have a team of folks who have combed throughout the country and have some recommended best practices that we want to put forth for consideration so that we can move forward in a more equitable way here in New Jersey.

Thank you.

SENATOR TIMBERLAKE: Let's keep the conversation going, and thank you to everyone who testified.

MR. HARMON: Yes.

SENATOR CRUZ-PEREZ: Senator Timberlake, I just actually asked the Office of Legislative Services to turn this into bills--

SENATOR TIMBERLAKE: Nice--

SENATOR CRUZ-PEREZ: --that this Committee will actually move forward.

SENATOR TIMBERLAKE: That's wonderful.

SENATOR CRUZ-PEREZ: Vice Chair.

SENATOR SHIRLEY K. TURNER (Vice Chair): John, you referenced the School Construction Act, and when that was enacted it was touted to be the best economic-development program that we would have in the State of New Jersey. But, unfortunately, we did not see the economic-development in the City of Trenton.

When those schools were being built, I went to look to see how many people were working on those projects who were from the City of Trenton, and who lived in the City of Trenton, of color -- and there were none to speak of. And, worst of all, not only were those workers not from the City of Trenton, they weren't even from the State of New Jersey. They came from Pennsylvania; they came as far north as Massachusetts, New England; and, it did not trickle down to benefit the people of color who lived in the City of Trenton.

And, when I inquired as to why, they had all kinds of reasons. Two of the biggest reasons they gave was they did not have valid driver's licenses. They didn't-- They could not pass a drug test. And, when I queried them on why did they need a driver's license if they live in the City of Trenton -- they can get a bus, or they can even walk in many cases -- they said, "Oh, but, that's this project. There may be another project in another county, and they will have no way to be there, and we want to make sure that they can get to the jobs with a car."

So, we're still looking for ways to eliminate those kinds of hurdles. And, I did introduce legislation to make it possible for so many of the people who have lost their driver's licenses, because they could not afford to pay off the fines; the penalties; the surcharges. And, it never was able to

pass because there are people in this state who have contacted me that they owe, like, \$20,000 in fines, commitments, and surcharges because they can't afford to pay them. And, they'll never be able to pay them because they can't get a job. So, those are some of the barriers that we need to eliminate.

And, then, we had the pandemic. And, not enough was being done to help. For instance, in my district, the City of Trenton, the minority business owners-- Because they were hit the hardest. Many of them lost their businesses because of the pandemic. There were programs, but they were meager programs, providing them with \$10,000 to help them pay their rent. That was a drop in the bucket compared to what the larger companies received. And, the City of Trenton is still suffering because of this hybrid work schedule. And, minority businesses are hurting because they don't have the people -- the traffic in the city -- now because the hybrid work schedule that the state has, and the county.

So, those are the hurdles that minority businesses have to clear in order to be productive.

MR. HARMON: So, Senator, I agree with you wholeheartedly.

As a resident of Trenton, I remember when the school construction initiative came underway. The union hall we had on Perry Street in the middle of the night was moved out of the city. So, to your point, people who could either walk, ride their bike, and then the requirements of a GED and driver's license were put in place. Again, additional barriers.

So, I would submit to you, since that time, the chamber -- my chamber in particular -- has matured in terms of capacity, through the help of you and others. We'd be willing to partner with the State to create strategies to help mitigate some of those barriers. We're coming up on a good

budget conversation right now, so I think thinking through how we can be more intentional and have a partnership where there's reciprocity and accountability, we might be able to make some headway this time around.

Because we know we can't be hoodwinked and bamboozled this time, because we have a history of disappointment and people making overtures about what's going to be done. And, then, when all the checks are cashed, we find out that little reside on the side in those communities that could be transformed.

I'll close with this: Just that one statistic where Blacks -- Black net worth is \$17,000 versus whites with \$322,000. That number in itself tells you that there has not been a trickle-down from these strategies, and everyone who is receiving benefits from the State are being very, very selfish because it's all about them. But, we have some ideas about how we could get some relationships wherein people are accountable, they get out and get the work done, and more (indiscernible) are elevated through this process and taxpayers are rewarded, because they're going to get a return on their investment.

So, looking forward to working with you and others to bring some of that to fruition.

SENATOR TURNER: And, also, John, the highest unemployment rates are found in our urban areas.

MR. HARMON: One hundred percent.

