

You're viewing an archived copy from the New Jersey State Library.

NJ Home | Services A to Z | Departments/Agencies | FAQs

THE STATE OF NEW JERSEY  
OFFICE OF THE GOVERNOR

Search

All of NJ

Submit

Governor  
HomeMeet the  
GovernorGovernor's Office  
Executive Staff

Cabinet

Newsroom

Boards, Commissions  
and Authorities

Photo Blog

For Kids

## Newsroom

[Event Photos](#)[Press Releases](#)[Featured Videos](#)[Audio Clips](#)[Newsletters](#)[Speeches](#)[Reports](#)[Executive Orders](#)[Home](#) > [Newsroom](#) > [Speeches](#) > Governor Corzine's Economic Stimulus Plan

## Governor Corzine's Economic Stimulus Plan

## Governor Corzine's Address to the Joint Session of the Legislature

October 16, 2008

[More Information](#)[Governor Corzine's Economic Stimulus Plan](#)  
[Printable Version \[pdf 40kB\]](#)

Good afternoon. Thank you all for joining me here today.

- Governor Byrne
- Governor Florio
- Senate President Codey
- Speaker Roberts
- Majority Leaders Sweeney and Watson-Coleman
- Minority Leaders Kean and DeCroce
- And a special welcome to Chief Justice Poritz
- Rabbi Small and Reverend Salguero

We meet today to face squarely one of the greatest challenges any of us will ever confront in our public lives.

Our state and nation is in the grip of the worst economic crisis since the Great Depression.

The public is shaken by chaos and uncertainty. They've lost confidence.

People are looking for guidance; they need meaningful assistance and they want leadership. They want leadership now from all of us.

And, while some may say our challenge is a problem greater than New Jersey, I say we cannot stand idly by.

I know New Jerseyans are worried. I know many are hurting. Jobs have been lost. Home foreclosures are rising while values fall.

College and retirement savings have been diminished.

Too many of our neighbors and friends are living with a layoff, lost healthcare, a mortgage larger than the value of their home, or a delinquency notice on a credit card bill.

I say we cannot stand idly by.

The crisis today is the result of a devastating collapse of an inflated housing market that was fostered and financed through excessive borrowing at every level of our economic system.

The collapse precipitated a freeze of credit markets across the globe, leading to the failure of several of our nation's largest financial institutions.

You know what happened: The stock market panic on Wall Street followed.

People may not understand credit default swaps or the risks of leverage 35 times capital, but they know, clearly that things are out of control.

In Washington, trillions of dollars will be borrowed and spent to steady our financial condition so that the economy does not go even deeper into recession.

Unfortunately, history is clear: financial panics and the accompanying loss of wealth and confidence are often followed by months, if not years, of tough economic times.

You're viewing an archived copy from the New Jersey State Library.

Economists predict New Jersey could lose tens of thousands of Wall Street jobs, our casino revenues are in decline, thousands of construction and manufacturing jobs have already been lost, auto and retail sales are down while inventories climb.

And spending during the holiday season is predicted to be weak.

I repeat, we cannot stand idly by.

There will be endless debates, opinions and books written about how we got here.

The blame game will fill the final days of the presidential campaign.

Partisan arguments are inevitable.

The important question for us here, today, is not who set the house on fire, but how do we extinguish the flames and get on with the task of rebuilding.

The challenge of the next few weeks for all of us is how will we responsibly ease the burden on taxpayers and citizens and how do we advance New Jersey's recovery... quickly and decisively.

Yes, times are tough but I have no doubt we will get through them that we will restore prosperity -- as a state and as a nation.

We have seen other generations survive and then thrive after similar panics.

History is on our side.

We know our capacity is substantial and our will steely. New Jersey has the best educated, most innovative, hardest driving people anywhere.

New Jerseyans like to work hard and we aim to win. If recovery is certain, the question becomes how and when?

To get there as quickly as possible, I am asking you today to move as soon as practical on legislation that will attack the immediate recession and then lay a foundation for our State's long term economic recovery.

Some parts of the package can be implemented at my discretion, others depend on you.

In both regards, I expect, and I know, that we can work together.

If ever there were a time for bipartisan cooperation, now is that time.

What I am proposing represents the thinking of many people some of the most talented and thoughtful in New Jersey.

I appreciate that the Legislature has held hearings.

As you know, I have held economic roundtables and town hall meetings.

Like you, I've been listening.

I've heard the counsel of business and community leaders and benefited from the insight of a Princeton economist who earlier this week won the Nobel Prize in economics -- Paul Krugman.

