

**COVER**

# COMMITTEES

# 2007 - 2008 NJ SEED STATE ISSUES 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, construction and electrical workers unions, energy providers, environmental consultants, telecommunications firms, banks, residential and commercial development interests, insurance firms, educators, law enforcement 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. We are proud to present this 2007-2008 edition of our State Issues Briefing Book, a companion to our Congressional Briefing Book published each spring. We thank all of the NJ SEED members and staff who contributed to this document.

This Briefing Book is being shared with the Governor, members of the Legislature, the New Jersey Congressional Delegation and other policy leaders.

Since NJ SEED was founded, New Jersey has realized many significant environmental gains. Our air is cleaner, our water purer, our soil less contaminated. New Jersey has often led the nation in environmental enforcement. On occasion, environmental zeal has led to exceedingly burdensome regulation on business, thereby impeding economic and job growth. Although there are many problems yet to be solved, New Jersey remains a great place to live, to work and to run a business.

The issues presented on the following pages represent a challenge to the Governor and Legislature to address many important areas of our state's economy particularly with respect to its transportation infrastructure, the environment, telecommunications and energy. We look forward to working with them.

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# **ECONOMIC DEVELOPMENT OVERVIEW**

## **A Challenge to the Administration and the Legislature**

New Jersey is an economic engine for the nation and especially for the East coast. Our well-educated work force has helped our service-driven economy become a national leader. Also, our ports are the entry point for a very substantial amount of the commodities coming to the United States, as well as the point of export for many products. It is imperative that New Jersey's economy continues to grow. The economic growth benefit that occurs as a result of efficiently moving goods and people is directly linked to investment of capital in our state's infrastructure. This development is a multiplier for job growth.

NJ SEED's labor and business members call upon the administration and legislature to enact balanced policies that improve our transportation infrastructure, keep our ports viable, support the education of our workers, protect our standard of living and natural resources, and promote job growth. Our recommendations include:

### **Infrastructure and Economic Development**

- Establish a long term financial solution that prioritizes infrastructure investment and secures a dedicated source of funding for transportation capital investments. This is critical to New Jersey's economic future.
- Support the Access to The Region's Core project because it will: double commuter rail capacity; provide more one-seat ride opportunities for more commuters and reduce environmental pressures caused by single-occupancy vehicles; add flexibility to the rail system to respond to security concerns; and support economic growth along New Jersey's rail corridors.
- Take initiatives that strengthen New Jersey's ports and economy. Supporting the port and the network of businesses and jobs operating therein, along with the many businesses, consumer markets and regions that are beneficiaries, is about maintaining the quality of life for our citizens across the country who benefit directly or indirectly from this industry. It makes good fiscal sense to continue to wisely invest public funds in our region and nation's economy and environment.
- Continue to partner with 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 by

lawsuits, if the Port is to continue its economic contributions as the nation's third largest seaport.

- Lower the depth of the Arthur Kill waterway, from Moses Creek to Perth Amboy, to an approved ship channel depth.
- Continue to support programs that encourage work zone safety as this is a critical component of New Jersey's transportation infrastructure improvement.
- New Jersey's educational facilities are an integral part of its infrastructure. State-of-the-art schools, from pre-school to college, provide a better environment for learning and preparing our children for the future. Capital investment in the state's infrastructure, whether for roads, ports or schools, also provides the foundation for a sound economy.
- Approve the siting of a liquefied natural gas terminal in Logan Township, because this facility will add jobs and tax revenue. Most importantly, it will provide a stable supply of natural gas to the region.
- Work collaboratively with regulatory agencies to actively promote a balanced portfolio of electric generation options, including nuclear facilities.
- With a proven record, the New Jersey State Police deserve continued support from policy makers in any and every way possible. The administration and legislature are encouraged to ensure that New Jersey receives an appropriate share of funding for homeland security and anti-terrorism activities.
- To remain a leader in the technological innovation, which underpins a strong economy, New Jersey must follow the national trend to deregulate, not over-regulate, telecommunications services. Ensuring our nation's broadband and wireless infrastructure can keep up with development of Internet content is key to tapping its potential. New Jersey can maintain its status as a technology leader by continuing to promote fair and effective deployment of broadband and the regulatory and tax policies that make it possible.
- Support policies that encourage the growth of the life sciences industry in New Jersey. Policy makers can never assume that its past and present leadership in this industry is an automatic guarantor of such future dominance.