SENATOR TURNER: And, if we put people to work in those areas, that benefits the taxpayer--

MR. HARMON: Absolutely--

SENATOR TURNER: --because they become taxpayers instead of recipients of taxpayer dollars.

MR. HARMON: There you go. Yes.

SENATOR CRUZ-PEREZ: Thank you so much.

MR. HARMON: You're welcome.

SENATOR CRUZ-PEREZ: The second panel is Augusto Penaranda. Mr. Penaranda, good to have you.

And, Mr. Robin Berg-Tabakin.

Welcome.

Mr. Penaranda.

AUGUSTO PENARANDA: If I may, I'd like Robin to proceed first.

SENATOR CRUZ-PEREZ: Thank you for that.

ROBIN BERG TABAKIN, Esq.: Thank you very much.

Good morning, Madam Chair Cruz-Perez; Madam Vice Chair Turner; and esteemed members of the Committee.

I am Robin Berg Tabakin, and I am Public Policy Leader and past President of New Jersey Association of Women Business Owners, and one of the founding members of the New Jersey Diverse Business Advisory Council. I am also a small business owner and hold New Jersey WBE and SBE certifications.

As my colleague, Colonel Cantor, testified earlier, there's a pressing need for a mentorship program between prime suppliers and small, diverse businesses to enable them to become contract ready. To support small, diverse businesses to scale up to become opportunity-ready, we ask that the State create a training fund for a comprehensive capacity-building

training program. In order for small, diverse businesses to participate in government contracts, whether as primes or subcontractors, they need a pathway to scale up. A comprehensive capacity development program coupled with mentorship from prime vendors would provide such a pathway.

Capacity development encompasses accessing capital; implementing best hiring practices; subcontracting by teaming with other small, diverse businesses; identifying bidding opportunities; and crafting competitive bids that incorporate a reasonable profit.

A typical scenario involves a small, diverse business with one or two contracts, wherein the owner manages the project and performs much of the work herself, subcontracting out the remainder. However, this approach turns the project into a job for the business owner, hindering business expansion. She works in the business, rather than on the business. To foster growth, employees must be hired -- necessitating access to capital for recruitment; understanding of hiring processes, including interviewing best practices; and compliance with labor regulations, among other essentials.

Furthermore, small, diverse businesses must learn bid writing; structuring pricing that encompasses payroll taxes, fringe benefits, and profitability; and leveraging subcontractors to handle specific contract aspects. These fundamental elements are essential for small, diverse businesses to build capacity.

We ask for greater accessibility to municipal and county RFPs for contract awards funded with state dollars. Currently, only 5 of 21 counties have supplier diversity programs. These counties are Bergen, Essex, Hudson, Middlesex, and Mercer. We ask that all contract awards issued by counties and municipalities that are funded with State dollars be tied to a diversity

business goal. The State agency allocating these funds should receive credit towards its diversity goal for these contract dollars, and that agency should be responsible for monitoring the awards made by the recipient, counties, and municipalities.

There is a need for a central repository for all county and municipal bidding opportunities, especially those funded with state dollars. Business development is key to growth. Small, diverse businesses must find easy access to RFPs. Currently, small, diverse businesses can either search for opportunities on individual county and municipal websites, or they may navigate several third-party sites that are subscribed to by numerous counties and municipalities. This is a very inefficient way to find open RFPs. A central repository of all RFPs funded by State dollars would greatly reduce the burden on small, diverse businesses that lack sufficient staff to spend time searching individual government websites or registering and searching third-party sites.

As a final note, the mentorship and capacity-building programs, as well as the request for diversity business schools for counties and municipalities awarding contracts that are funded by State dollars are contained in NJ DBAC's priority legislation points that we were just talking about and were submitted by Colonel Cantor.

Thank you for your time and consideration.

SENATOR CRUZ-PEREZ: Thank you so much for your testimony.

Mr. Penaranda.

MR. PENARANDA: Good morning; thank you for the opportunity to present my remarks.

My name is Gus Penaranda, I am the Executive Director of the New Jersey Pride Chamber of Commerce. We are New Jersey's only LGBT chamber of commerce and we are a state chamber.

My remarks will be about the disparity study, and some other data. But, before, I want to be transparent: I have worked for the McGreevey, the Corzine, and the Murphy administrations. I started my career in the Schools Construction Corporation. I was one of the first teams that were sent into Trenton, Paterson, Jersey City, Camden, and so forth, to answer that very question: Why are the residents of the towns that these schools are being built where we are dumping over \$150 million-per-school not being hired? So, we can discuss if you have any questions about that, but, just to be clear, that is my background, and here are my remarks on the disparity study.

