



New Jersey Society for Environmental, Economic Development



# 2008-2009 Federal Briefing Book

**Presented to the New Jersey Congressional Delegation**

**April 23, 2008**



**The New Jersey Society for Environmental, Economic  
Development  
2008-2009 Congressional Briefing Book**

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## Introduction

The New Jersey Society for Environmental, Economic Development (NJ SEED) is a unique coalition of New Jersey's most prominent labor and business leaders. Our diverse membership includes labor advocates, business organizations and trade groups, construction and electrical workers unions, energy providers, environmental consultants, telecommunications firms, banks, residential and commercial development interests, insurance firms, educators, State Troopers and firefighters, food manufacturers and retailers, water utilities, chemical industries, pharmaceutical companies and health care interests. What we all have in common is our belief that economic growth and environmental protection are not mutually exclusive.

For more than thirty years, NJ SEED has supported balanced public policies that create private sector jobs, bolster our economy and enhance our environment. Good things happen when labor and business leaders sit down together.

NJ SEED is proud to present the 2008-2009 Congressional Briefing Book. This year marks our 21st Congressional Briefing in Washington, and we thank the members of the New Jersey Congressional Delegation for their willingness to meet with us annually to discuss issues that are vital to business and labor leaders in the Garden State.

We are grateful to all of the NJ SEED members who contributed to this document and who serve on our Issues Committees. As always, NJ SEED's Officers and Trustees will be pleased to meet at any time to discuss these issues.

Joseph McNamara, President  
**NJ LECET**

Charles Wowkanech, First Vice President  
**New Jersey State AFL-CIO**

Richard Dewling, 2nd Vice President  
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## NJ SEED Policy Committees

### NJ SEED Economic Development Issues Policy Committee

Chairman: John Maddocks, Somerset County Business Partnership

<b>Associated General Contractors of NJ</b> Brian Tobin	<b>Building Contractors Association of NJ</b> Tom DiGangi	<b>HealthCare Institute of New Jersey</b> Bill Healey
<b>Insurance Council of NJ</b> Magdalena Padilla	<b>NJ Council of Carpenters</b> George Laufenberg	<b>NJ NAIOP</b> Michael McGuinness
<b>NJ Skylands Insurance Co.</b> John K. Tiene	<b>NJ LECET</b> Joseph McNamara	<b>PSE&amp;G</b> Tim Comerford
<b>Steamfitters Local 475</b> Thomas Manning	<b>Union County Alliance</b> Henry Ross	<b>Union County Alliance</b> Ed Zarnock

### NJ SEED Energy Issues Policy Committee

Chairmen: Art Guida, PSE&G and Jim Benton, NJ Petroleum Council

<b>Atlantic City Electric</b> Robert Revelle	<b>BP America, Inc.</b> Gary Shute	<b>Steamfitters Local 475</b> Thomas Manning
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### NJ SEED Environmental Issues Policy Committee

Chairman: Dick Dewling, Dewling Associates, Inc.

<b>BP America, Inc.</b> Gary Shute	<b>NJ NAIOP</b> Michael McGuinness	<b>NJ Petroleum Council</b> Jim Benton
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### NJ State Chamber of Commerce

Joan Verplanck      Michael Egenton

### NJ SEED Transportation Issues Policy Committee

Chairman: Roger Ellis, Local 172

<b>Middlesex Cty. Bldg. &amp; Cons. Trades Council</b>	<b>NJ Council of Carpenters</b> George Laufenberg	<b>NJ Skylands Insurance Co.</b> John K. Tiene
<b>NJ Asphalt Pavement Assoc.</b> Carol Fulton	<b>NJ LECET</b> Steve Gardner	<b>NJ State AFL-CIO</b> Charlie Wowkanech
<b>NJ State Troopers Fraternal Association</b> David Jones	<b>NJ State Troopers Fraternal Association</b> Chris Burgos	<b>Operating Engineers, Local 825</b> Mark Longo
<b>Port Authority of NY &amp; NJ</b> Susan Bass-Levin	<b>United Transportation Union</b> Daniel O'Connell	<b>UTCA NJ</b> Doug Hritz

## Economic Development Overview

The NJ SEED Economic Development Issues Committee recognizes that New Jersey competes in a global market place. We recognize our desirability as a location for businesses and employees spans the myriad evaluation criteria used by companies and individuals when considering relocation. The quality of our roads, bridges and mass transit systems, the appeal of our beaches, the costs of government and our educational system, our accessibility to other markets and the manner in which regulations and policies are enforced all can contribute to New Jersey's desirability as a location for business.

New Jersey is the most densely populated state in the nation, has an aging infrastructure consistent with its industrial era economy and faces special economic and environmental challenges as a gateway to world markets. New Jersey has successfully transformed itself into a technology, pharmaceutical and service economy, given our unique location and history. Numerous studies have shown that New Jersey gets back less than \$.70 for every dollar it sends to Washington. Yet it still remains a world-class economy.

We ask New Jersey's Congressional Delegation for special consideration and support of the critical challenges detailed below. All of these issues have been documented by our working committees on transportation, the environment and energy. This document reflects the views of our labor and business members. We would be pleased to provide additional background and support as may be necessary to further these critical objectives.

### Transportation Related Priorities

NJ SEED urges the New Jersey Congressional Delegation to continue to advocate for ***increased funding for New Jersey's critical transportation needs.***

***NJ SEED supports the ARC (tunnel project) adding increased transit capacity between New Jersey and New York as well as other needed investments in our regional linkages.***

NJ SEED strongly supports a continued partnership with the state and federal governments to maintain and ***improve the nation's deep-draft navigation system*** through the sound investment of federal funds for the accelerated, consolidated Harbor Navigation project. The deepening plan for the New York and New Jersey Harbor Navigation project must be completed. NJ SEED recognizes that lawsuits can halt the process and encourages that the process remain open and problems are remediated quickly.

NJ SEED supports the ***Liberty Corridor proposal to address intermodal deficiencies.***

NJ SEED recommends that our Congressional Delegation seek ***additional funding levels for the FY 2008 Civil Works budget*** in support of current feasibility studies

underway by the U.S. Army Corps of Engineers in the New York District, which are critical to realizing the achievement of a world-class Hudson-Raritan Estuary. Also, the passage of a Water Resources Development Act is a key component to ensure that critical environmental projects within the region are authorized for consideration of federal appropriations.

NJ SEED supports the ***continued beneficial use of dredged materials for environmental conservation, economic development and revitalization purposes*** associated with remediation and reclamation projects. We additionally ***support contaminant reduction/abatement*** and the development of new technologies for such efforts.

NJ SEED strongly believes that ***airspace redesign is needed to accommodate growth and efficiency***. It is important to maintain safety and mitigate delays while minimizing negative financial and operational effects on all carriers using Newark-Liberty Airport.

## **Environment Related Priorities**

NJ SEED urges Congress and the Bush administration to provide ***additional funding for the cleanup of Superfund sites***.

Aggressive remediation incentives will give New Jersey a competitive advantage over neighboring states with similar brownfield issues. Additionally, policies in this area should reflect negligence and fault rather than possession only. NJ SEED urges Congress to ***ensure that any brownfields remediation legislation continues to provide tax incentives***.

NJ SEED supports the Clean Water Construction Coalition's position on HR 720, as ***sewer and water infrastructure in our state are extremely important*** to its economic and environmental health. We recommend that funding levels be restored to reflect the needs of these already successful environmentally critical programs.

NJ SEED ***supports a greenhouse gas emissions policy*** that effects all economic and geographic sectors equally.

*NJ SEED recognizes that air quality has improved in New Jersey under the existing requirements of the ozone standard. We urge careful, ongoing consideration by the New Jersey Congressional delegation of the effect such a new requirement will have on New Jersey as it continues to struggle with retention and expansion of our state's manufacturing base and the well paying jobs associated within the sector.*

NJ SEED supports a consistent definition of the federal government's jurisdiction over the waters of the U.S., and urges Congress to ***increase flexibility and expedite routine permitting*** for projects with negligible effects.

NJ SEED believes Congress should hold hearings to consider legislation to **establish federal repositories for low-level radioactive waste**. Action is needed now. Hospitals, research facilities and industries face diminishing options for disposal of these wastes.

NJ SEED supports **full funding of the nuclear waste program as necessary to achieve Yucca Mountain repository operation at the earliest practical date**. We urge **completion of final EPA radiation standards for the Yucca Mountain site**; design changes that would remove the need for repackaging waste at the site; and publication for the draft EIS on a proposed railway through Nevada to Yucca Mountain.

## Energy Related Priorities

NJ SEED urges Congress, the Bush administration and the Federal Energy Regulatory Commission to **adopt environmental policies that adequately protect consumers from increased emissions**, while recognizing the competitive nature of the energy production and delivery markets.

NJ SEED serves as an active member of the New Jersey Affordable, Clean, Reliable Energy Coalition. Together, these coalitions work to increase the public's awareness of the need to **keep existing clean energy providers operational** and to promote and support the **development of new affordable clean sources**.