- Employer based healthcare reform is essential. Policy makers are encouraged to review the current system and act to limit cost increases, make the current system more flexible and affordable.
- Continue to support the insurance industry and New Jersey's law enforcement community in their combined efforts to aggressively confront the serious problem of insurance fraud in our state. Insurance fraud impacts everyone by straining resources universally.
- Diminishing the dependency on tax revenues to encourage business development and growth will generate a stronger economy and better performance in the area of tax collection.
- Combine and add the energy pieces to this section

## **Environment and Economic Development**

- Require the development and use of streamlined management systems by all government agencies that eliminate waste and provide for an efficient regulatory process. These changes should improve government's responsiveness and minimize the cost of regulatory compliance to allow more funds for job creation, research, training, wages, and employee benefits while helping to ensure the global competitiveness of New Jersey's business community.
- Consider the potential negative environmental and economic impacts of Natural Resource Damages assessments, and mitigate these impacts through appropriate legislative initiatives, including forgiveness and assessment limitations. The Department of Environmental Protection should fashion its program in a way that is closer to the national mainstream, and consistent with recent federal case law keeping New Jersey competitive with neighboring states.
- Support the ongoing reinvigorating recycling effort by the Department of Environmental Protection, and various stakeholders, by encouraging education and informing students, businesses, and the average citizen that the ultimate goal of improving New Jersey's recycling rates can be achieved.
- Enact legislation and regulatory revisions that encourage the voluntary use of green building technology to: promote water efficiency, optimize energy usage, reduce and manage the amount of materials used in construction and waste, ensure good indoor air quality, and encourage market-driven innovation.

- Support government policies that allow the free market to operate within a sound planning and zoning framework, while providing incentives to encourage growth in priority areas.
- Enact legislative and regulatory revisions that further remove barriers to the development of contaminated brownfields sites so that these properties can once again contribute to New Jersey's economic growth while mitigating public health concerns. Streamline and accelerate the local and state permit review process, clarify and reduce the potential for legal liability (including natural resource damages claims), add financial and tax incentives to encourage the cleanup and redevelopment of brownfields, and simplify regulatory and oversight processes during cleanup.
- Support programs where government and industry can partner for the betterment of New Jersey's citizens and the environment in which they live and work.
- Consider the financial fallout associated with state agencies holding up monies tied to beach replenishment as the tourism is one of New Jersey's leading industries.
- Continue the beneficial use of dredged materials for environmental conservation, economic development and revitalization purposes associated with remediation and reclamation projects.
- Enact policies that encourage the development of a long term energy efficiency plan. This plan should reduce overall consumption while ensuring a reliable, affordable supply of energy for the citizens and businesses of New Jersey.
- Continue to adhere to federal schedules for fuel requirements and introductions. This is most important in the transition to ultra low-sulfur diesel fuel for on-road vehicles. Attempting to stretch and increase ultra low-sulfur diesel to off-road markets, such as marine, construction, rail and farm vehicles, may prompt supply concerns.
- Support reasonable programs that limit air pollution in our region through research based on sound science without political bias.



# **TRANSPORTATION**

## **Overview**

NJ SEED recognizes that New Jersey continues to be in fiscal crisis. New Jersey faces an on-going structural deficit in its budget, as well as a diminished ability to continue funding its transportation capital program. The 2007 Department of Transportation (DOT) capital program is \$1.6 billion, up from \$1.2 billion before the 2006 refinancing of the Transportation Trust Fund. However, a 2002 analysis of NJ's transportation needs found that over \$3 billion was required per year to maintain our roads, bridges, and highways and to make modest improvements in their efficiency. A recent report released by the New Jersey DOT states that \$13.8 billion is needed over the next ten years to bring New Jersey's deficient and obsolete bridges up to standard. If a funding solution is not implemented before FY 2011, New Jersey will have no resources to address its growing transportation needs.

A solid infrastructure is the key to success in the future. It provides new opportunities for international trade, improves quality of life for people, and fosters successful economies. There is a crucial link between investments in transportation and our state's ability to compete nationally and globally. No state or nation can thrive without a highly advanced transportation infrastructure to support the many complex activities that characterize modern society. Without continuous investment in its transportation infrastructure, a modern economy fails to grow. Delays in funding, needed maintenance, and repairs are the most expensive form of under-investment.

There are few other regions in the country where the intermodal mix of highways, bridges, mass transit, airports and marine facilities are as critical or as prevalent as here in the Northeast. It is fair to say there are no regions where economic and quality of life issues are as intertwined with transportation.

Governor Jon S. Corzine has begun the difficult task of identifying potential solutions for both the structural deficit and transportation funding.

NJ SEED urges the New Jersey Legislature to remain open to consideration of all funding proposals until the merits and deficiencies of each can be adequately assessed. NJ SEED believes in a balanced approach to policy creation and that, through good economic planning and environmental safeguards, a solution can be found to our transportation funding crisis.

## **New Jersey Transportation Trust Fund**

New Jersey relies upon its Transportation Trust Fund (TTF) as the primary mechanism for investing in its transportation infrastructure. Over the last several years, the TTF has teetered on the brink of insolvency.

Finally, in February of 2006, Governor Corzine took the first step to reforming and refunding the TTF. His administration proposed and the legislature adopted a short-term fix to keep the TTF afloat while they look for a long-term solution. The short-term solution included dedicating the remaining penny and a half from the gas tax that was going into the general fund rather than the TTF, as well as refinancing and extending the maturities of existing TTF debt. These measures, combined with an increased program size, will leave the TTF insolvent again in less than five years.