First of all, the LGBTQ+ community and the veterans weren't even included. When I asked why, I was told that it's legal parameters of the study for race and gender. And, I'm like, "OK, but if it's a legal item, you can change it; you can request it." We've done disparity studies before in the State of New Jersey, so why can't we add the veterans and the LGBTQ+ community?

With regards to the disparity study itself, the story died the moment the disparity study was released. The New Jersey State Chamber of Commerce had a panel of reporters in the state, and all asked the same question: "No one is talking about the results of the disparity study." They talked about it every year, "When is it going to be released? When is it going to be released?" It's released; the story died. You can go every week since the announcement of the World Cup final coming to New Jersey, and every

week you'll find an article about FIFA, but not about the disparity study. So, when the hopes of two-point-whatever billion dollars to the economy is always news, but the reality that every single year, millions of dollars in contracts are being given out and the minority business community is being shunned away, especially the Black business owners, why is that not being talked about?

So, with the infrastructure bill, the Inflation Reduction Act, and, as I mentioned, the FIFA World Cup, we must make sure that this issue, this study, these results do not die in the media. The coalition of diverse chambers that are with me today are going to do everything that we can do to make sure that doesn't happen, but it has to come from here. The reporters were clearly stating, "It's not coming from Trenton." Why?

So, the New Jersey Pride Chamber of Commerce is in full agreement with all the recommendations that were presented this morning. Even though we were not part of the study, the veterans and the LGBT community *must* be part of the solutions. Whatever is developed from these conversations and the future conversations, we *must* be part of them and part of the solution. And, I do not think -- since I already mentioned that this issue existed back in the schools construction era when it was implemented in the McGreevey administration, which is the first school that I built, Jose Marti -- we can't let this pass June 30 of 2024. The solutions, whether it's the Committee or the moratorium -- *a* decision has to be made by June 30. Of course, that is the end of the current budget. We cannot let more money be spent to these few companies that have been very successful because of the State's funding.

Now, some data. The LGBTQ+ community was not even considered an entity. We did not exist for over a century in this state until May of 2022 when Governor Murphy's administration signed Executive Order 295 recognizing us. Now, I handed everyone here a book that is proof -- in case there is any question that the LGBTQ+ business community exists throughout the entire state--

MS. MILLER: (indiscernible)

MR. PENARANDA: So, what we need right now is we need to make sure that whatever decisions come up, everyone is included.

The first thing that the LGBTQ+ community would like to ask is that to make sure that A3330 and S1313 are passed, because that will make it a law so no one will dismiss the LGBTQ+ business community again. And, also, we must make sure that whatever results in the bill -- in the resolution that you're putting forward -- that it includes all of us. Because if you talk to one of us on the side, we're all going to know. We are no longer coming at this as an individual organization; we are coming in as a coalition representing over 20,000 businesses in the State of New Jersey.

Thank you.

SENATOR CRUZ-PEREZ: Thank you so much for your testimony, right on point.

Anybody have a question? (no response)

Thank you so much.

The next panel will be Michael Egenton, Christina Renna -- is Chris here?

Oh, Chris. And, Subir Saha.

We're going to start with Michael, because I know Michael has to go and testify and I think they're waiting for him in the Environmental Committee. Sorry about the delay.

MICHAEL EGENTON: Thank you, Madam Chair.

For the record, Michael Egenton, Executive Vice President of New Jersey State Chamber of Commerce.

I just wanted to reemphasize the two panels that you heard from previously. The State Chamber embraces and agrees in tandem with those chambers, and certainly look forward to continuing that very important conversation on this very important matter.

So, you asked us how is business doing after COVID, and I can tell you real briefly; I kind of split up my remarks two-fold. First, recognizing that anything that you asked to move the needle and make progress on with regard to small-business operations on Main Street sometimes takes some financial backing here in Trenton. During the time of the pandemic and the American Rescue Plan money, many of us who are seated up here had asked the Legislature for some financial help on the unemployment insurance. Because, as you know, Madam Chair, the UI fund was utilized ad nauseum because of what was going on. And, as that depletes, then it automatically triggers the payroll tax to supplement that. That was not done, and it's in the category of "it is what it is." We also had asked for some grant funding for small businesses and, to date, in general terms, that was not followed through.