NJ SEED supports **tax incentives and loan guarantees** to aid in the construction of additional nuclear power plants approved by the Nuclear Regulatory Commission to **maintain a diverse portfolio of generating resources**.

NJ SEED supports **initiatives that will lower the depth of the Author Kill**, maintain an approximately 40-foot channel depth and return this waterway to improved safe navigational standards.

The power grid that supplies New Jersey consumers needs the ability to increase capacity to stay ahead of the demands of its consumer base. NJ SEED supports **approval for new energy production facilities** that will contribute to New Jersey's economic health and energy supply.

NJ SEED supports the implementation of rate designs, regulatory structures and tax incentives that support energy efficiency as a viable business and encourage consumers to better manage their energy usage. Specifically, NJ SEED urges Congress to enact legislation that **permanently extends the Energy Efficient Commercial Building Deduction**.

NJ SEED supports the **expansion of the proposed Outer Continental Shelf Five Year Plan**.

NJ SEED supports **increased annual appropriations for the Low Income Home Energy Assistance Program**.

## Security Related Priorities

NJ SEED believes that it is crucial ***that Port Security grants are distributed based on risk.*** We encourage our congressional delegation to fight for ***adequate and appropriate federal funding to protect the Port of New York and New Jersey.***

NJ SEED supports efforts at every level to ***ensure adequate federal funding for our state Police*** efforts to fight terrorism and keep our markets safe ***to continue its mission under the Department of Homeland Security.***

NJ SEED urges our congressional delegation to seriously ***consider the New Jersey State Police model used during Hurricane Katrina as one that could be utilized nationally.***

## Technology Related Priorities

NJ SEED supports proposals that would ***promote development of new broadband lines*** and more effective management of Internet traffic, so that New Jersey remains a global leader in technology development. We ***oppose proposals that would limit broadband bandwidth and access.***

## Economic Growth Related Priorities

NJ SEED encourages its congressional delegation to ***continue policies that grow high-tech jobs in our state and throughout our nation.*** The ***renewal of the Research and Development Tax Credit*** provided New Jersey's life sciences industries with opportunity to expand its research and development.

NJ SEED also urges Congress to ***oppose efforts to re-open the now two-plus year old Medicare Part D legislation. Price controls reduce capital for research and development which is a main stay of New Jersey's economy.*** This significant new benefit for our nation's seniors is being delivered effectively through private insurance plans.

***NJ SEED also endorses fair trade policies with foreign governments to ensure that pharmaceuticals and medical technologies are priced in a fair manner.*** Restrictive regulatory processes and unfair trade practices harm pharmaceutical and medical technology products overseas and disproportionately impact jobs in New Jersey.

NJ SEED urges the New Jersey congressional delegation to support policies that ***expand access to the latest pharmaceutical and medical technology products.***

## **TRANSPORTATION**

### **Statement from the NJ SEED Transportation Issues Committee**

New Jersey's roads, bridges, rail lines and ports are the backbone of its economy, as well as a keystone for our nation's transportation infrastructure. The NJ SEED Transportation Issues Policy Committee recommends that we encourage Congress to take immediate action on the next renewal of the Federal Transportation Equity Act. Within that renewal, NJ SEED supports the introduction of a stimulus package that will encourage growth for transportation infrastructure. We cannot afford to let the next funding bill get years behind. We recognize that much of New Jersey's federal transportation funding is achieved through matching state funds. Therefore, we are also urging the New Jersey Legislature to immediately secure a stable and renewable funding source, exclusively for the depleted New Jersey Transportation Trust Fund. We seek revenue that does not rely so heavily on funding schemes. We are in desperate need of a "pay as you go" system with a dedicated source of funding.

### **Background on Federal Transportation**

New Jersey is a corridor state and the movement of goods, services and people depends on a well-maintained, non-congested transportation system. Each day, our roads and bridges accommodate more than 17 million vehicle trips, 324 million tons of New Jersey manufactured goods, and millions of rail and bus commuters. NJ SEED and its members continue to work diligently to keep transportation funding issues on the front burner of federal policy initiatives.

New Jersey is a gateway to world markets. Without a sound and efficient transportation network, we cannot compete with other regions of the country and are vulnerable to job and revenue losses. Therefore, investing in our infrastructure is vital.

Federal transportation funding is an economic issue and a public safety issue. For every \$1 billion invested in transportation infrastructure, 34,779 jobs are created and more than \$5 billion in related activity is generated. Every dollar spent on transportation equates to \$5.60 in economic development. According to a National Highway Traffic Safety Administration, a third of the 42,000 fatalities on our roadways each year are directly attributable to roadways that are inadequate for current traffic demands.

Increased funding for transportation will help to eliminate congestion, improve safety, create jobs and provide a better quality of life for all New Jersey citizens. NJ SEED's members pledge to continue to work cooperatively with our Congressional Delegation to keep federal transportation funding at the forefront of our public policy discussions.

***NJ SEED urges the New Jersey congressional delegation to continue to advocate for increased funding for New Jersey's critical transportation needs***

*as we finish the first decade of the 21<sup>st</sup> century.*

## **SAFE-TEA-LU: A Quick Fix to a Long-Term Problem**

On August 10, 2005, President Bush signed the Safe, Accountable, Flexible, Efficient Transportation Equity Act – a Legacy for Users (SAFE-TEA-LU). The Act provides total guaranteed funding of \$286.5 billion from federal FY 2004 to federal FY 2009. While the funding from this legislation is helpful to America's transportation infrastructure, the allocated appropriations will not allow us to keep up with our aging and expanding transportation system.

Even though funding for our nation's highway system is provided primarily through a statutorily dedicated gas tax, the nation's highways programs are in grave danger of decreased funding levels due to recent concerns over General Budget funding spending levels. Over the past several budget cycles, Congress has been met with recommendations less than the SAFE-TEA-LU guaranteed funding levels. **NJ SEED applauds the efforts of Congress as they continue to meet the guaranteed funding levels through fiscal budget hardship.**

The U.S. Senate and House of Representative's budget panels respectively passed their FY 2009 budget resolutions, with each committee calling for the full funding of the federal highway and transit programs at the guaranteed SAFETEA-LU levels for FY 2009. The President unveiled his FY 2009 federal budget proposal in February, with a proposal to reduce the funding for the highway program to 39.4 billion which is 1.8 billion less than the SAFTEA-LU recommended amount adopted for the FY 2008 Budget. This means a \$16,454,000 cut in Federal Highway Funds for New Jersey.

An immediate and long term fix in the form of legislation is required to keep New Jersey's funding levels at a minimum to maintain its current transportation plan. The Baucus-Grassley bill is anticipated to produce approximately \$5 billion in new revenue for transportation by dedicating funds from highway user fees that are not statutorily directed specifically to the Highway account.

***NJ SEED applauds the leadership of Congress, in meeting guaranteed funding levels for 2008. NJSEED supports action now to maintain or increase Federal Highway Funding to support needed transportation improvements in New Jersey. We now stress the need to begin working on the monumental task of funding the system when the current legislation expires in 2009.***

***NJ SEED supports the bipartisan legislation sponsored by US Senate Finance Committee Chairman Max Baucus (D-Montana) and Ranking Member Charles Grassley (R-Iowa) that would ensure that the SAFE-TEA-LU levels of investment for transportation are guaranteed until a long-term solution is reached.***

## **ARC (Access to the Region's Core) - Second Passenger Tunnel into New York**

One of the most pressing regional transportation needs is a lack of rail and station capacity into New York City from New Jersey. Passenger demand is expected to double over the next 15-20 years. Existing capacity simply cannot meet the demand created by the increased ridership. Since the existing tunnel is close to 100 years old, it cannot be modified to meet these future demands. The only alternative is to build a two track tunnel under the Hudson River with a new rail station adjacent to Penn Station. In addition to the new tunnel and rail station in New York, additional improvements to NJ Transit rail lines servicing Manhattan from New Jersey will be required.

### *Job Creation:*

According to the U.S. Department of Transportation, 34,779 direct jobs are created for every \$1 billion spent on public construction. During construction the ARC project is estimated to generate \$660 million in new Gross Regional Product annually, \$390 million in real personal income annually and 6,000 construction jobs every year.

### *Security:*

In a post 9-11 world this tunnel would add redundancy at what could become a choke point on the Northeast Corridor. The recent bombings in London/Madrid have shown us how crippling the attacks are.

### *Environmentally Sound:*

The traffic relief that this tunnel offers would decrease congestion and pollution. Recent spikes in the price of gasoline continue to drive commuters to look for alternatives to driving. This investment in our transportation infrastructure will enhance the economies of the region and lessen the environmental impact of traffic.

***NJ SEED recommends that our Congressional delegation continue to secure significant federal funds to ensure the viability of this project. The Port Authority of New York and New Jersey and the State of New Jersey, through the Transportation Trust fund, have already committed \$4.5 billion.***

## **Critical Port Issues**

From ship to shore to store, the Port of New York and New Jersey is our most important gateway to international trade, and affords us easy access to affordable goods. Many of the products we use daily are available because the maritime industry operates in our backyard.