Especially valuable for me, as I am sure for each of you, I've listened to New Jerseyans at ribbon cuttings and meetings, at weekend festivals, even at the Governor's fishing tournament at Island Beach State Park.

The outcome of all of this is the comprehensive proposal I present today.

While our response cannot insulate us from the interconnected world in which we live -- it can cushion the recession and it can position New Jersey for a strong recovery.

Together, I have confidence we will make good choices and take strong actions for the people of New Jersey.

To that purpose, the proposed plan addresses four broad areas:

First, it provides immediate assistance to those in greatest need

Second, it directly supports short term employment and economic activity.

Third, it works to enhance New Jersey's business climate and long term economic prospects.

And fourth, it addresses our obligation to remain fiscally responsible even during a time of declining revenues and rising demands.

A full presentation of the plan is available on the state Web site.

But let me begin where the urgency is greatest and where immediate action is required.

The first critical challenge is housing, the issue at the root of this global crisis.

In New Jersey, homes are being lost to foreclosure at a rate of 50,000 a year, a pretty shocking number. To

You're viewing an archived copy from the New Jersey State Library.

address this challenge, we will marshal all newly available federal dollars and authority and they are substantial.

We'll pair those funds with redirected HMFA resources to push down foreclosure rates.

Using both, we believe we can direct, at a minimum, \$150 million to foreclosure prevention and neighborhood protection.

Our efforts will include broadened financial counseling, mortgage restructuring, and house and mortgage acquisition.

The HMFA already administers Mortgage Assistance and Restructuring Programs but they have had little access to limited resources.

Their efforts can now be expanded including real support for Community Development Corporations and community based housing groups.

Aside from added funding, I have worked with the Administrator of the Office of the Courts to require mandatory mediation in contested foreclosures, an initiative unique among the states.

Mediation can literally stop unnecessary foreclosure actions and allow for informed workouts.

In uncontested cases, mediation will be voluntary, but the incentive to workout foreclosures remains.

This program will be fully implemented in the next 30 days in the seven highest foreclosure counties and in 60 days for the remainder.

The goal of this initiative is truly to help homeowners stay in their homes.

Supporting this mediation effort,

I am also asking for a supplemental appropriation of \$9 million dollars for Legal Services in New Jersey – a group besieged by demands in the current environment.

The poor and economically distressed rely on this organization for counsel on bankruptcy, repossession and foreclosure. They need our help.

One of New Jersey's other immediate and growing challenges is emergency assistance at our food banks.

The shelves of our pantries are bare across New Jersey. Prices are up, donations are down and the number of clients is growing.

To meet this need, I will ask for a supplemental appropriation of \$3 million in state funds.

Supporting this effort, the Healthcare Institute of New Jersey has launched an initiative to raise money for emergency food assistance.

Such support from business is not only deeply appreciated, but provides a real life-line for many New Jerseyans.

I encourage other businesses to step up.

We must also encourage individual giving.

As we fight hunger, I would ask all New Jerseyans to consider donations for "Check out Hunger" at the counter of their local supermarket or to give to local food drives in their communities.

Further, in terms of immediate assistance, many of our seniors, the unemployed and low-income families will struggle with high energy costs this winter.

With new federal dollars supplemented by a \$10 million appropriation, we can expand New Jersey's eligibility for energy grants for families up to 200% of the federal poverty level and we can serve nearly 200,000 households.

With both federal and state dollars, many recipients will receive as much as \$1000 to help heat their homes this winter.

Finally, to eliminate growing pressure on many of our seniors, I am proposing and asking you to implement an expansion of the senior property tax freeze.

I ask that you increase the cap over 3 years to \$80,000 from its current ceiling of approximately \$53,000.

We expect this to help nearly 70,000 seniors save over \$1000 a year when fully implemented.

The cost to the State will be \$5 million in the first year growing to an annual total of \$30 million in the third.

Not only will this program help our seniors financially, it will keep people in their homes, ease selling pressure in many of our markets and improve the stability of our neighborhoods.

The second major thrust of my proposal seeks to strengthen current economic activity and grow employment right away.

First and most practically, I have instructed all commissioners, most particularly the commissioners and directors of the Department of Transportation, New Jersey Transit, the Toll Authorities, the Schools Development Authority, the Board of Public Utilities and the Department of Environmental Protection, to accelerate where feasible all currently funded capital spending projects.

You're viewing an archived copy from the New Jersey State Library.

Additionally, I have spoken with Governor Paterson of New York and the Chairman of the Port Authority requesting the Port take similar actions.