The precarious position the TTF was in, and will be in again, can be directly linked to decisions made over the past 10 years to increase reliance on bonding, to extend the terms of bonds, and to raise spending caps without additional revenues. In addition, due to inadequate general fund appropriations, the application of TTF funds has been expanded to cover many maintenance operations at a cost to the capital programs of both the New Jersey Department of Transportation and NJ Transit. Governor Corzine's solution begins to address some of these issues, but more steps are required if New Jersey is going to keep up with its ever increasing transportation needs.

Again, it is estimated that New Jersey must invest over \$3 billion annually in its transportation infrastructure to make the improvements necessary to maintain a strong economy and improved quality of life. To do so, \$1 billion per year in new revenues will be needed to finance the capital program. Additionally, reforms must be implemented to ensure that the TTF remains financially solvent. They include:

- greater reliance on “pay as you go,” rather than on bonding for projects
- diversion of revenue from capital to fund maintenance and operation costs has been capped; the goal is to eliminate this practice as soon as fiscally possible
- ensure full revenue yield is achieved from existing sources
- continue independent oversight over financial plan with authority to ensure that acceptable practices are utilized

***NJ SEED encourages New Jersey policy makers to find a long term financial solution that prioritizes infrastructure investment and secures a dedicated source of funding for transportation capital investments. We urge the New Jersey Legislature to remain open to consideration of all funding proposals until the merits and deficiencies of each can be adequately assessed. This is critical to New Jersey's economic future.***

## **Port Development - New Jersey and New York**

Throughout this nation's history the Port of New York & New Jersey (PANYNJ) has been the gateway through which the world traded with the United States. In

the 1980's, the Pacific Rim's manufacturing power and exports, later to grow elsewhere in Asia, dominated global commerce. Major United States ports emerged on the Pacific, Gulf and Atlantic coasts and the NY/NJ port's market share declined. In response to the challenge, the New York New Jersey port community, with significant effort on the part of business and labor, developed a strategy to make the Port more price and service competitive.

International trade activity is projected to double by 2020 with some predictions calling for the region to develop the capacity to handle over 15 million containers by 2040 – nearly six times the volume of containers currently handled by the Port. The Port region is positioned to expand its role as a major national and international center for the logistics industry for this new century.

### The Economics

The ships operating in and out of the Harbor of New York are a part of the supply chain that fuels the region's economy. In 2004, the ships carried nearly 4.45 million TEUs (twenty-foot equivalent units), or \$114 billion in cargo; in 2005, the volume increased to nearly 4.8 million with a value of \$132 billion. The Port Authority of New York & New Jersey reported a 7% increase in container volumes alone, and a 10% increase in general cargo tonnage. The New York/New Jersey goods movement industry contributed nearly \$5.8 billion in local, state and federal taxes, moving 100 million tons of cargo.

Over 240,000 residents within the region are employed directly or indirectly as a result of goods moving through the Port of New York and New Jersey. Nearly 501,000 people are employed in goods movement in trucking operations, water transportation, rail freight, air cargo, warehousing, and logistics services throughout the region.

Billions of dollars of private sector investment and over 501,000 jobs are predicated upon goods movement into and out of New Jersey. Home to the third largest port in the United States, the Port of New York and New Jersey serves over 35 percent of the nation's consuming public within a one day truck drive.

Over 8.6 million people in New Jersey (1134 per square mile or more than 14 times the national average) join the nearly 20 million others resident in New York, Connecticut, Pennsylvania, Maryland and Delaware in consuming over 80 percent of the cargo delivered to the Port of New York and New Jersey.

### Assets

**Location/Market:** The Port of New York & New Jersey serves the tri-state region, the largest and most affluent consumer market in the country, as well as Boston and Philadelphia and from Wilmington Corridor west to Chicago.

**Transportation:** Transportation assets serving this market include port, airport, road, rail, and waterway infrastructure.

**Distribution Facilities:** Existing warehousing and distribution facilities. Significant market demand exists for locations for distribution centers within the region.

**Labor:** Ready workforce, ranging from entry level laborers to the highly skilled and educated, are here to serve in this trade and logistics industry.

**Commitment:** The Port Authority of New York & New Jersey and New Jersey have committed to port development.

## Opportunities

Based on these assets, many already established or under construction, investing in the sustainability and efficiency needs of this industry will provide the following benefits:

- High-paying sustainable jobs will be created in the maritime, trucking, railroad, aviation, and logistics industries for individuals with high school educations and technical skills.
- Infrastructure development and construction jobs resulting from new investments will have a six-fold economic impact in the economy.
- Consumers and businesses will benefit by competitively priced goods that enter the region at our port without the collateral “net negative” impacts on environment, transportation, infrastructure, and quality of life that results when those same goods, destined for our region, enter the country via another port and are trucked into our region.
- Expanded transportation and distribution center development will occur, consistent with smart growth principles, to meet the existing demand — in North Jersey alone —for 20 million square feet of distribution center space. Investment in expanded transportation and distribution center development will provide significant urban employment while supporting the needs of international shippers.
- Regional partnerships with South Jersey, Eastern Pennsylvania and Southern New York will be established where new distribution center clusters are developing.