To ensure continued economic growth, our port must remain the North Atlantic's main ocean shipping hub by sustaining its competitiveness through deep draft, 50-foot navigation channels. Clear trends in commercial shipping and steamship design and construction will result in a larger percentage of the worldwide fleet of

container ships that require channel depths of up to 50 feet. The vessels calling on our port have grown from 2,500-container ships in 1990 to 6,000-container mega ships today, and they are getting larger. It is critical that our port be able to accommodate these deeper draft vessels.

The port's \$2 billion, 10-year Capital Plan, which includes significant funds to upgrade the on and off-port road network, will provide a more efficient way for trucks to enter and leave port terminals.

#### Facts About the Port of New York and New Jersey:

- Third largest seaport in the US, the largest on the East Coast and the fifteenth largest in the world.
- Estimated regional economic input: \$29 billion annually.
- Largest automobile port in the US.
- Over 600,000 passengers board cruise ships.
- Over 250 miles of engineered waterways with depths ranging from 20-45 feet.
- Deepening project to 50 feet is underway to accommodate larger vessels and ensure navigation safety.
- Required annually: dredging of four to six million cubic yards.

Without the environmentally-friendly and cost-effective ocean movement of goods, there would be thousands more trucks on the roadways for each vessel that did not call on our port, creating additional congestion, motor vehicle exhaust emissions and diminished air quality. To accommodate this growth, the \$2 billion Channel Navigation Improvement project to deepen the New York harbor to 50 feet by 2012 has commenced. It is the largest channel navigation project in the nation, a national priority civil works project of the U.S. Army Corps of Engineers.

The economic significance of our port is extraordinary. Port activities support 413,000 jobs nationally. The industry continues to create new high-skill, high-wage jobs as containerized cargo volume grows. Our port accounts for almost 60 percent of the containerized cargo handled by all North Atlantic ports. In addition, we are the country's largest auto port and its largest refined petroleum products hub. A comprehensive study of the economic impact of our port details the significance of an active port industry that in 2001 alone generated:

- 232,000 jobs regionally, 137,500 jobs in New Jersey.
- \$15.1 billion in gross domestic product.
- \$12.568 billion in personal income in the region.
- \$3.794 billion, \$.986 billion and \$.990 billion in federal, state and local tax revenues, respectively.

Our quality of life is directly attributable to the efforts of the port, which serves almost one-third of the nation's population. Goods handled here supply Northeast and Midwest markets, provide export opportunities for goods produced here, and facilitate the import of raw material used in domestic manufacturing. The channel

deepening project will continue to provide greater transportation efficiencies to these markets with less environmental impacts locally and, as necessary, better military deployment to support national defense.

It is critical that once dredging commences in the harbor's channels that the federal government utilizes funding within the Harbor Maintenance Tax (HMT) to maintain the channels to their dredged levels. If maintenance dredging is not conducted on a consistent basis the federal and local cost sharing partners investments in the dredging program will be lost to rapid silt build up in the channels.

***NJ SEED strongly supports a continued partnership with the state and federal governments to maintain and improve the nation's deep-draft navigation system through the sound investment of federal funds for the accelerated, consolidated Harbor Navigation project. The deepening plan for the New York and New Jersey Harbor Navigation project must be completed without interruption. NJ SEED recognizes that lawsuits can halt the process and encourages that the process remain open and problems are remediate quickly.***

## **Freight Mobility: Barge and Rail Initiatives**

Complementing the channel navigation deepening and port infrastructure improvements is industry investment in environmentally sound alternatives to truck-based container movement, such as short sea shipping initiatives featuring feeder barge services from the Port of New York and New Jersey to inland destinations. In addition, initiatives to increase rail movement of containers, both long-haul and short shuttle runs, must be a public policy priority. Development of economically sustainable Port Inland Distribution Networks (PIDN) supplements this overall effort. A greater reliance on alternative modes of cargo movement around the port and through our region makes great economic and environmental sense.

However, landside intermodal infrastructure improvements that promote modal balance and diversity and solve highway congestion must keep pace with the significant growth in cargo that will arrive here annually. Port cargo volumes have doubled between 1996 and 2006. As cargo volumes grow, the pressure to increase terminal efficiency and throughput will place a great burden on the ability to move cargo from dock to final destination. Transportation infrastructure investments are vital to ensure continued freight mobility without imposing additional strain on local communities and roadways.

The Port Authority's ExpressRail on-dock rail system is expected to be completed by 2011. The system, when fully built, will have the capacity to handle 1.5 million cargo containers a year by rail, taking approximately 2.5 million trucks off the roads. The Port Authority recently completed Tracks 10 through 18 at the ExpressRail Elizabeth facility, and has begun construction of another lead track into the rail facility that will greatly improve the movement of trains on and off the property. Construction also will begin this year on rail track west of Corbin Street in Port Newark and Elizabeth that will provide support for the entire ExpressRail system

and provide sufficient capacity for three additional 2-mile long arriving and departing trains.

ExpressRail set a new record in 2007, handling 358,043 cargo containers, an increase of approximately 20,000 containers over the previous record of 338,884 in 2006. In January 2008, ExpressRail set a record dating back to the start of on-dock rail in 1991, handling 32,735 containers.

The lack of a world-class international intermodal corridor will shut down the significant economic engine fueled by port users who move the millions of cargo containers that serve 80 million consumers and port-dependent businesses in our state and region. ExpressRail is just one solution to on port rail enhancements a possible solution to off port rail enhancements, proposed by Senator Bob Menendez, is the Liberty Corridor. It would create an International Intermodal Corridor to support the economic engine powered by freight mobility, economic development, research and development, and export promotion sustaining and business attraction, retention and success in New Jersey and the region.

***NJ SEED supports the Liberty Corridor Proposal that would address current intermodal deficiencies, such as:***

- ***Lack of modal balance.***
- ***Promotion of modal diversity, such as increased use of rail and waterborne freight movement.***
- ***Removal of highway system constraints that threaten the efficiency and growth of our international intermodal service connections.***
- ***Enhanced PIDN service and efforts to identify federal support that will be required to sustain the service beyond the initial two-year period.***

## **Regional Transportation Linkages**

Northern New Jersey's economic viability is linked to the efficiency of the area's transportation infrastructure. As traffic volume between New Jersey and New York City continues to increase and commerce from our ports grows, it is critical that our transportation linkages are expanded.

## **Cross-Harbor Rail Freight Tunnel**

New Jersey and New York Ports continue to see increased traffic and a larger volume of containers every year. Once off loaded, a ship's cargo needs to move with efficiency and ease. A cross-harbor rail freight tunnel would increase the flow of products to market while decreasing road and bridge congestion. New York is the only major port city in the U.S. that has never built a rail freight connection across its harbor or river. Most products entering or passing through the port on rail are either detoured 280 miles to a bridge in Selkirk or loaded onto trucks and transported over the roads. The impact on New Jersey's roads and traffic congestion is stifling to our transportation infrastructure and economy. The tunnel would remove at least one million tractor-trailer trucks per year from our roads, and

would result in cleaner air, reduced congestion, lower-cost consumer goods and a generally reduced cost of doing business.

## **World-Class New York and New Jersey Harbor Estuary**

Continued federal funding is needed to clean up the Passaic, Newark Bay and Meadowlands tributaries. Such action will be key to mitigating contaminated silt collecting in the harbor. Years of dredging for maintenance and deepening purposes has removed most of the contaminated sediment from the harbor bottom, and this has provided a cleaner marine environment and attracted new species of marine life. However, the natural flow of water and silt from upland waterways feeding into the harbor carry contaminated silt back into it.

***NJ SEED recommends that our Congressional Delegation seek additional funding levels for the FY 2008 Civil Works budget in support of current feasibility studies underway by the US Army Corps of Engineers in the New York District, which are critical to realizing the achievement of a world-class Hudson-Raritan Estuary. Also, the passage of a Water Resources Development Act is a key component to ensure that critical environmental projects within the region are authorized for consideration of federal appropriations.***

## **Beneficial Use of Dredged Materials**

With the economic and environmental benefits provided by the maritime industry operating in the Port of New York and New Jersey, dredging and deepening the harbor is essential to keeping our port open for business. Since 1995, considerable resources have been allocated to the identification, evaluation and implementation of alternative management strategies for dredged materials in the Port of New York and New Jersey. Successful strategies include brownfield and landfill remediation, sediment decontamination and environmental manufacturing, abandoned mine reclamation, and confined aquatic disposal. Beneficial uses have made possible the reduction in landside contamination while providing much needed construction materials and developable real estate.

