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New Jersey Aims to Make it Easier for Businesses to Flourish

The Garden State offers numerous incentives for expanding, relocating companies.

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By Tricia Hyland

The state of New Jersey has begun to recognize that in order for the state to stabilize its long-term fiscal outlook, it has to improve its business climate and make it easier for companies to conduct business.

The state is attempting to streamline the process so that all services and support systems are more accessible to companies.

“We want to present a better, more business-friendly atmosphere,” said Virginia S. Bauer, CEO and secretary of the New Jersey Commerce, Economic Growth and Tourism Commission. “New Jersey’s economy will only flourish if we make it easier for businesses to prosper.”

Pharmaceutical and companies in other industries are finding that New Jersey is more willing than ever before to make the capital investment necessary to attract and retain companies.

“The reality is companies are always enticed by other states and other parts of the world,” Bauer said. “They receive financial incentives to consider moving there.”

To combat any company exodus out of the state, and to attract companies to relocate, New Jersey has two major incentive packages.

For companies already in New Jersey, there is the Business Retention and Relocation Assistance Grant (BRRAG) program, which offers grants as credit against business tax liability. BRRAG grant values cannot exceed 80 percent of tax payments to the state.

BRRAG is available to businesses that relocate a minimum of 250 jobs from one or more locations in the state to a new business location or locations in New Jersey.

Grants of up to \$1,500 per job retained are payable as a tax credit against a company’s corporate tax liability.

To attract companies into the Garden State, there is the Business Employment Incentive Program (BEIP). This program has become a powerful incentive tool for encouraging businesses to locate and expand in New Jersey, Bauer said.

Businesses that execute agreements under the program and create jobs receive annual cash grants based on the number of new jobs they have created.

BEIP grants may run up to 10 years and can equal from 10 percent to 80 percent of the total amount of state income taxes generated by the company’s newly created jobs during a calendar year.

To qualify, a business must demonstrate that the BEIP grant is a “material” factor for expanding or relocating jobs in New Jersey, that it is financially viable and that it will create a minimum of 25 new jobs, or 10 new jobs if the business is within the high tech or biotechnology industries.

Bauer said the goal is not only to bring jobs to the state but to bring more of the high-paying skilled jobs that New Jersey has lost in recent years.

“We want to make it easier for companies to grow and expand,” she said. “We have a wealth of pharmaceutical/biotech and telecommunications industries. We want to retain these industries and expand in these markets.”

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The Attraction of Vineland

In the business world of the 21st century, speed is of the essence. Proximity to customers, distribution centers, major thoroughfares and ports are critical to the success of a company in any industry. No location is more geographically centered than the city of Vineland.

Located 30 miles from Philadelphia and Atlantic City, N.J., 80 miles from New York City and 150 miles from Washington, D.C., Vineland lies in the heart of the Boston-to-Washington Northeast Corridor, one of the most heavily populated regions of the country.

But geographical proximity is only as good as the highways that get you there. Vineland is located off state Route 55, which provides high-speed, limited access connection to the Atlantic City Expressway, the New Jersey Turnpike, and interstates 95 and 295.

Air service, both passenger and freight, is easily available at Philadelphia International Airport (about 40 miles away). The Philadelphia seaport and a four-directional rail service round out the transportation options.

Cumberland County, where Vineland is located, has the highest unemployment rate in the state, so companies know there is an available work force (of almost 300,000 workers in the South Jersey area), mostly in the areas of agriculture and manufacturing, said Jim Lelli, director of economic development for the city of Vineland. In addition, the city's wages are 50 cents to \$1 per hour lower than other communities in New Jersey.

The city is in the midst of building up its work force in the biotechnology industry as a way to attract companies in that sector. The key to building a biotech cluster is to work with startup companies to alleviate the cost of doing business, Lelli said.

"It's important to start with little companies and help them grow," he said. "That's the way you build a biotech cluster."

One factor in Vineland's favor is that it already has a biotech work force of about 26,000 living in the city. A great majority of these workers make the commute to the Philadelphia metro area each day, and a survey conducted by the city last year indicated that they would like to cut down on those commute times.

Vineland Matches State Incentives

The city takes full advantage of the state of New Jersey's Urban Enterprise Zone Program (UEZ). The city enhances the UEZ program with a mix of its own incentives, including job creation grants and low-interest loans from UEZ sales tax receipts.

The city has a \$50 million revolving loan fund and is willing to take a second position behind the primary lender to leverage its funds, Lelli said. Loans have ranged from \$25,000 to \$8 million.

Vineland also benefits from its status as a federal empowerment zone, which allows eligible businesses to participate in a variety of federal programs to reduce tax burdens and provide new capital for further growth. Real estate tax exemptions on new construction and improvements to existing buildings are also available.

Through the Vineland School System, Cumberland County College, Rowan University and Cumberland County Vo-Tech Center, the city offers a range of training programs.

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PSE&G Develops Alliances

One of New Jersey's leaders in economic development has been Public Service Electric & Gas Co. (PSE&G), the state's largest utility. In 1929, PSE&G created its Area Development Department to support economic growth.

Now, after 75 years, Area Development has established a distinct structure with expanded services designed to better meet the needs of its clients. PSE&G created PSE&G Area Development LLC, a customer-driven initiative that enhances its area development efforts.

In addition to its cost-free services, PSE&G will also provide more comprehensive targeted support through two subsidiaries, PSE&G SiteFinders LLC and PSE&G Economic Development Services LLC.

The key to the organization is its strategic alliances. Developed from long-established relationships, they provide a depth of knowledge and wealth of contacts not found in any other economic development organization, said Timothy R. Comerford, president of PSE&G Economic Development Services.

The wider variety of customized site location solutions that PSE&G offers translates into "one-stop shopping" advantages for client-firms.

Area Development continues to provide its free expert site location assistance by providing information to help companies address such relocation concerns as demographics, taxes, labor, transportation, incentives, permitting and regulatory issues, and it continues to promote New Jersey as a location well-suited to work and live.

PSE&G SiteFinders, a licensed New Jersey real estate firm, delivers expert site location assistance to help firms expand and grow in New Jersey. The SiteFinders' network-members will find or dispose of real estate properties and negotiate the best deal for client-businesses.

Efforts Keep ECI in New Jersey

Thanks in part to PSE&G, ECI Technology will maintain operations and retain employees in New Jersey.

PSE&G expedited ECI's relocation process by finding a larger suitable site in Totowa. Additionally, PSE&G SiteFinders provided ECI with the expertise to quickly finance and finalize the project.

Working with PSE&G's SiteFinders team, ECI learned that it would cost between \$15 and \$18 per square foot to renovate and improve suitable leased buildings.

However, with financing from the state's Economic Development Authority, the company could buy a 45,000 square foot facility in Totowa, purchase new equipment and renovate the property to fully suit its needs for less money.

ECI is now in a facility nearly three times the size of its old facility.

"PSE&G was the key in helping us identify the right property, obtain financing and close on our new facility so quickly," said Eddie Rabinovitch, who is responsible for special projects at ECI. "We were able to purchase, renovate and equip our own building for less than the cost of leasing."

PSE&G connected ECI's management team with a network of skilled real estate and financing professionals, including realtors, contractors, architects and officials from the state of New Jersey, Comerford said.

"Support for companies like ECI is critical in creating the kind of skilled jobs that will sustain New Jersey's economic growth," he said.