So, what can be done in the here and now which, I believe, would not cost the State any money to go forward? You recall that we had the Red Tape Review Commission and one of your previous colleagues, Senator

Oroho, sat on that commission -- and then Assemblyman, now Senator, John Burzichelli. That was a very effective commission; they actually did road shows and went all around the state to get input and feedback from a lot of our small business members. We're asking to reenergize that. It has a new name, it's called the Government Efficiency and Regulatory Review (GEAR) Commission.

Now, to be fair, that bill did pass the Legislature both in the Senate and the Assembly. We're hoping that the Murphy administration will be more receptive to that in bringing that back. Because, as you know, many of the bills that pass here, people think once a bill is passed and the Governor signs it, it takes a life of its own in the regulatory agencies; they have to be promulgated. So, we're very interested in giving some regulatory relief through that commission, and we're looking forward to that being reinstated.

The other thing that we're calling for is to create what we -- an economic council that meets on a regular basis and would be comprised of members of the business community; members of the State Legislature; the Governor's Office; and, to basically discuss and have a forum to talk about economic issues such as workforce-development issues and how to grow jobs in the economy. And, that's with the intent of propelling New Jersey higher in the rankings to a great state to operate a business. It seems pretty simple, but we haven't done something like that in a long time. You can have one-off conversations, but I think it's very important that representatives of the business community; the Legislature; the Governor's Office; talk so there's no surprises.

Now, I promised I would not bring up the big surprise that came on Tuesday in the budget; we'll leave that be, because that's for another committee and another time. But, I think my associates up here -- as well as I and my President, Tom Bracken -- were a little surprised at that announcement. But, again, that's for a different time, different place.

So, those are the asks. CNBC came out with its annual "Top States for Doing Business" list, and ranked New Jersey as the most-improved state, climbing 23 places to Number 19. That's good news, but we still have a lot of work to do. Obviously, what I alluded to within the confines of the State budget has an impact on that and everything that we do here. And, I know you sit on that very important Senate Budget Committee, Madam Chair, so, to be continued. We want to have those conversations regarding that issue that I won't bring up in my conversation.

Thank you for the opportunity to share these points with you, and we look forward to working with you, the Committee members of both sides of the aisle, to improve New Jersey and make it a great place to operate a business.

Thank you, Madam Chair.

SENATOR CRUZ-PEREZ: Thank you, Michael.

Christina.

C H R I S T I N A M. R E N N A: Well, good morning, Chairwoman.

I'm going to -- if it's OK with you -- defer to my colleague from NJBIA who is going to give a more macro view. Then, if it's OK, then I'm going to give a more South Jersey-specific view and piggyback off some of his thoughts. Would that be OK?

Thank you.

CHRISTOPHER EMIGHOLZ: Thank you, Christina; and thank you Madam Chairwoman Cruz-Perez for the opportunity to speak.

My name is Chris Emigholz, Head of Government Affairs for NJBIA.

Before we get into the general economic landscape that you asked us to talk about, I just wanted to associate myself -- similar to Mike -- to what we heard earlier from the New Jersey Diverse Business Advisory Council members. BIA firmly believes that lifting up these diverse businesses lifts up the entire business community, so it is important to follow through on that.

So, the economic landscape in our recovery from COVID I don't think is what anybody here wants it to be. And, the reason I say that is, Number 1, we have the third-worst unemployment rate in the entire nation right now. And, for a while after the pandemic, a lot of people gave a lot of attention to the unemployment rate, "Oh, we're looking better than we used to," we're looking better than New Jersey historically used to against other states that we used to. And, now we are third-worst in the entire nation. I think you can get into the reasons for those statistics, but that's not good; I don't think anybody would think that's a good place to be.

Our productivity in the past five quarters-- We have generally been worse than the rest of the nation. We've been in the middle of the pack with our productivity; our productivity growth; the GDP growth for the State. That's not a good place to be. Our labor force, which we saw some good news right after the pandemic, again, has slipped. So, we saw right after the pandemic some positive news; I think that was based upon coming from the bottom -- where we were -- we saw us go up a little bit and now we've kind of leveled off and other states have passed us by.