***NJ SEED supports the continued beneficial use of dredged materials for environmental conservation, economic development and revitalization purposes associated with remediation and reclamation projects.***

## **Contaminant Assessment and Abatement**

The Contaminant Assessment and Reduction Program is designed to track down and abate sources of contaminants to the New York/New Jersey Harbor. Approximately \$25 million has been committed to this project by New York and New Jersey. Decontamination technologies have the potential to clean harbor sediments. The states and the federal government have committed approximately \$40 million to test the feasibility of such technologies. Stringent water quality standards set by

state and federal regulations have resulted in a cleaner harbor over the past several years.

***NJ SEED supports contaminant reduction/abatement and the development of new technologies for these efforts.***

## **FAA Airspace Redesign**

The New York/New Jersey/Philadelphia metropolitan area airspace is outdated and needs redesign. In response, the Federal Aviation Administration (FAA) has conducted public hearings in New Jersey, New York, Delaware and Connecticut seeking input on the best way to expand airspace to accommodate larger planes and increased traffic. The airspace redesign involves a 31,000-square-mile, five-state area with 29 airports and a population of 29 million. The public comment period ended on June 1, 2006. On March 23, 2007, the FAA released its preferred course of action and has scheduled another round of public meetings to discuss their decision

The four alternative proposals considered were:

1. No action
2. Modification to existing airspace that includes minor routing changes
3. Integrated airspace that will make additional airspace available
4. Ocean routing that moves departing Newark-Liberty flights over the Atlantic

The FAA selected the third proposal.

NJ SEED strongly believes that a healthy transportation system is critical to the economic stability of New Jersey. While we believe the airspace redesign is needed to accommodate growth and efficiency while maintaining safety and mitigating delays, we are concerned that the ocean routing option will have negative financial and operational effects on all carriers using Newark-Liberty International Airport.

As the members of our congressional delegation participate in the important discussion regarding airspace redesign, we urge them to keep in mind the economic challenges currently facing every major airline in the U.S. Over half a million people are directly employed by the airlines, and significantly more are employed in ancillary industries. The industry plays an important role in New Jersey's economy, and citizens throughout the nation depend on it for moving goods and people.

***NJ SEED strongly believes that airspace redesign is needed to accommodate growth and efficiency. It is important to maintain safety and mitigate delays while minimizing negative financial and operational effects on all carriers using Newark-Liberty Airport.***

## **ENVIRONMENT**

### **Statement from the NJ SEED Environmental Issues Committee**

Balancing clean air and restored natural resources with strong employment and economic growth benefits the health and standard of living of New Jersey residents. To achieve such balance, issues such as site cleanup for redevelopment and pollution controls must be carefully considered. The Environmental Issues Committee supports policies that enhance our environment while keeping our economy strong.

### **Superfund Cleanup Funding**

The original Superfund Law was passed in 1980 to pay for cleaning up toxic waste sites. It appeared in the wake of environmental disasters such as the Elizabeth chemical plant fire that spewed toxic clouds over a 15-square-mile area. The law ensured the responsibility of polluting companies for the cost of cleanup, whether or not their actions were legal at the time. A trust fund was created to pay when responsible parties were not found. In 1996, the fund was at its pinnacle holding \$3.8 billion. The tax expired at the end of 1995 and by 2004 the fund had dropped to zero. Now, Superfund cleanups must compete with other environmental and governmental programs for tax dollars.

The Environmental Protection Agency has committed to level funding; however, more than 50 percent of the Superfund funding for long-term projects is committed to a limited number of "mega sites," three of which are located in New Jersey. Nationwide, in 2007, 66% of the sites on the National Priorities list have been completed. Limited funding is causing disruption to the program and having a negative impact on the progress that has already been made at every site throughout the nation. Appropriate funding generates jobs in addition to protecting the environment.

***NJ SEED recognizes the need for cleanups statewide. These sites are the economic engines of redevelopment for New Jersey. NJ SEED urges Congress and the Bush administration to provide additional funding for the cleanup of Superfund sites.***

### **Brownfields Remediation and Tenant Improvements**

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) was enacted in 1980 to address the problem of inactive hazardous waste sites. Despite its good intentions, CERCLA has proven to be bureaucratic, complicated, and costly. It has imposed retroactive, and at times unfair, burdens on private citizens and companies without regard to their negligence or fault, and it has curtailed economic growth and development. Brownfields are abandoned, idled or underutilized industrial and commercial properties where expansion or redevelopment is complicated by real or perceived environmental contamination.

There are between 300,000 and 600,000 of these contaminated sites in the United States. Because of the cost of contamination cleanup, coupled with the liability under the Superfund law, brownfields remain nonfunctional. Many of these areas are in urban centers.

**NJ SEED urges the New Jersey delegation to:**

- ***Extend the Brownfields Remediation Expensing tax incentive and ultimately make it permanent to provide economic certainty to our members.***
- ***Brownfields remediation converts contaminated urban sites into usable, economically viable areas.***
- ***Provide state voluntary cleanup programs with more flexibility.***
- ***Define due diligence requirements more clearly.***
- ***Remove financing legal obstacles for acquisition and environmental remediation of properties with development potential.***
- ***Give states greater authority in brownfields cleanup decisions.***

## **Clean Water and Safe Drinking Water**

The Clean Water Construction Coalition was formed to promote the renewal of the Federal Clean Water and Safe Drinking Water SRF programs in the Congress and increased annual federal appropriations for these programs. These programs have not been reauthorized in 20 years and for that reason, annual appropriations for the programs have decreased.

The coalition supports HR 720, which the House of Representatives approved in 2007 to reauthorize the Wastewater SRF at \$14 billion over four years. Similar action is expected from the Senate and Environment Public Works Committee prior to June 1, 2008.

***NJ SEED supports the Clean Water Construction Coalition's position on HR 720, as sewer and water infrastructure in our state are extremely important to its economic and environmental health. We recommend that funding levels be restored to reflect the needs of these already successful environmentally critical programs.***

***NJ SEED urges the Senate Committee on Environment and Public Works to introduce its bill regarding wastewater and drinking water SRF construction.***

***NJ SEED also urges our Congressional Delegation to request that the respective Congressional Appropriations Committees fund the FY 2009 Wastewater and Drinking Water programs at \$2 billion and \$1 billion.***

## Global Climate Change

There is scientific evidence that climate change is happening and human activity maybe contributing to it.

In this light, the U.S. is a major contributor of greenhouse gases. The U.S. Senate conveyed in its sense of the Senate resolution in 2005, that Congress should enact a comprehensive and effective national program, of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that:

- (1) will not significantly harm the United States economy; and
- (2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions;

NJ SEED applauds those who have employed voluntary measures to reduce greenhouse gas emissions. Regional initiatives such as RGGI are significant as a catalyst for federal action, but ultimately what is needed is a consistent national approach to curb GHG emissions. Development and deployment of new technologies should be done in parallel and inclusive with a national program.

***NJ SEED believes what ultimately will be needed is the enactment of legislation that addresses greenhouse gas emissions from all sectors of the economy, since all sectors contribute in one way or another to the climate problem. A national greenhouse gas program will keep New Jersey on a level playing field nationally and have a greater effect on our environment.***

## New Ozone Standard

On March 12, 2008 Environmental Protection Agency (EPA) Administrator Steve Johnson announced the agency's decision to impose a more stringent ozone standard. In its final action, the EPA lowered the existing ozone standard from 80 parts per billion (ppb) to 75 ppb. EPA regulators considered tightening the standard to a level as low as 60 ppb.

This tighter ozone standard announced by the EPA will lead to additional higher costs throughout the economy with little health benefit for residents of New Jersey, a state that has struggled to complete its required attainment under the existing standard. Projected costs are too high and the benefits to additional regulation bear careful ongoing scrutiny. NJ SEED is concerned with preserving high-paying jobs in manufacturing and keeping a lid on energy prices.

Air quality is improving in New Jersey and across America. Manufacturers and states have spent enormous resources developing plans to meet the existing ozone standard, which is still being implemented and would have been attained in many states by 2013. Changing the rules now is equivalent to moving the goalposts during the middle of the game.

Moving to a more stringent standard will have an effect on manufacturing employment. The new standard will make it much more difficult to build new and expand existing facilities in the New Jersey and throughout the United States. Stricter environmental controls for companies in non-attainment areas, such as New Jersey, will require millions of dollars in compliance costs

***NJ SEED recognizes that air quality has improved in New Jersey under the existing requirements of the ozone standard. We urge careful, ongoing consideration by the New Jersey Congressional delegation of the effect such a new requirement will have on New Jersey as it continues to struggle with retention and expansion of our state's manufacturing base and the well paying jobs associated within the sector.***

## **Wetlands**

NJ SEED recognizes that wetlands are an important part of the environment and the ecosystem. However, we believe the federal government's definition and regulation of wetlands is inconsistent, resulting in unnecessary costs and delayed projects.

NJ SEED supports a balanced approach to the federal wetlands permitting program that provides a simplified and efficient permitting process while protecting sensitive environmental areas. We also support the concept of mitigation banking, which offsets destroyed or degraded wetlands in one area with newly created, enhanced or restored wetlands elsewhere, thereby balancing the need for growth with environmental sensitivity.