It is my expectation that without compromising appropriate controls or competitive requirements, we can move forward through these agencies, in the next 6 months, \$4 to \$5 billion of projects in the ground otherwise left on the drawing board.

The American Society of Engineers suggests each \$1 billion of infrastructure spending creates something like 30,000 jobs.

Rutgers' Heldrich Center uses a smaller metric of between 10,000 – 15,000 jobs per billion.

In either case, we will lean firmly against the trend of rising unemployment estimated by some experts to hit 8.5-9% nationally by the middle of next year.

This infrastructure initiative is straightforward.

The projects are advancing capital plans already authorized, drawn and funded.

We are only moving them forward by expediting the shovels in the ground and boots on the pavement because we need to provide employment now.

These efforts will simply help bridge the recession while providing their intended long term benefits.

On another front, BPU and DEP have been working diligently on the state's Energy Master Plan, the first since 1994.

In that plan, which we will make public next week, are policy actions that will literally create tens of thousands of jobs over the next 10 years.

Particularly important for near term job growth, we will implement in the next few weeks, policy actions promoting residential energy efficiency and carbon abatement investments - actions that produce 100's if not thousands of green collar jobs, private sector jobs.

PSE&G, New Jersey Natural Gas, Atlantic City Electric and many small business subcontractors are ready to begin work when authorized by BPU.

This win-win initiative can happen immediately.

Jobs will be created with no state dollars involved.

And, over time, the state lowers its carbon footprint and consumers' energy bills go down.

Similarly, we are working with several of you in the legislature on a package to promote energy efficiency in our schools and public buildings through conservation equipment and weatherization to prevent excessive energy use.

Again, in this legislation, private contractors provide the capital, grow their workforce and are repaid through recaptured energy savings.

This legislative initiative has my full support. Let's get it done. Hundreds of jobs are at stake.

Acting quickly on both of these conservation initiatives creates jobs today and sustainable energy savings over time.

Additionally, we will attempt to spur small business lending through New Jersey's community banks by depositing at competitive rates a portion of the State's cash management funds.

With the new FDIC backing and prospective federal capital infusions, we see an opportunity to spur community lenders to provide more credit locally.

We'll further encourage economic growth in this market by having EDA provide guarantees and other incentives to jump start small business lending.

This Main Street Assistance Program goes to the very heart of this underserved small business banking market. They too need our help.

The final measure relating to near term growth is one that potentially carries the most power.

Historically, the state's economic development programs tried to entice businesses to come to New Jersey or, alternatively, sought to keep those threatening to move out.

In today's plan, I am proposing we reward those who want to be here - those who have made New Jersey their home.

More than ever, we should be encouraging existing businesses to hire and invest, particularly businesses with employees of 500 or less, our small and mid-sized firms.

To that purpose, I propose we immediately create a two year program to grow jobs and encourage capital investment in New Jersey.

With this initiative, we will provide \$3000 a person for each incremental full time hire that is retained one year.

You're viewing an archived copy from the New Jersey State Library.

Let me repeat, if a small business creates a job, we will send that business a \$3000 check.

This jobs stimulus program should be complemented by offering to the same businesses a sales tax credit for qualifying capital investments.

These two pro-growth initiatives offer substantial incentives for businesses to expand.

Adding people and capital means a stronger New Jersey today and tomorrow.

Now let me turn to the third piece of my proposal which centers on improving the long term foundation of New Jersey's economic engine by enhancing our business climate.

Part of my reasoning for recommending the jobs and capital credits was to lay a foundation for this activity.

That's also why last spring we joined together to avoid an automatic employer tax hike for unemployment insurance benefits caused by previous raids on the unemployment trust fund.

Regrettably, we will be revisiting this issue again this year. And again I hope to avoid that tax hike.

I am also recommending we enhance several of the tax reforms discussed at the recent legislative hearings.

Near term, I will support business's ability to carry forward tax loss benefits for up to 20 years.

And, after an appropriate adjustment period, we should eliminate tax rules that appear to hurt New Jersey-headquartered companies like the so-called "throw out" rule and the regular place of business designation.

I am also directing Treasury to work with businesses to move toward a single sales factor tax computation.

Besides tax policy changes, I am also committed to improving the regulatory climate for businesses while not turning our back on protecting the environment.

The vast majority of New Jersey businesses accept the fact that New Jerseyans hold the environment in high regard.

Clean air, clean water and open space are ours to safeguard.

On the other hand, businesses deserve a regulatory system built for the 21st century - one that is predictable, transparent and timely.