## Competition

Since the 1980s, the Port of New York & New Jersey has experienced tremendous competition for port growth.

Competition along the Atlantic coast for port and logistics jobs is especially acute in Norfolk, Charleston and Savannah where advantages can include, among other things, developable “greenfields,” lower business operating costs, and less congestion.

The ports of Norfolk, Charleston and Savannah are making aggressive public/private efforts to market their respective gateways, transportation assets and available development sites to shippers. The strength of having achieved consensus on an overall strategy between the public and private sectors in each of those ports has been an effective means to attract new commerce.

Those South Atlantic ports differ significantly from New York/New Jersey where the State (Port Authority) role is primarily as facilitator of private sector development and operation. Norfolk, Charleston and Savannah are the flagships of their respective state port authorities, which directly operate most of the marine terminals and are materially supported by their legislatures.

These three regions are investing in transportation infrastructure to connect the intermodal assets necessary to serve a larger market area, including the Midwest and our own New York/New Jersey market, particularly through Norfolk. One carrier coalition reports that nearly 19 percent of its New Jersey bound cargo is routed through the Norfolk port and is subsequently trucked to New Jersey on our roadways.

For years the towns of Savannah, Charleston and Norfolk, Virginia have been undertaking successful asset-specific marketing of existing and to-be-developed distribution centers and inland terminals.

The competing states have recognized the importance of the industry to their existing economic well-being and future growth and have taken significant actions to exploit the opportunities presented. The Port of New York & New Jersey’s competitors are successful because:

Savannah’s explosive growth this decade to become one of the top East Coast container ports is founded on an innovative strategic plan centered on developing new distribution centers near the port.

Norfolk has 50-foot channels and in 2007 will have new private terminal capacity on line concurrently with its \$300 million “Heartland Corridor” double-stack rail project. This strategic corridor to the Midwest is funded with state, federal and private monies.

Charleston is developing a large rail terminal on the former Navy base to be linked to inland intermodal distribution parks via short haul rail (among other routes).

## CHALLENGES

While the Port of New York & New Jersey enjoys New Jersey's landside infrastructure, assets and advantages, there are challenges that, if not addressed through a unified strategy, will preclude the region from being successful in sustaining or expanding its international trade market share and corresponding employment base.

New Jersey and the region have yet to fully embrace the economic and societal benefits — cost, convenience, employment, tax revenue, and environmental “savings” — derived from consumer and industrial goods arriving directly to our region through the Port. Although New Jersey and the region have made some important investments in critical infrastructure, there is a need to quickly undertake and promote the state's investment in goods movement-related projects to demonstrate New Jersey's commitment to industry.

Roadways lack sufficient capacity; travel lanes are too narrow; intermodal connections are lacking and rail clearances cannot handle high cube freight. Shippers are changing their logistics practices and maximizing their returns by bringing international containerized goods to distribution centers close to ports, then sorting and reloading those goods into domestic containers for delivery to stores or other distribution centers.

While several transportation agencies have responsibility for freight-related infrastructure, there is limited collaboration on the development of a single approach to easing congestion, maximizing land use, and integrating the workforce resources necessary to make our gateway more competitive. To maintain our current market share and to move toward a greater share, New Jersey and the region need to adopt a marketable strategic plan that integrates transportation (both land and water), land use and development, and workforce assets into a seamless high-speed system. The development and delivery of the plan will require a unified and steadfast public/private partnership that showcases that this region can achieve consensus between and among the public and private sectors.

### Vision

The Port of New York & New Jersey is a significant economic engine that must remain the premier gateway on the Atlantic coast. Enhanced intermodal infrastructure and a strengthened logistics industry will make New Jersey and the region a model American transportation center for the new century. The State's and region's environment will realize improvements through the greater use of rail and reduced-emission vehicles and equipment, more efficient freight handling practices, and the smart-growth planning of new development.

**Keys to the Vision** - Governor Corzine's Economic Growth Strategy and dedicated funding streams like the Liberty Corridor program are keys to meeting the challenges and achieving the vision of a more competitive State and Port region. Major elements of the model transportation center will be:

**Logistics Support Zone** - The near-port zone, the area immediately around the port and airport in Southern Hudson, Eastern Essex, and Union Counties — must contain warehousing and distribution centers, maritime equipment maintenance and repair facilities, electrified and secure truck and refrigerated container parking facilities, and other port-related activities that do not need to be located on the piers. The Logistics Support Zone's near-port and airport support facilities will move freight efficiently from ship or plane to the end user.

**Freight Villages** - Regional Freight Villages will be built around existing and developed transportation infrastructure. Transportation investments can be focused on the roads and rails serving these locations.

**Improved Infrastructure** - Improvements to infrastructure, notably roads and rails, must be made to remove chokepoints, enhance system capacity, and improve safety for passenger and freight vehicles. The emphasis will be on making existing roadways work more efficiently and building on existing rail facilities and rights of way. In addition, the construction of the port's system of channels will be completed to the depth of 50 feet by approximately 2012.