***NJ SEED opposes legislation that subjects all waters (including man-made ditches) to the legislative powers of Congress. We support a consistent definition of the federal government's jurisdiction over the waters of the United States, and urge Congress to increase flexibility and expedite routine permitting for projects with negligible effects.***

## **Low-Level Radioactive Waste Disposal**

There are only three licensed commercial facilities that accept low-level radioactive waste under a series of regional compact agreements among 44 states. They are the Barnwell site in South Carolina, the Envirocare site in Utah and the U.S. Ecology site in Washington State. There have been a number of attempts to build new facilities since the original regional agreements in 1985, but most failed after encountering opposition from state lawmakers and the public.

Waste Control Specialists of Dallas is seeking a license for a facility in Andrews County, Texas. The application has been deemed complete by the state and public hearings are scheduled for this year. The likelihood of approval is low.

***NJ SEED urges Congress to hold hearings to consider legislation to establish federal repositories for low-level radioactive waste. Twenty years is too long***

***to wait before addressing this problem again. The problem is here today: hospitals, research facilities and industries must dispose of these wastes, and the options are diminishing. Now is the time to act, rather than wait for a crisis.***

## **Used Nuclear Fuel Management: Yucca Mountain**

The Nuclear Waste Policy Act of 1982, and its 1987 amendments, assigned to the Department of Energy (DOE) the responsibility for managing used fuel from commercial nuclear power plants and nuclear waste from U.S. defense and research activities. The law levied a tax on electricity generated by nuclear power to pay for the federal government's waste program. Under contracts with electric companies, the DOE agreed to accept used fuel for management and eventual disposal in an underground geologic repository, beginning in 1998. Consumers have committed more than \$24 billion to the Nuclear Waste Fund, including over \$900 million from electricity consumers in New Jersey. Presidential and congressional approvals of the Yucca Mountain, NV site in July 2002 were the most significant steps taken to date by the government toward meeting its obligation.

Despite years of scientific research that led President Bush and Congress to conclude that the Yucca Mountain site would successfully serve as a repository, the DOE is years behind in meeting its commitment to electricity ratepayers. Significant work remains before the federal government can fulfill its promise. The DOE must obtain licenses from the Nuclear Regulatory Commission (NRC) to build and operate the repository, complete construction of a waste acceptance facility, and prepare for transportation of fuel to the facility. To accomplish these objectives, Congress must provide adequate funding. The DOE is nearing completion of a license application, which it plans to submit in the next year or two.

Yucca Mountain is vitally important to meeting the nation's environmental, energy and national security goals. Completing this project in a timely manner is a significant responsibility and should remain one of the federal government's highest priorities. America's 103 nuclear reactors are the nation's largest source of emission-free electricity. Approximately 50 reactors exhausted on-site pool storage capacity for used nuclear fuel at the end of 2005 and must consider other storage measures that will be costly to consumers.

Meeting the DOE's schedule for initial repository operation requires certainty in funding for the program. This is particularly critical in view of projected annual expenditures that will exceed \$1 billion once construction on the repository and related transportation infrastructure begins. Meeting these budget requirements calls for a change in how Congress provides funds to the project from monies collected in the Nuclear Waste Fund. The history of Yucca Mountain funding is evidence that the current funding approach must be modified.

Consumer fees (including interest) committed to the Nuclear Waste Fund since its formation in 1983 total more than \$24 billion. Consumers are projected to pay \$750 million to \$800 million to the fund each year, based on electricity generated at the

nation's 103 reactors. This is more than \$2 million per day. Although about \$8 billion has been used for the program, the balance in the fund is nearly \$17 billion. In the past several years there has been a dramatic gap between the annual fees paid by consumers of electricity from nuclear power plants and disbursements from the fund for use by the DOE at Yucca Mountain.

***NJ SEED urges completion of final EPA radiation standards for the Yucca Mountain site; design changes that would remove the need for repackaging waste at the site; and publication of the draft EIS on a proposed railway through Nevada to Yucca Mountain.***

***NJ SEED supports full funding of the nuclear waste program as necessary to achieve repository operation at the earliest practical date. The federal government must maintain its strong commitment to Yucca Mountain repository as the permanent disposal site and ensure continued progress in licensing and developing the site.***

## **Stormwater Management**

Storm water discharge from construction and development projects are regulated under the Clean Water Act and through the National Pollutant Discharge Elimination System (NPDES) permit program. The NPDES controls water pollution by regulating point sources that discharge pollutants into waters of the United States. Point sources are discrete conveyances such as pipes or man-made ditches. Effluent guidelines are national standards that EPA develops on an industry-by-industry basis. They are intended to represent the greatest pollutant reductions that are economically achievable for an industry.

***NJ SEED believes that additional standards for effluent guidelines are not warranted. Currently, states and counties have sufficient guidelines and standards that sometimes exceed federal protections. In order to minimize the duplicity of regulations, NJ SEED believes that local controls should be maintained.***

## **ENERGY**

### **Statement from the NJ SEED Energy Issues Committee**

To keep New Jersey's industrial base strong, cost effective energy production and distribution is paramount. Expansion in production and capacity will help to keep energy costs down creating a competitive advantage for New Jersey consumers.

It is critical that United States policies encourage independence from potentially unreliable sources of gas and oil. Pursuing environmentally friendly forms of energy is important to the economic and physical health of New Jersey residents. Furthermore, the creation, delivery and safety of energy resources are of paramount importance to our state. The Energy Issues Policy Committee advocates legislation that supports these goals while recognizing the economic importance of the energy industry to our economy.

### **New Jersey's Energy Infrastructure**

New Jersey is home to one of the nation's most comprehensive strategic market places for petroleum product supply and distribution. The Garden State serves the entire northeast region through its refineries, storage, marine transportation, pipeline and infrastructure network. New Jersey is home to one of the four EIA northeast heating oil reserve sites, is one of five states to require statewide federal reformulated gasoline, and has major pipelines and six petroleum refineries. Over 67 percent of New Jersey homes are heated by natural gas. New Jersey has the third lowest gasoline tax in the nation (.329 as of January 1, 2006), and is surrounded by states with significantly higher gasoline tax rates.

### **New Nuclear**

The growing concern about climate change and increasing energy demand is sparking a worldwide nuclear renaissance. Within the portfolio of technologies needed to significantly reduce climate impacts, nuclear power is the only large-scale source of electricity other than hydroelectric power that does not generate greenhouse gases. In 12 countries, plant construction activities are underway and plans for development in the United States are closer to commercialization than they've been in over 25 years. New reactor designs are readily available to support resurgence, but building new plants will require considerable work on legislative and regulatory issues, in addition to a renewal of a diminished nuclear manufacturing and construction infrastructure.

Currently, nuclear power plants provide 20 percent of the electricity consumed in the United States. Presently, there are 104 nuclear power plants in 31 states. The U.S. Department of Energy forecasts that by 2020, the United States will almost double its electric power consumption. Supplying that additional power will require 1,300 to 1,900 new U.S. power plants, many of which could be nuclear.

In New Jersey, PSEG is looking at the possibility of building an additional nuclear power plant to complement the three units that already exist in Lower Alloways Creek. The construction of a new nuclear power plant over the next decade would help New Jersey to meet the growing demand for electricity with a reliable, carbon-free source of energy.

### **Congressional Action**

Due to the financial risk associated with the resurgence of a nuclear renaissance, Congress passed the Energy Policy Act of 2005 (H.R. 6), which incorporates a wide range of measures that supported today's operating nuclear plants and provided important incentives for building new nuclear plants. H.R. 6 includes several incentives to encourage construction of new nuclear plants, including production tax credits, loan guarantees and risk protection for companies pursuing new reactors. These incentives are critical in helping to mitigate the financial risk in building a new plant.

The legislation provides a production tax credit of 1.8 cents per kilowatt-hour for 6,000 megawatts (MW) of capacity from new nuclear power plants for the first eight years of operation. The loan guarantees support the development of innovative energy technologies "that avoid, reduce or sequester air pollutants or anthropogenic emissions of greenhouse gases." These technologies include nuclear energy facilities, renewable energy, coal gasification and hydrogen fuel-cell technology. The loan guarantee can be up to 80 percent of the project cost. The bill offers new plant investment protection in the form of "standby support" to offset the financial impact of delays beyond industry's control that may occur during construction and during the initial phases of plant startup for the first six new reactors. The bill provides for 100 percent coverage of the cost of delays for the first two new plants, up to \$500 million each, and 50 percent of the cost of delays, up to \$250 million each, for plants three through six. In addition to supporting these incentives which are mostly targeted to the first wave of new nuclear power plants, we will continue to support Congressional efforts to extend these incentives to the second and third wave of new nuclear plants.