And, why, I ask. And, the reason why, I think, is I looked through five different factors. There's three that we want to invest in; there's two that we want to balance and moderate. So, for the investments, we need to do more to invest in workforce development; invest in innovation and manufacturing industry; and invest in infrastructure.

First, workforce development. We've done some good things, but we have not done enough on, whether it's the acute healthcare workforce shortage; we have not done enough on childcare, the industry that underpins the entire workforce; we have not done enough to align our K-12 system and higher ed. system with the needs of the economy. We have to do better there. And, workforce development, I would like to say, is a win-win -- it's pro-employee and pro-employer.

Number 2 with those investments is innovation. And, I would like to say the Governor and the Legislature, we've been talking a good game, but we haven't done enough. And, I give two examples on innovation and manufacturing: These are high-wage, high-benefit jobs that we want to come to New Jersey. We used to be the innovation state. We want to reclaim that place. But, I worry we're not going to do it.

So, two examples is: Right in this room, a few weeks ago, the manufacturing caucus heard from the EDA about the CHIPS Federal funding, which is trying to get innovative jobs to come to New Jersey. We were excited; we heard good things. In the budget, we saw no new CHIPS investments that are going to spur this innovation industry coming to New Jersey. And, the Federal money is there for the taking; we just don't seem to be in a place to do that. And, I hope we get there and we've got some work cut out for us.

Number 2 is on innovation. We've also heard quite a bit -- the Governor talked about an AI moonshot. That's fantastic, I would love to have a moonshot where we invest in something to grow our innovation economy. In the budget, we only see \$7 million towards that moonshot -- that's not a moonshot. I want to put big money towards something; use (indiscernible) and CARES money; invest in something that's going to make a difference and make us a leader, not just throwing a few million dollars at it.

Infrastructure. We need to dedicate investments, we need to have investments. It's important, whether it's broadband, transportation, water -- you name it. But, we have to do it in a way that's not increasing our already overburdened taxpayers, as -- again, Mike said it well -- we're not going to get into what happened in the budget, but increasing taxes is not the right course.

And, that leads me to the next two things we need to moderate. Why are we struggling? It's because we do not have the balance and moderation in our cost and taxes, Number 1, and in our regulatory environment. We are too expensive. I don't think anybody out there, no matter where they fall on the political spectrum, would think that New Jersey is a cheap state. We're expensive. But, we have to avoid, as a Legislature, as a Governor, doing things that make us more expensive. Whether that's the cost of living and doing business, or taxes. And, we have an unrelenting -- is the word I like to use for our tax environment -- where we are the only state in the entire country where we are in the top tier of our corporate taxes; income taxes; sales taxes; and property taxes. There's no one else that is in the top in all of those. That's unrelenting, that's-- You don't give businesses

a break, and we need to figure out how to get to a place where we're not that unrelenting tax environment. And, the budget address we heard last week is certainly not going to help.

And, lastly, on the regulations: We mandate too many things that make us an outlier. We've got to find the balance. Taxes, regulations-- Let's find a place to be in the middle. Let's not make New Jersey an outlier where we're worse than other states in taxes; we're worse than other states in regulations. If we find that right balance, we're going to get our bang for our buck with those investments we make, and if we're not making those investments then it doesn't matter what we're doing because we're not leveling the playing field and helping New Jersey businesses.

So, those five factors -- the workforce development, innovation, infrastructure, balancing taxes, and balancing mandates and--

MS. MILLER: (indiscernible)

MR. EMIGHOLZ: --regulation. I think if we do those five things, we're going to become the economic leader that we all want us to be. If we don't, we will continue to lag the nation.

SENATOR CRUZ-PEREZ: Thank you, Chris.

MR. EMIGHOLZ: Thank you.

SENATOR CRUZ-PEREZ: Anybody have a question?

(no response)

OK, Christina.

MS. RENNA: Thank you again, Chairwoman, and members of the Committee.

My name is Christina Renna, and I am President and CEO of the Chamber of Commerce Southern New Jersey.

Thank you for the opportunity to come before you today. And, I want to begin by really commending Chairwoman Cruz-Perez for holding this hearing with a focus on the disparity study. In all candor, we all agree that this disparity study was nothing except extreme disappointment for all of us in this room, and unacceptable for the State. And, so, just this Committee tackling this and committing to focusing on some of the pieces of legislation that could maybe help move the ball a little bit is greatly appreciated by, I know, all of us here today.