**Improved Operations** - The port and freight movement sectors will improve operational practices that will be more efficient and will serve to reduce congestion at the port and in the metro area.

## Where to Start

In order to take advantage of these opportunities and address the region's competitive challenges to make this vision a reality, it is critical to take the first steps towards building the industry as a growth sector for the region's economy. It is these initial actions, including investments made to date that form the platform for future success.

**A Unified Strategy** - There are many entities, both public and private, that play major roles in the development of a unified strategy to build this business sector — especially in this bi-state region. The strategy must be the outcome of a committed partnership between the public and private sector entities who share a major stake in the success of growing this industry. Achieving consensus on both the content and the economic necessity of a significant investment in the logistics industry is the critical first step to building the momentum necessary to deliver the plan, the projects and the financial investment required to make New Jersey the center for logistics in the Eastern United States.

New Jersey's Departments of Transportation and Environmental Protection along with its major transportation authorities and the Port Authority of New York & New Jersey are the significant public agencies with responsibilities for the public portions of the freight system. Significant planning and analysis of specific freight movement related projects and their corresponding issues have been completed by the North Jersey Transportation Planning Authority. New Jersey's Department of Transportation is in the final editing stages of its state-wide freight rail plan, and has addressed a number of roadway improvements in its capital plan. The Port Authority of New York & New Jersey is undertaking the development of a significant capital plan developed, in part, in collaboration with other private and public sector partners.

**Logistics Support Zone and Freight Villages** - The identification and accumulation of existing and potential sites for distribution center development contained within a kind of "sweep" surrounding the port is the first step in attracting job producing facilities to the state and region. The Port Authority and the New Jersey Economic Development Authority, along with some local governmental units, have already begun to catalog and market sites for this type of development within the Support Zone in Hudson, Essex and Union Counties. The Port Authority/EDA's "Portfields" initiative should be expanded to include assembling additional sites for development including sites for port, airport and trucking support services that support the development of distribution centers.

Simultaneously, the state should facilitate focused, cost-effective development in line with smart growth principles by designating as Freight Villages those existing and proposed geographic clusters of distribution centers and complementary logistics support services that are located in close proximity to existing transportation infrastructure (both road and rail).

Finally, incentivizing appropriate development within the Logistics Support Zone and Freight Villages reduces the need for sprawl-related transportation investments and enables greater levels of investment in improving upon the state's existing assets. In addition, the creation of the Zone and Freight Villages: improves the operational efficiency of the logistics industry by strategically co-locating interdependent services, thus reducing the unrecoverable losses in time and productivity inherent in geographically disbursed logistics networks; diminishes the negative environmental impact of unnecessary vehicle miles traveled (VMT); and maximizes the value and subsequent increase in ratables resultant from appropriate re-use of industrial and commercial land.

**Infrastructure Improvements** - As a result of the federal appropriation of the \$100 million Liberty Corridor, New Jersey's transportation leadership team, including the Commissioner of New Jersey's Department of Transportation, the Chairman of the Port Authority of New York & New Jersey, representatives of the shipping and port terminal industry (New York Shipping Association), advocates of environmentally-beneficial transportation systems (Tri-State Transportation

Campaign) and the federally designated metropolitan transportation planning authority for the region (North Jersey Transportation Planning Authority) have worked collaboratively to develop a critical priority project list and the requisite documentation necessary to move the Liberty Corridor money into the design and construction of necessary infrastructure improvements including expanded rail. While every investment afforded by the Liberty Corridor initiative will help to address New Jersey's congestion challenge, the following project investments that will most immediately and primarily serve the needs of the region's largest economic engine, the Port of New York and New Jersey.

### **North Avenue Corridor Improvement**

Over one-third of all port truck traffic uses this corridor as they enter and exit the Newark-Elizabeth Seaport, sharing the roadway with passenger vehicles as they seek access to large retail venues and the airport. Improvement of this service corridor will produce major positive mobility and economic benefits.

### **North Jersey Railroad Doublestack Clearance/National Docks**

A critical component of the goods movement system supporting the PONYNJ, the National Dock improvements will increase the vertical clearance on the two rail tunnels linking New Jersey's port to the rest of the North American rail system. In addition, expanded rail capacity dramatically lessens the local emissions generated by trucking, thus improving the quality of life for New Jerseyans living in this critical freight corridor.

### **Tremley Point Connector Road**

The missing link between the New Jersey Turnpike and approximately 400 acres of brownfields in southeastern Union County at Tremley Point as well as the I-Port 12 development in Middlesex County, the completion of the Tremley Point connector road will facilitate the development of over 2,000 new jobs and 6 million square feet of industrial space.

### **Route 7 Wittpenn Bridge Replacement**

Needed to address a major choke point in the system, replacement of the Wittpenn Bridge over the Hackensack River will dramatically alleviate congestion and improve safety for both passenger cars and the trucks that move the region's economy. This investment, again, optimizes the existing transportation system and improves connectivity to significant brownfield properties including Koppers Coke, Standard Chlorine and Diamond Shamrock properties.