***With the demand for electricity in the United States continuing to grow, NJ SEED supports tax incentives and loan guarantees to aid in the construction of additional nuclear power plants approved by the Nuclear Regulatory Commission to maintain a diverse portfolio of generating resources.***

### **Keeping Our Electric Power Supply Safe and Reliable**

NJ SEED believes that restructuring the electric power industry has brought and will continue to bring substantial benefits to business and residential energy consumers in the form of lower costs, greater reliability, improved efficiency, new products and services and enhanced ability to compete and win in global markets.

New Jersey has in place one of the nation's most aggressive and comprehensive approaches for unleashing competitive forces for the benefit of consumers. A large portion of this benefit has been obtained by New Jersey's approach to procuring

energy supplies and basic generation services through a competitive bidding/auction process to meet the energy and load demands of customers who have chosen to be served by the state's utilities. Consumers also have the ability to select their own provider. This approach has become a model for other states considering how to ensure the benefits of competition to all customers, regardless of size.

None of this would have been possible if not for the existence of a highly competitive electric wholesale market called PJM. PJM is an independently run regional transmission organization (RTO) that comprises a system of geographically and fuel diverse generation suppliers interconnected through a large transmission grid that in turn is interconnected to geographically diverse load serving entities (e.g. utilities). PJM currently encompasses transmission, generation and load in New Jersey, Pennsylvania, Delaware and Maryland. Plans before the Federal Energy Regulatory Commission (FERC) are to expand PJM to include the Midwest (including states as far west as Illinois and Kentucky, and as far south as Virginia), and to make its operations seamless with the other large Midwest RTO called Midwest Independent System Operator (MISO). When these changes are completed, it is estimated that New Jersey consumers will benefit considerably from the increased competition and additional sources of supply.

Increasingly, however, these plans have run into roadblocks. States such as Virginia and Kentucky have initiated actions to prevent transmission owners in their states from turning over the operation of their grid to PJM for fear that their consumers will be hurt at the expense of benefiting consumers in the northeast. Economic studies show that the opposite is true. Moreover, the August 14, 2003 Blackout demonstrated the problems of loose coordination between grid suppliers and how that can result in cascading problems from state to state. While portions of PJM were affected by the blackout, most parts of the system were able to avoid the problems associated with the Midwestern areas that had loose integration and coordination of the grid.

The federal government has an important role to play in ensuring that the electric supply in this country is both reliable and safe, and that interstate commerce in wholesale electricity markets can occur. Similarly, as these markets become increasingly larger, the federal government has to play an active role in adopting environmental policies that adequately protect state consumers from increased emissions, while recognizing the competitive nature of the markets.

***NJ SEED urges New Jersey's congressional delegation to ensure that Congress, the administration and the FERC pursue policies consistent with these principles.***

NJ SEED acknowledges that there is no quick fix for the energy challenges facing the nation today. It has been long understood that policies are needed that significantly reduce our dependence on potentially unreliable foreign sources of oil and gas. We cannot have a sound energy policy based only on production or solely on conservation. Furthermore, renewable energy sources such as wind, solar and

biomass show strong potential as alternative fuel sources, but have not been sufficiently developed to be considered viable alternatives to imported oil and gas today.

***NJ SEED urges continued discussion by the Bush administration and Congress in order to find common ground on this critically important issue. Recommendations should be balanced to protect jobs in the automobile, petroleum and other energy-intensive industries.***

### **Federal Fuel Issues**

While the patchwork of localized “boutique motor fuels” is not principally responsible for the recent higher gasoline prices, the proliferation of these fuels in recent years has presented significant challenges and resulted in an inflexible fuels system. Refiners and suppliers have made the refinery and distribution system investments to handle both of these gasolines with minimal problems to date. However, if a serious infrastructure problem occurs in the refineries, the pipelines or the terminals that supply these areas with gasoline, the boutique fuels involved could lead to serious supply disruptions. We urge federal policymakers to take particular care in addressing boutique fuels, as there are many factors that affect this complex issue.

Priority should be assigned to avoiding simplistic, counter-productive solutions that fail to recognize how the U.S. fuels system operates. Consideration should be given to both the refining distribution system and the availability of similar fuels in each area.

***NJ SEED believes that the best way to address boutique fuels is to adhere to national policy in this energy arena.***

### **Energy Supply Line: Arthur Kill Channel Improvements**

The Arthur Kill waterway is crucial to the petroleum supply line into New Jersey and the entire Northeast region. Marine transportation traffic to facilities located in New Jersey and New York represents the single largest use of marine transportation traffic in the New York/New Jersey harbor. The lower Arthur Kill is a critical part of the international supply and distribution network for products such as asphalt, jet fuel, home heating oil and gasoline. The current Arthur Kill Channel is maintained at 35-foot channel with 2 - 3 foot over depth dredging. This shallow depth results in excessive lighterage and associated transportation delays. Issues continue to arise from potential spills, navigation accidents and noncompetitive costs for onshore facilities. Security concerns remain at a very high level in this critical navigational channel.

***NJ SEED supports initiatives that will lower the depth of the Arthur Kill, maintain an approximately 40-foot channel depth and return this waterway to improved safe navigational standards. Consistent with the requirements of the Army Corps of Engineers, this initiative is positive and essential. Security is also a critical component to this program.***

## Liquefied Natural Gas Facility Siting

The availability of energy production and capacity for our regional power grid affects the cost and availability of energy for our consumers. NJ SEED supports the expansion of low environmental impact energy production that will benefit all New Jersey consumers.

In 2003, BP announced its plan to build a liquefied natural gas (LNG) terminal in Logan Township. The facility, known as Crown Landing LNG, represents a more than \$500 million investment by BP. Upon completion, the facility will add jobs and tax revenues, and will provide a stable supply of natural gas to the region. This increased access to natural gas supplies will provide a badly needed source of cleaner-burning energy for industrial and residential markets.

Numerous proposals are in the works to build LNG terminals in the U.S., but very few of these will have the kind of immediate benefits to the Mid-Atlantic region offered by the Crown Landing terminal. The facility will receive natural gas in liquid form on ships, convert it back to its gaseous state, and then inject it into the region's gas distribution networks. This LNG storage site will bring significant new supplies of natural gas to the region (enough to supply more than 5 million homes per day), and should help stabilize natural gas prices.

The Crown Landing LNG project continues to progress through the state and federal permitting processes. The U.S. Coast Guard has completed its review of the river transit security issues, and concluded that LNG ships can be safely managed on the Delaware River with some additional security resources. The staff of the Federal Energy Regulatory Commission (FERC) is continuing their review of the project and is now working on the final environmental impact statement, which will include input from the U.S. Coast Guard. FERC is expected to make its decision on granting a permit to the Crown Landing LNG project. BP is also continuing to work with state agencies to secure required state permits for the project. This work will continue concurrently with the federal permitting activities.

The State of New Jersey filed suit against the State of Delaware in the U.S. Supreme Court to contest Delaware's position that the State of Delaware has jurisdiction over the area adjacent to the New Jersey shoreline, the location where a dock for the Crown Landing project is proposed. The Court has agreed to hear the case, though exact timing for oral arguments has not been set. Further inquiries regarding the Supreme Court action should be directed to the New Jersey Attorney General's office.

If the project continues on its current course and receives all federal, state and local approvals, Crown Landing is expected to be operational in late 2008.

***The power grid that supplies New Jersey consumers needs the ability to increase capacity to stay ahead of the demands of its consumer base. NJ SEED supports approval for this important project and similar initiatives that will contribute to New Jersey's economic health and energy supply.***

## Energy Efficiency

Spurred by concerns about rising fuels costs and carbon emissions, states and the federal government are working to enact a host of energy efficiency and renewable energy measures. This includes new building and appliance standards, as well as a host of incentives and programs for consumers to invest in energy efficiency and renewable. The major issue before policy makers is how to fund additional energy efficiency and renewable initiatives and how to put in place public policies that provide incentives for utility investments in energy efficiency. Currently, most of the focus on energy efficiency is at the state level. However, on the federal level, Congressional Tax and Energy Committees are holding hearings to examine various energy efficiency technologies and tax incentives.

According to the U.S. Department of Energy, commercial real estate buildings account for approximately 30 percent of energy use in the United States. Currently, building owners have little or no choice in deciding what fuel is used to generate electricity in their buildings.

NJ SEED supports practices and policies that reward voluntary energy conservation and fossil fuel reduction. The Energy Efficient Commercial Building Deduction, which gives building owners a tax deduction for energy efficient construction and renovations, is an example of such a policy. However, the deduction expires in 2008.

New Jersey has instituted a number of successful initiatives to help reduce the State's peak demand and to conserve resources. The Energy Master Plan (EMP) is New Jersey's solution to make choices about and to balance future energy needs. New Jersey is statutorily required to do a comprehensive EMP every 10 years and to do update every three years. The current EMP process was launched in October of 2006 and its main goal is to reduce projected energy usage by 20 percent by 2020 and to meet 20 percent of the states electricity needs with renewable resources by 2020. The 2007 EMP draft will be presented to Governor Corzine in the fall. Many stake holders' EMP submittals have devoted considerable portions to energy efficiency including business models, technology and programs. Such initiatives include advancing technology in metering, expansion of consumer based energy efficiency financial incentives, hybrid vehicles etc..