But, I want to piggyback off of what my colleagues from the New Jersey Chamber and NJBIA said. Of course, in complete agreement with everything from both organizations, and although the South Jersey Chamber is South Jersey, we really do consider ourselves a statewide business organization that just has a unique focus on some of the complexities of the south -- or southern region of the state.

With over 1,200 member companies, we really do run the gamut. And, what we look for at the South Jersey Chamber, as it relates to strong economic policy, are policies that are really holistic, in that they help businesses of all shapes, sizes, and, of course, all areas of the state geographically as well. And, I believe before you is our recent policy report, entitled, "Long Story Short: South Jersey." This is a report that our chamber issued last month, and, in the shortest form possible, it is simply a way to educate policymakers -- especially those from outside of South Jersey -- on those unique qualities and characteristics that South Jersey does have that maybe you may be unfamiliar with if you don't live in this portion of the state -- in the southern part of the state.

What we argue in the report -- and, it's not anyone's fault; it's not for better or for worse -- it's simply that sometimes policies are crafted with the intent to have a really strong beneficial statewide impact on our businesses. And, given South Jersey's unique characteristics, sometimes they cannot help the businesses -- from Main Street businesses to large businesses to sole proprietors -- in the way intended because we are very diverse in the southern portion of the state. So, for example, Atlantic County's needs are quite different than Burlington County's needs, and Salem County's needs are extremely different than Camden County's needs.

And, so, if we put this all together in one place, we're hopeful that we can talk a little bit about the region's similarities -- because, don't get me wrong, there are plenty of similarities in South Jersey. But, also, our differences, again, with the end result that we can make better policy that can help South Jersey.

From that survey came four overarching themes of issues that really impact the region as a whole. And, those are: Affordable housing -- again, really a statewide issue, but one that is uniquely impacting different counties of South Jersey in different ways; broadband access, and also access to technology that allows some of our more underserved communities have access to the internet; economic incentives that really consider and take into account South Jersey's unique characteristics; and, last but not least -- and, certainly, most importantly in my eyes -- is the lack of public transit and transportation infrastructure in general. We do argue that South Jersey is a transit desert in the report, due to our incredible lack of mass transit in the southern portion of the state.

So, those four overarching issues are the issues that we asked policymakers to focus on and tackle, again, with an aim towards driving better economic policies that can not only help the whole state of New Jersey, but also the region.

And, although I did also promise the Chairwoman that we would not be here to talk about the budget, I do just want to say one quick note on that, which is that the corporate transit tax that was proposed in that budget -- which will be taxed on those largest employers in the State of New Jersey, a portion of which are from South Jersey -- are essentially not only getting an added tax, but they're being taxed to pay for something that really does not serve the area in which the people in their companies have the ability to use. And, so, this is a great example of what I talked about, about a policy that's been previewed by the Governor in the budget, that may, in some ways, have an unfair impact on South Jersey. This would be an example of that.

MS. MILLER: (indiscernible)

MS. RENNA: So, I will conclude my remarks with that, but I did want to thank the Chairwoman again for the opportunity, and, again, any questions I am happy to take.

Thank you.

SENATOR CRUZ-PEREZ: Thank you, Christina.

Mr. Sabir Saha.

SABIR SAHA: Good morning, my name is Sabir Saha. I am Chairman of the National American and Indian Chamber of Commerce.

On behalf of Michael and all partner organizations here, I extend my gratitude for the opportunity to address the Senate Economic Growth Committee today.

COVID-19 pandemic has drastically changed the business landscape. Previously, businesses thrived on foot traffic and reliance on technology. However, in the aftermath of the pandemic, businesses are now heavily dependent on technology for survival. Remote work policies have reduced foot traffic, leading to a decline in revenue in local businesses. The shift has also impacted the local economy, as individuals working from home spend less on daily expenses, further affecting small businesses.

To tackle this challenge effectively, a two-pronged approach is necessary: First, strategies need to be implemented to boost foot traffic to small businesses, thereby rejuvenating their customer base and increased sales, leading to a higher tax revenue for the State. Secondly, technology should be utilized to amplify sales and improve the customer experience, enabling business to flourish in the digital realm. By innovating in both areas, we can support small business owners in navigating these uncertain times.