I am committed to modernizing our permitting process.

To that end, DEP will implement the unanimous recommendations of the public, private and non-profit representatives who made up the Permit Efficiency Review Task Force, led by former DEP Commissioner Chris Dagget.

There are a total of 54 recommendations dealing with issues of technology applications, the reduction of duplication of permitting and the provision for early DEP reviews. I support all of those and we should move forward.

In addition, I will join with the legislature in a bipartisan effort to adopt legislation, modeled on successful programs in Massachusetts and other states that will license and certify consultants to spur a new wave of cleanup and investment in New Jersey's brownfields.

Finally, I am just as committed today as I have been from "day one" when I was sworn in as Governor to promoting New Jersey to the business world outside our borders.

Our image internationally is strong—I've been there, I've heard it, I know it. It's strong because of our diverse communities, quality schools, extraordinary work force, important location and high incomes.

What we need to work together on is promoting these strengths here at home and across the nation.

Jerry Zaro, the newly selected Chief of the Office of Economic Growth, is charged with promoting New Jersey as a business destination.

Jerry has already been at work on this assignment, pro bono, as he worked with other senior real estate executives to establish a New Jersey Real Estate Board – a private group partnering with state offices in the fight for relocating companies to New Jersey.

All of us know New Jersey has much to offer. Let's all get to work and promote it.

Now for the hard part. How do we pay for these proposals in the context of declining recessionary revenues?

Let's be clear. It will be tough just as being the only State in the nation to deliver absolute budget cuts was last June.

Tough – sure.

Doable – yes.

Given the great uncertainties of current circumstances, Treasury's best guess of our revenue shortfall on the year is \$400 million.

Our cost estimate of state expenditures for this stimulus package is roughly \$150 million—that, by the way, is before the federal funding we may get takes effect.

You're viewing an archived copy from the New Jersey State Library.

It is this arithmetic that's led me to ask my cabinet to begin cutting back planned equipment purchases, consultant contracts and lower priority programs.

We will undoubtedly need more cuts. We may have to take more drastic steps in the months ahead.

The one certain principle the public can count on in this administration is that spending will match revenues and at the end of this fiscal year, spending will be less than the \$32.9 billion approved in June.

On a more positive note, it appears probable that a second economic package will move through Congress shortly after the November elections.

As Chair of the National Governors' Economic Development Committee, I am hearing positive feedback on the requests by states for Medicaid support, children's health care, unemployment and infrastructure aid in any new package.

The prospective federal stimulus plan being considered could provide 100's of millions of dollars to New Jersey and moderate budget cuts.

It is also possible that we may see additional housing and energy funding from the \$700 billion bailout in the weeks ahead.

So that's the basics of the plan. There is much to do.

- Let's step up to meet emergency needs of our citizens.
- Let's create jobs now.
- Let's set up for a strong recovery.
- And let's keep our finances under control.

Some of our citizens may ask, What's in this for me?

I say that we all benefit when more New Jerseyans are working when people can stay in their homes and businesses have the opportunity to grow and thrive.

I believe in New Jersey. I know you do as well.

I believe there is much we can do.

I welcome other responsible and financable ideas.

Obviously, we must stay flexible in the context of the remarkable economic circumstances and financial volatility of the day.

But make no mistake, as these ideas and this proposal demonstrate, we do have a say about our economic destiny.

Being a bystander, standing idly by, is not an option.

We may not be able to change all aspects of the economic world, but standing idly by is not an option.

Initiative and hard work is the only way.

New Jersey's own Thomas Edison said at another time of recession like today, "Be courageous. I have seen many business depressions. And always, America has emerged from these stronger and more prosperous".

It's our time to be courageous. Let's do what is right for the people and prosperity of New Jersey.

If we lead and if we act, we will emerge from these challenging times "stronger and more prosperous".

[Contact Us](#) | [Privacy Notice](#) | [Legal Statement](#) | [Accessibility Statement](#)



Statewide: [NJ Home](#) | [Services A to Z](#) | [Departments/Agencies](#) | [FAQs](#)  
Office of the Governor: [Governor Home](#) | [Meet the Governor](#) | [Executive Staff](#) | [Cabinet](#) | [Newsroom](#) | [Boards, Commissions and Authorities](#) | [Photo Blog](#) | [For Kids](#)

Copyright © State of New Jersey, 1996-2009  
Office of the Governor  
PO Box 001  
Trenton, NJ 08625  
609-292-6000

You're viewing an archived copy from the New Jersey State Library.