***NJ SEED supports the implementation of rate designs, regulatory structures and tax incentives that support energy efficiency as a viable business and encourage consumers to better manage their energy usage. Specifically, NJ SEED urges Congress to enact legislation that permanently extends the Energy Efficient Commercial Building Deduction.***

***New Jersey utilities should be actively involved in developing and investing in energy efficiency initiatives as they possess brand recognition and relationships with consumers and have the ability to deploy capital through investments serving the long-term public interest.***

## Energy Exploration

Many of the best prospects for oil and natural gas are officially, or unofficially, off limits today. For example, federal government policy forbids energy development in most parts of the Outer Continental Shelf. Even in areas that have been considered, governmental permitting delays and litigation can mean areas not producing the oil and natural gas supplies our economy needs. Historically, New Jersey, working with the federal government, had developed one of the most progressive programs for consideration of offshore oil leasing in the United States. However, efforts to move forward in this area have encountered difficulties. By renewing this partnership, the federal and state government and energy companies have the technology and know-how to protect the environment and work to produce very necessary and critical energy supplies for our state and our region.

***NJ SEED supports the expansion of the proposed Outer Continental Shelf (OCS) 5 Year Plan. The current draft plan simply does not go far enough and needs to make as many offshore areas as possible available for exploration and production of domestic oil and natural gas.***

## Low Income Home Energy Assistance Program (LIHEAP)

The Low Income Home Energy Assistance Program (LIHEAP) is a federal block grant program that provides money to help low-income individuals heat and cool their homes.

Most LIHEAP beneficiaries do not receive welfare or other forms of public assistance. Instead, they are working, retired or disabled people with below-poverty incomes who receive \$200 per year, on average, to pay toward a natural gas, fuel oil or electricity bill that averages \$1,000.

In 2006, Congress recognized that higher energy prices required extra funding for the LIHEAP program and appropriated \$3.2 billion. Even though this was still short of the \$5.1 billion authorized for LIHEAP in the Energy Policy Act of 2005, this level of funding gave citizens nationwide the purchasing power needed to pay their heating and cooling bills. New Jersey's share of LIHEAP funding in 2006 was over \$109 millions.

Unfortunately, the continuing Federal Budget Resolution for FY 2007 will decrease LIHEAP funding to \$2.16 billion and the President Bush's FY 2008 budget proposal would further decrease funds to \$1.78 billion. It is imperative that Congress pursue funding opportunities to supplement the LIHEAP program with additional funds and return the funding to a baseline of at least \$3.2 billion.

It is unclear whether or not the Congress will pursue passage of separate LIHEAP reauthorization legislation. Current reauthorization expires at the end of 2007.

## **Desirable Outcomes**

- Timely federal funding at the same or higher level as the previous year.
- Reauthorization of the LIHEAP program in 2007
- Federal Representatives actively promote LIHEAP program participation by their constituents.
- Release of Emergency LIHEAP money by the White House

***NJ SEED supports increased annual appropriations for LIHEAP and re-authorization of the LIHEAP program***

## **SECURITY ISSUES**

### **Port Security**

NJ SEED believes that it is crucial to ensure that Port security grants are distributed based on risk. Agencies and facilities in the New Jersey and New York area have received just 7.5 percent of all of the port security grants (\$707 million) that have been awarded, while the Port Authority of New York and New Jersey ranks number two in overall risk. Therefore, it is imperative that additional port security funding from the federal government be allocated based on risk.

NJ SEED supports immediate implementation of the Transportation Workers Identification Credential (TWIC). This will enable port facilities to expeditiously and confidently grant entrance to restricted areas to employees and contractors. The security of all port facilities is jeopardized when there is no clear, uniform method of determining who is to be granted unescorted access to restricted areas.

Plans must be developed so that should an emergency arise leading to a shutdown of the ports, recovery and reopening of the ports will be clear and organized. In addition, the economic impact on ports and the working families of the port must be examined.

An increased focus must be paid to supply chain and cargo security. There are numerous federal initiatives underway that look at ways to increase the security of parts or all of the supply chain. Some of these programs are federally sponsored, while others are spearheaded by organizations in the private sector. In order to coordinate shared and overlapping goals, it is necessary for this effort to bring them together.

***NJ SEED encourages the New Jersey Congressional Delegation to fight for adequate additional federal funding for the security initiative to protect the Port of New York and New Jersey.***

## **The Role of the New Jersey State Police in Homeland Security and Disaster Response**

Staffing and Funding: New Jersey, the most densely populated state with one of the largest ports and arguably, the busiest transit system in the country, is at the front lines in homeland security and the war against terrorism. The New Jersey State Police (NJSP) work closely with other agencies at the local and federal level. It is of critical importance that our state police have adequate funding and the proper tools needed to thwart criminal activity across the spectrum.

Funds made available to date have enabled the NJSP to develop a state-of-the-art regional intelligence operations center with real-time information updates and interoperability with little or no delay. As one of the only State Police agencies with a full-time Marine law enforcement mission, the NJSP must play an ever-increasing role in the security of our ports and waterways. With the assistance of federal funds, new vessels have been purchased to help replace the aging fleet. Criminal enterprises continue to adapt to changing times. With federal funding initiatives, we can stop them in their tracks by having adequate resources at the ready.

Staffing of the NJSP is moving in a positive direction, with approximately four hundred more sworn Troopers than a year ago. The NJSP continue to improve their ranks with several recruit classes in the Academy and more in the planning stages. A dedicated funding source was very important in addressing the constant budgetary constraints of the past.

These improvements cited are absolutely vital to prevent crime and pursue those who are intent on or are committing criminal and terrorist activity.

***NJ SEED supports efforts at every level to ensure adequate federal funding for our State Police efforts to fight terrorism and keep our markets safe.***

**Response to Hurricane Katrina:** On September 5, 2005, an authorized deployment of the Swiftwater Rescue element under the New Jersey Task Force One (Urban Search and Rescue) with members of the Passaic County Emergency Response personnel proceeded to the New Orleans area. Two days later, then Acting Governor Richard Codey assembled three task forces who were deployed to the City of New Orleans. The first in a series of three two-week deployments departed from State Police Troop "C" headquarters in central New Jersey with resources including law enforcement vehicles, firefighting apparatus, decontamination equipment and radio equipment. The caravan comprised 74 marked patrol units, 10 hazmat and decontamination vehicles, two ambulances, a transportation maintenance vehicle, four light towers and a command post bus. Seven car carriers transported the marked units, leaving a few to escort the convoy. Two low-boy trailers carried the command post bus, two ambulances, and the light towers. Another truck carried supplies donated by private companies in Bergen County.

Four New Jersey Transit buses transported State Police, Sheriff's department personnel, county prosecutor's investigators and officers, local law enforcement, decontamination experts, firefighters, medical task force personnel, including doctors, nurses and paramedics from 35 agencies. The first deployment included five decontamination units from three counties, consisting of 36 police officers and firefighters with a specialty in hazardous materials. This deployment worked in New Orleans over the course of five weeks, with more than 600 state troopers and local and county police officers from 112 New Jersey law enforcement agencies, accompanied by fire service, emergency medical technicians and a mobile relief team from the Salvation Army, carrying out day and night patrol operations.

Among their many activities, Operation LEAD (Louisiana Emergency Assistance Deployment) personnel searched 7,989 residences, rescued 67 stranded residents and assisted 174 residents who were sheltered in place. They assisted in the recovery of 117 bodies, rescued 274 animals, and carried out 2,050 humanitarian deliveries of food and water to those residents who chose to remain in their homes. There were more than 4,300 decontaminations of emergency workers and vehicles. Patrols handled more than 4,400 telephone calls to 911 operators.

The New Jersey State Troopers Fraternal Association and the New Jersey State Troopers Non-Commissioned Officers Association lent service to this mission by providing financial assistance, transportation of needed equipment and on-site cooperation and coordination. The State of Louisiana has recognized the contributions of the New Jersey State Police in the aftermath of Hurricane Katrina by instituting a Resolution that shall be presented on the floor of the House of Representatives.

***NJ SEED urges our Congressional Delegation to seriously consider the New Jersey State Police model that was used during the Hurricane Katrina exercise as one that could be utilized nationally. The NJSP has suggested to the Department of Homeland Security that it use this project as the national model in the event we ever have to face this tragic situation again.***

***NJ SEED urges our Congressional Delegation to continue to provide the New Jersey State Police with the necessary funding to continue its mission under the Department of Homeland Security - not only for New Jersey, but also for the nation itself, as evidenced by their valuable relief and recovery efforts in New Orleans.***

## **OTHER CRITICAL ECONOMIC ISSUES**

### **Technology-An Economic Engine Enhancing Network Capacity to Prepare for Continued Growth**

New Jersey is a national leader in technology and communications. According to the Information Technology and Innovation Foundation, New Jersey ranks third in the nation in the deployment of residential and business broadband lines, demonstrating that the state recognizes the importance of broadband access.