### **Port Reading Junction**

This project will support continued growth at the PONYNJ by alleviating a structural chokepoint where New Jersey railways connect to the nation's rail system. Currently serving an average of 56 freight trains a day, the reconfiguration of the CP Port Reading Junction to provide double track train operations between the CSX-Trenton line and the NS-Lehigh line investment, optimizes the current Leigh line double tracking project.

### **Bus Rapid Transit Service**

One of the greatest challenges facing the growth of our goods movement system and the region's economy is creating a system that gets jobs for people and people to jobs – without further congesting our roadways. The Bus Rapid Transit (BRT) line connecting employers at the Port of Newark/Elizabeth to Newark's neighborhoods and workforce will lighten the demand on our roadways and ensure safe transport to those working at or near the port.

Finally, in the absence of an integrated plan for infrastructure investment and promotion, New Jersey will lose market share and existing jobs, as well as the corresponding opportunity for new job creation. The region must develop the one voice, the one plan that enables New Jersey and its surrounding partner states to create the service and the capacity to garner at least our share of the ever growing market of cargo.

***NJ SEED supports integrated, aggressive efforts by all levels of government in coordination with the private sector to accelerate dredging, simplify and expedite the land development and redevelopment process, and improve infrastructure and the growth of the international ports in North Jersey and along the Delaware River to expand New Jersey's access to, and competitiveness in, the global marketplace.***

### **Access to the Region's Core**

New Jersey Transit's (NJT) Access to the Region's Core project, also known as the Trans-Hudson Express Tunnel or THE Tunnel, is the foundation for future expansion of rail service to New York City and within New Jersey.

With the current 23 trains per hour capacity completely absorbed by NJ Transit and Amtrak trains into Penn Station, there is no room to handle the projected increases in passengers. The Northeast Corridor, with its two almost 100-year-old single-track tunnels under the Hudson River accessing Penn Station, is functioning at its limit. To address this capacity shortfall, NJ Transit is proposing to build two new single-track tunnels under the Hudson River and additional station capacity in midtown Manhattan. These major improvements, plus additional mainline and yard capacity for storing trains in New Jersey, will allow the number of trains to increase to 48 trains per hour to accommodate the projected future passenger demand.

The proposed plan addresses security concerns and offers a redundancy that is non-existent today. This plan is also flexible: it leaves open options to increase train capacity further and extend the rail line in New York City beyond the proposed 34th Street station.

This mammoth undertaking, which will cost an estimated \$6 billion, has far-reaching positive economic implications. It will accommodate twice as many New Jersey residents seeking access to New York City, generate 44,000 new jobs in New Jersey, and the region over a 10-year period following completion, enhance property values and economic development opportunities along the seven existing NJ Transit rail services, and potentially along six others that are in planning stages. The environmental benefits are also substantial. The removal of more than 1.5 million auto trips into New York City will contribute to improved air quality. Among the benefits generated will be:

- 16,000 new jobs in New Jersey over the 10-year period following completion
- \$4.3 billion added annually to New Jersey's gross regional product
- \$2 billion annually in additional real personal income
- 2,000 New Jersey construction jobs in each year of the eight-year project
- The ability to handle over 87,000 peak period commuters into New York City by rail, will more than double the number handled today
- Improved intra-New Jersey rail transit services and increased ridership system wide
- Enhanced ridership on the proposed six new rail corridors now in the planning process

NJ Transit is currently undertaking preliminary design and engineering for the tunnel project.

***NJ SEED supports the THE Tunnel project because it will make a tremendous improvement in regional mobility, create jobs, and improve air quality. This is a unique opportunity to shape our future to benefit everyone.***

## **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 to the economic future of this region that our transportation linkages are expanded.

## **Rail Expansion**

New Jersey and New York ports continue to experience increased traffic and process a larger volume of containers every year. Once off loaded, a ship's cargo needs to be able to move with the same efficiency and ease that it experienced when it was transported in. A cross-harbor rail freight tunnel would

increase the flow of products into market, while decreasing road and bridge congestion.

New York is the only major port city in the United States 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.

***NJ SEED will continue to monitor possible tunnel expansion and supports these investments in our regional transportation linkages. Expanded freight rail is universally good for the environment and a priority for our port. Rail safety and improvement projects are critical to New Jersey as our need for product mobility grows and the amount of space on our highways diminishes.***

## **Contaminant Assessment and Abatement**

The Contaminant Assessment and Reduction Program (CARP) is designed to track down sources of contaminants to the New York/New Jersey Harbor and abate them. Approximately \$25 million has been committed by the states of New York and New Jersey to this project.

Decontamination technologies have the potential to clean harbor sediments. The State 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.***

## **The Arthur Kill-Channel Improvements**

The Arthur Kill waterway is a crucial petroleum supply line into New Jersey as well as the entire Northeast region. Without this waterway, New Jersey remains at higher risk from supply disruptions and possible terrorist impact. Recent events, such as Hurricane Katrina, demonstrate the need for maintaining vital waterway access into the supply distribution network.