Two challenges at hand is how to boost sales revenue by getting more foot (indiscernible) to the stores, and how to assist them in harnessing technology to enhance sales. First, our primary concern stems from the absence of in-person customers in our stores, which is vital for sustaining our business operations. The revenue generated from these transactions is essential for our survival. However, widespread adoption from work-from-home policies by large corporations has led to a significant decrease in foot traffic to our establishments. The shift has resulted in a ripple effect that extends beyond small businesses. With employees staying at home, they are not contributing to the local economy through toll payments, gas purchases, and train tickets, etc. Additionally, they are not frequenting local eateries or coffee shops for meals and refreshments.

Further, the financial challenge faced by the small businesses in New Jersey is accelerating. The commercial real estate market is in decline, posing a threat to small businesses reliant on physical storefronts. I urge lawmakers to enact measures to boost foot traffic, such as promotional campaigns, loyalty programs, tax incentives to support local businesses.

Secondly, we should offer support to small business owners grappling with commercial leases. Measures like rent subsidies, lease re-negotiation aid, and temporary eviction moratoriums can offer crucial relief.

Thirdly, let's enact legislation for a hybrid work model blending remote work with office attendance. Encouraging employees to return to offices on select days will revitalize commercial areas and support local businesses.

In today's dynamic business environment, technology integration is essential for small businesses to thrive. While New Jersey has provided grants for short-term relief, there is a crucial gap in incentivizing technology adaptation. Empowering small businesses with tech tools and knowledge is vital for long-term success. To address this, the chambers of commerce are in here present in this room today could lead a technology innovation program offering tailored support and resources to the small-business and diverse-business owners.

Additionally, allocating funds for technology training initiatives would bridge the knowledge gap and equip small-business owners with necessary skills. Promoting widespread technology adoption small business requires robust partnership between chamber of commerce and government agencies. Collaboration can provide tailored resources and funding opportunities, fostering a supportive ecosystem for innovation and growth

with the help of government. Legislative measures like tax incentives and grants can further incentivize technology adoption, demonstrating policymakers' commitment to empowering small-business owners. These proactive--

MS. MILLER: (indiscernible)

MR. SAHA: --efforts are essentially for long-term success and economic prosperity in New Jersey.

In closing, I want to emphasize New Jersey State's pivotal role in providing technology support for brick-and-mortar small businesses. In today's digital era, survival relies on tech adoption. While funds provide temporary relief, they don't address the need for long-term sustainability. Without government intervention like tax incentives for technology adoption, we risk losing cherished small-business owners. Many lack the skills and motivation to integrate tech and innovation effectively.

I extend my gratitude to the Senate Economic Growth Committee for giving me the opportunity to share my opinions and concerns regarding small-business owners.

Thank you.

SENATOR CRUZ-PEREZ: Thank you, Mr. Saha for your testimony.

I do have a question, since I hear technology a lot. And, I know on the report from South Jersey, one of the points is broadband accessibility in South Jersey.

Christina, how can the State help to provide South Jersey with broadband accessibility?

MS. RENNA: Well, like I mentioned, there's really two pieces to that puzzle. What COVID highlighted during the pandemic was not just areas where there's a lack of broadband service, but also areas like the City of Camden, where children did not have the equipment needed with this ever-evolving technology to be able to access the internet. And, we see that not just specific to South Jersey, but of course in many of our urban areas across the state.

So, what the report highlights is really both of those items being really critical to making sure South Jersey can continue to be economically competitive. And, the New Jersey Board of Public Utilities recently, just last year, created new sub-groups specifically geared towards looking at these broadband issues. What we asked for in that report is for that group out of BPU to make a -- kind of concentrate a little bit on the pockets of South Jersey that don't have broadband access at all, in addition to the areas not just of South Jersey, but of course across the state, where our underserved communities really don't have access to the technologies they need to be able to keep up with the ever-evolving infrastructure.

So, a little bit of both. But, at the end of the day, we are looking towards the BPU and their new group to help spearhead that, and hopefully put an emphasis on it as well.

SENATOR CRUZ-PEREZ: Thank you.

Senator Pennacchio.

SENATOR PENNACCHIO: Briefly; thank you for your testimony.

You mentioned COVID a number of times, and as we approach March of 2024, this is the fourth-year anniversary. Unfortunately, New Jersey hasn't done a retrospective on a lot of things relative to COVID.

Could you point to any outside studies that were done, relative to business, on things that we did well; things that we did not; and things that we can point to in the future that we should be doing better?