To promote growth and innovation, New Jersey's leaders should support policies that enhance broadband deployment, ensure accessibility and bring reliable broadband service and lower prices to consumers.

The potential of the Internet is limitless. Its growth and development has changed virtually every aspect of our lives, from business to communications to entertainment. It brings the latest scientific advances and technological innovations into our homes and businesses, and more consumers than ever are taking advantage of these high-bandwidth applications. For example, according to emarketer.com, 157 million consumers in the U.S. will view online video in 2010 — a 47 percent increase over 2006. And the Phoenix Center for Advanced Legal & Economic Public Policy Studies estimates that downloading a single, one-hour high-definition television show takes 17,000 times the bandwidth of an average website, demonstrating a continued need for bandwidth.

Internet traffic has doubled every year and could begin increasing as much as six-fold annually over the next decade, according to some experts. To keep up with rapidly advancing Internet content and applications, it is absolutely essential that we address network capacity and keep broadband networks up-to-date with the latest technology. Without constant improvements, the networks that comprise the Internet could lead to log jams of data and consumers will not be able to get the products they need.

Preparing for the continued, exponential growth of the Internet involves all aspects of network management, from expanding broadband networks to using new technology for managing the flow of data traffic. We need billions of dollars of investment to reach more people while developing cutting-edge management tools, such as "smart networks" that will allow bandwidth-intensive Web sites such as YouTube to be transmitted alongside smaller data streams like e-mail.

NJ SEED supports an open Internet and supports greater choice for consumers. Consumer choice includes encouraging more specialized services that some prefer. Proposals to impose restrictions on offering such services and regulate broadband Internet services - to impose what proponents euphemistically label "net neutrality" should be rejected. Such regulation poses a threat to the deployment of new broadband infrastructure that is needed to support the increasing variety of broadband services that consumers demand, and which provide enormous benefits to the U.S. economy as a whole. With competition in the provision of broadband

services growing ever more intense, the prospect of problems demanding a regulatory cure grows more remote. Broadband regulation would also threaten competition for large enterprise customers who require customized service offerings and fast, reliable, and secure networks.

***NJ SEED supports proposals that would promote development of new, more robust broadband lines and more effective management of Internet traffic. We oppose proposals that would limit broadband bandwidth and access.***

## **Keeping the Network Strong**

The Internet has provided enormous benefits to consumer and the U.S. economy. Continuing these benefits depends on huge new investments. A series of privately-owned networks, the Internet needs constant attention to keep running smoothly and flexibly responding to the demands of new applications.

The private companies that maintain the Internet backbone and provide broadband access must continually upgrade their networks with new computers, routers, fiber optics and software to expand capacity, improve speed and enhance efficiency. They also must use intelligent management techniques to keep traffic moving, route around bottlenecks and enable new bandwidth-intensive, real-time applications — such as high-quality video streaming, emergency communications and telemedicine.

The capacity demands of the next generation broadband networks require additional investment - perhaps \$140 billion according to a study by independent policy analysts Robert Litan and Hal Singer - and sophisticated traffic management to deliver broadband more widely and keep the networks running smoothly. The goal is a faster, more efficient Internet in which affordable broadband is available to every consumer.

The deregulatory environment for broadband has enabled providers to invest at levels that make it the nation's leader for broadband investment. If new and unwise regulation does not constrain their development, next-generation networks will enable consumers to receive a myriad of new services. Broadband not only makes the most common Internet applications like e-mail, instant messaging, and text based web surfing faster and better, but also makes it possible to provide new services that were impossible or technically impractical before.

Broadband is a classic “two-sided market”: both consumers and content/application providers need the flexibility to allocate charges based on each side's willingness and ability to pay, just as a newspapers share their costs between readers and advertisers. This flexibility will enable broadband providers to obtain the returns necessary to justify their investment. In addition, permitting broadband providers to spread the costs of network investment over a broader base will let providers keep prices for consumers lower than they would otherwise be. This will further stimulate demand for broadband services and, in turn, Internet content.

Bundling of content and distribution has played a central role in the deployment of broadband networks thus far, and will be just as important going forward. It also provides central deployment of alternative broadband technologies. Broadband regulation could ban such bundling by separating control over the use of the network from ownership of the wires. This would eliminate an efficient – and perhaps necessary-means of ensuring the rapid deployment of broadband.

Experience in the wireless industry demonstrates that broadband regulation would be a mistake both with respect to wireless services themselves, and also with respect to broadband services generally. The wireless industry has thrived under deregulation. Most consumers can choose among four to six facilities-based carriers, plus a wide range of wireless resellers. The competition has resulted in some of the lowest wireless prices in the world. It has also driven the major wireless carriers to make enormous investments to provide next-generation broadband services. Intense competition among wireless providers also has given rise to a highly competitive market for wireless handsets and devices.

***NJ SEED believes ensuring our nation's broadband infrastructure can keep up with development of Internet content is key to tapping the potential of the Internet. New Jersey can maintain its status as a technology leader by promoting fair and effective deployment of broadband, and opposing any proposal that would limit needed broadband growth.***

## **New Jersey's Life Sciences Sector– Keeping It Strong**

NJ SEED recognizes the long-standing importance of our life sciences industry (the biopharmaceutical, biotechnology and medical technology sectors) to New Jersey's economy and to the health of our nation and world.

In our state, the sector employs upwards of 70,000 persons, generating nearly \$30 billion in economic activity. There are more than 100,000 spin-off jobs in areas such as clinical trial activities, clinical research management, facilities management, advertising, medical education, real estate, legal, advertising, construction, and other health-related jobs. This industry contributes significantly to the economic development of New Jersey through more than \$1.8 billion in capital construction in 2007 alone. It is expected to total \$3.5 billion for 2008 and 2009.

Federal policy directed at the pharmaceutical industry has a disproportionate impact on the economy of New Jersey. There is more employment in the life sciences industry concentrated in our state than in any other place on earth. New Jersey boasts more scientists per capita than anywhere else in the world.

New Jersey reaps the benefits of the fact that the United States is the only free market health care economy left in the world. As a result of price controls, formularies and other restrictive policies in places such as Canada, Japan, and countries of the European Union, research activities have gravitated to the United States from those countries. Over the last generation, New Jersey has been the biggest beneficiary of those highly paid workers and a highly educated workforce.

There has been a noticeable expansion in the number of biotechnology firms in the state (to more than 225) because of the presence of large pharmaceutical and medical technology partners. That sector of biotechnology now employs more than 10,000 persons.

The presence of these jobs (the second most highly paid sector in the state) is responsible for New Jersey having among the highest per capita incomes in the nation. Established foreign pharmaceutical and medical technology companies are calling New Jersey their new homes, and start-up companies are coming to the State in increasing numbers because of the presence of pharmaceutical and medical technology jobs and partner opportunities.

The growth of the industry and its research and development focus has resulted in foreign entities investing in New Jersey. For example, in the past few years

- Danish drug maker Novo Nordisk opened its first research center outside of Denmark in North Brunswick and is now building a brand-new U.S. Headquarters.
- Bayer Healthcare decided to make New Jersey its headquarters.
- Japan's Eisai opened its new North American headquarters in Woodcliff Lake early in 2007.
- Novartis' North American headquarters in East Hanover is in the midst of a decade-long building program.
- Abbott's diagnostics division is about to embark on an expansion.

However, the realities of the market place will continue to impact on the research-based pharmaceutical and medical technology industry as payers, both public and private, continue to leverage their clout as purchasers. The actions of Congress and the next presidential administration beyond 2009 can and will have a dramatic impact on policy that governs the industry.

***NJ SEED encourages its congressional delegation to continue policies that grow high-tech jobs in our state and throughout our nation. The renewal of the Research and Development Tax Credit provided New Jersey's life sciences industries with opportunity to expand its research and development.***

***NJ SEED also urges Congress to oppose efforts to re-open the now two-plus year old Medicare Part D legislation. This significant new benefit for our nation's seniors is being delivered effectively through private insurance plans. Changes to this law would in effect be "price controls", which would provide reduced capital for the industry to conduct its research and development activities, which are vital in New Jersey. More than a quarter of***

***the industry's workforce is engaged in research and drug development activities on a daily basis.***

***NJ SEED also endorses fair trade policies with foreign governments to ensure that pharmaceuticals and medical technologies are priced in a fair manner. Restrictive regulatory processes and unfair trade practices harm pharmaceutical and medical technology products overseas and disproportionately impact jobs in New Jersey. This includes the recognition of the industry's intellectual property protections and recognition by other countries around the world. The importation of drugs from foreign nations is both dangerous to public health and fiscal policies. Increased counterfeiting of drugs in many foreign countries has also impacted this issue.***

***NJ SEED urges the New Jersey congressional delegation to support policies that expand access to the latest pharmaceutical and medical technology products. Every American deserves quality health care and NJ SEED encourages efforts to afford our citizens with comprehensive health care while preserving our innovation industries.***



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