***NJ SEED supports initiatives that will lower the depth of the Arthur Kill waterway, from Moses Creek to Perth Amboy, to an approved ship channel depth.***

## **NJ Leads in Work Zone Safety**

During the mid 1990's the New Jersey Work Zone Safety Partnership was formed representing public and private sector members from labor, government, trade associations and highway contractors to support the New Jersey State Police Construction Unit in reducing work zone fatalities. The group of full-time state troopers specializes in work zone safety enforcement on New Jersey highways. New Jersey Department of Transportation and Occupational Safety and Health Administration (OSHA) representatives trained these troopers in worker safety compliance and work zone inspection. Additionally, the NJDOT has required a Traffic Control Coordinator be designated on each of their jobs. As a result of this collaborative effort, the number of work zone fatalities has continually decreased to one of the lowest national rates, which is an accomplishment for the most congested state.

The Partnership has also teamed with the Rutgers Center for Advanced Infrastructure and Transportation (CAIT), New Jersey Local Technical Assistance Program (LTAP), the New Jersey Division of Highway Traffic Safety, and New Jersey Police Traffic Officers' Association (NJPTOA) to address work safety on local roadways. They sponsor the New Jersey Police Work Zone Safety Train-the Trainer Program for Municipal Police Officers.

Additionally, Police Officers and Public Works employees are kept informed of best practices in work zone safety when attending the Annual Work Zone Safety Conference an event that is scheduled during National Work Zone Safety Week. The partnership sponsors this program that attracts over 300 participants from enforcement, engineering, and the transportation industry who unite and renew their interest in saving lives through the promotion of work zone safety.

***NJ SEED supports the New Jersey Work Zone Safety Partnership and its continued vigilance. Safe construction zones are a critical component of any transportation infrastructure improvement. New Jersey is a leader in this area and keeping our roads safe means keeping them open.***

# ENVIRONMENT

## Regulatory and Managerial Efficiency

State regulatory agencies have made substantial progress to be more accountable. The Regulatory Reform Act, enacted in January 2001, provides for more reasonable time frames on rule-making procedures, mandates the publication of regulatory actions on the Internet, strengthens the regulatory impact analysis and codifies the provision to sunset all rules after five years, unless readopted in a formal rule-making procedure. A great deal of work remains to be done. To the extent possible under the law, each government agency should incorporate into its operating procedures adherence to regulatory reform guiding principles that assure fairness, timeliness, equitability, predictability and cost-effectiveness to permit applicants. These principles include:

- Base fee and penalty schedules on work performed or the demonstrated impact
- Establish objectives, information needs and time constraints early in the project review process to promote understanding and certainty.
- Promote innovative technology or performance options that allow for cost-efficient alternatives.
- Establish integrated information management systems and practices that simplify and reduce information for use by multiple agencies, and allow for on-line submittal of permit applications.
- Eliminate redundant requirements and promote consistency.
- Establish project and permit review processes with milestones and time intervals.
- Promote the creation of research and development activities through incentives.
- Develop criteria to simplify requirements to lower operating costs of targeted manufacturers and small businesses.
- Formalize a process for legislative and regulatory bodies to periodically review and, where appropriate, revise or eliminate provisions that are outdated or ineffective.
- Subject all new rules and policies to a regulatory impact analysis prior to their implementation to ensure less costly processes, more predictable and better defined standards, and consistency with legislative intent.

***NJ SEED believes the enactment of these reform measures represents sound public policy that demonstrates government's responsiveness to the many constituencies that it serves without sacrificing the environment, health, safety, or economic vitality of the state.***

***NJ SEED supports the development and use of streamlined management systems by all government agencies that eliminate waste and provide for***

***an efficient regulatory process. These changes should improve the government's responsiveness and minimize the cost of regulatory compliance to allow more funds for job creation, research, training, wages and employee benefits while helping to ensure the global competitiveness of New Jersey's business community.***

## **Natural Resource Damages (NRD)**

For several years, the United States Environmental Protection Agency (EPA) has sought to force those persons it believed to have damaged natural resources to pay for their restoration, and for the presumed loss of use of those resources by the public. The EPA developed a policy, after a combination of public comment, trial and error and litigation, that was understood, by those governed by its terms. Sensing an opportunity to secure increased funds, some states (including New Jersey), sought to adopt similar programs. However, New Jersey's calculation for damage assessment changed often, with no advance public notice, and it announced that it was entering into agreements with plaintiff's law firms to act as private attorneys general to sue on behalf of the state. Keep it closer to the main stream, clearer/public process, better transparency.

While NJSEED recognizes that individual companies are involved in negotiating cases on an individual basis, there is still no formal policy on NRD.