MR. EGENTON: Thanks for the question, Senator.

There is a lot of discussion on all different aspects of where we landed after COVID, and lessons learned. But, there isn't -- I don't think -- any central report outside of the various different initiatives that we testified before you and other committee members and other committee sessions.

You know, the theme that we hear amongst particularly small businesses, that they're still struggling. I think we laid out sort of a platform, a wish list, of how to help those businesses. A lot of times, when I engage one-on-one with small business owners, they said, "Look, if you give us the financial resources, we can help grow the business." And, a lot of times, you heard some of the frustration with mandates and taxation over regulation and everything. I truly believe in the concept that if you allow a business to operate and you don't overburden them with those issues, they will grow the jobs; they will grow the economy.

I asked business owners time and time again, "What is your most valuable asset?" They said their employees. And, a lot of times -- as you know -- we didn't even bring up some of the labor issues that come across the bow many times now from Trenton that burden a lot of our business owners. There's one in particular right now that's under debate and discussion on extending the paid family leave issue. That impacts, particularly, the small-

middle-market individual, because they don't necessarily have the resources or the ability to swap out people if it's a small-business operation.

So, it's never the one issue in particular that burdens a small-business owner; it's a culmination of all these issues that we brought about. And, I think they were compounded during COVID. And, as you know, one of the other issues is -- a gentleman here brought up -- is we're in a new world now of hybrid working, and whether businesses can operate -- certain businesses can't. You have to show up at your headquarters and do the work. But, right now, we're sort of trying to figure out lessons learned from that experience versus what was pointed out here about the lack of bringing employees back to work and keeping their business operations afloat.

MR. EMIGHOLZ: I think just building on what Mike said -- I agree with everything he said -- three things I think to learn from.

I'm not aware of a comprehensive study that puts New Jersey's business restrictions and business impacts, vis à vis the other states out there. But, what I can say is I know -- getting back to one of Mike's recommendations -- I think our state did a better job communicating with the business community during the pandemic, and I think some of those gains that we made in the communication side, in the transparency side, have not been as strong since the pandemic. And, understandably, when there's a crisis we need to be all hands on deck and everybody is talking to each other. But, I think, to Mike's good recommendations, that should continue; that communication is never a bad thing for the Legislature, administration, and business community to be on the same page.

There is research out there on unemployment insurance that was raised earlier. Like the majority of states in the nation put money back into

the UI fund to make sure the business community didn't have to bear the brunt of this enormous payroll tax which paid a lot of small businesses hard, and there was a bill that moved through the Legislature and *almost* got done that would have specifically helped small businesses. So, I think we have not been as small-business focused in the Legislature as we should, and they took the brunt of a lot of the pandemic policies.

And, lastly, thinking about -- getting back to the Diverse Business Advisory Council speakers who spoke earlier -- when we think about our regulatory environment -- and, there's a research paper that the IA did on this that we can send -- it disproportionately hits our small businesses because our small businesses are the ones that don't have labor attorneys; they don't have compliance people; they don't have large HR offices. So, those folks have a harder time with us going overboard on regulations. And, those businesses are a lot of the very same ones that we want to make sure are getting the contracts, because they're a small woman-owned business, or a veteran-owned business, or African American, or Hispanic-owned, or a pride chamber business. Those small businesses are the ones we want to help, and they get disproportionately hurt when we overregulate.

And, so, I think we need to be extra careful if we want to lift up those small businesses and diverse businesses about imposing new mandates. And, I know the mandate that Mike referenced, paid family leave, is one the Senate has not taken action on and Assembly has. So, thank you to the Senate, and we hope you hold firm on that, because we think it's just policy that goes overboard. And, a lot of these are good intentions, but they go overboard.

SENATOR CRUZ-PEREZ: Thank you so much, and thank you for coming and testifying.

I just want to take this opportunity to really thank all the chambers of commerce and, obviously, the New Jersey Business and Industry Association for coming this morning.

The report was devastating, but like one of the comments that were made here this morning was that you get the report, you got to get the report -- what are you going to do next? We've got work to do, we are going to do it together as a team, and my commitment to you and from this team over here sitting on this side is that we're going to work and address some of those issues.

So, thank you so much for taking the time and giving us the information you have given us today.

Thank you.

MR. EMIGHOLZ: Thank you, we look forward to that.

(END OF EXCERPT)