**NJ SEED urges the DEP to fashion its program in a way that is closer to the national mainstream, and consistent with recent federal case law keeping New Jersey competitive with neighboring states. We also encourage the legislature to seriously consider the potential environmental and economic consequences of NRD assessments, and mitigate these impacts through appropriate legislative initiatives, including forgiveness and assessment limitations.**

## **Solid Waste Management**

Recycling provides many benefits, both environmental and economic. For example, recycling in New Jersey alone saves over three million tons of iron, ore, coal and limestone were saved by recycling scrap metal; nearly 10 million trees by recycling various paper grades, and nearly 700 million gallons of gas used in the primary production process of converting virgin raw materials to product. Additionally, nearly 135,000 tons of air and water pollutants are eliminated in that same initial production process. Recycling plastics reduces this nation's demands for petroleum, which is a raw material used in production. Every ton of plastic that is recycled reduces greenhouse gas emissions by nearly one and a half tons. The energy used in primary plastic production is nearly eliminated when producing a product from recycled feedstock.

***NJ SEED recognizes the importance in meeting the challenge to boost New Jersey's municipal trash recycling rate from 33 percent to 50 percent. We also recognize the need to jump-start recycling and our organization is committed to working with DEP and other stakeholders towards education and outreach to meet this important goal.***

***NJ SEED supports the ongoing Reinvigorating Recycling effort by the DEP and various stakeholders. We support the need to educate and inform students, businesses, and the average citizen so that the ultimate goal of improving New Jersey's recycling rates may be achieved.***

## **Green Building Technology**

New Jersey's densely structured landscape and preciously guarded open spaces present unique opportunities and challenges in the construction of new commercial development. Given these site constraints, the development community is called upon to better integrate energy efficient design and conservation practices. It is equally important that business community employers provide employees with a comfortable, safe, and healthy work environment that enhances productivity. The United State Green Building Council (USGBC) has been instrumental in stimulating green competition, raising consumer awareness, and facilitating positive environmental results through their internationally recognized LEED (Leadership in Energy and Environmental Design) rating system guideline. These guidelines provide the definitive green building standards for the design of sustainable buildings. Together, these elements will ultimately transform the marketplace as our need to conserve energy and resources grows, which in turn will increase the value of commercial property.

While some federal funding is available to help jump-start commercial green building initiatives, state incentives are necessary to help offset the first costs of energy-efficient equipment. To meet this challenge, government should work closely with the commercial real estate community to develop creative incentives including expedited permitting, increased densities, tax credits, and subsidies for buildings that voluntarily pursue performance based standards or LEED certification focusing on energy efficient building practices.

Government leadership in green building technology, innovative thinking in the search for new ways in which to conserve energy, reduce operating costs, enhance occupant health and productivity, and protect the environment are a necessary initiative that will continue to be pursued in meeting these increasing future challenges. The need for raising awareness and training of professionals in green building practices is essential in facilitating the transformation of the commercial market.

***NJ SEED supports the voluntary use of green building technology to: promote water efficiency, optimize energy usage, reduce and manage the amount of materials used in construction and waste, ensure good indoor air quality, and encourage market-driven innovation. We also support educational programs and the use of incentives, including expedited permitting, increased densities, tax credits, and subsidies for the use of green building technology.***

## **Timed Growth Ordinances**

Since this law has no provisions to regulate growth Legislative initiatives to slow or stop growth are not currently authorized under New Jersey's Municipal Land Use Law, except for a public health emergency the legislature enacted. This has since created lawsuits around the Enactment of Timed Growth Ordinance (TGO) legislation (that could permit moratoria of up to 10 years) has already resulted in litigation and is likely to see constitutional challenges at both the state and federal levels. Additionally, the adoption of TGOs will encourage tax appeals based on the ensuing devaluation of property.

Growth management policy should be based on sound plan analyses that are reflected in a municipality's master plan and zoning ordinances. TGO's represent an artificial intervention that would preclude the ability of the economic development community to respond to the business cycle. Preventing property owners from taking advantage of positive market conditions will result in lost opportunities not orderly growth. The concept of timed growth is an artificial means and a politically expedient tool for local governments to stop economic development activity. This heavy-handed approach should not compensate for the lack of good planning and zoning.

***NJ SEED considers the concept of timed growth to be short-sighted public policy that will only focus resources to local legal challenges rather than goal-directed planning. We support government policies that allow the free market to operate within a sound planning and zoning framework, while providing incentives to encourage growth in priority areas.***

## **Brownfields Cleanup and Development**

Brownfields are abandoned, idled, or underutilized industrial and commercial properties in areas where expansion or redevelopment is complicated by real or perceived environmental contamination. Brownfields sites can be restored to economic productivity, provided owners and developers are given appropriate protections and incentives for cleanup.

Needed is a centralized “one-stop shopping” brownfields office to coordinate and oversee both permits and financial incentives, and create an on line brownfields inventory by lot and block numbers that includes information on available incentive programs, the site’s marketability, environmental contamination and permits.

***NJ SEED believes that brownfields sites are the future of New Jersey’s communities, port facilities and overall economic vitality. We support simplifying the cleanup process by: making funding more available, streamlining and accelerating the local and state permit review process, promoting existing and new incentives to encourage the cleanup of complex sites; and continuing the education of communities and stakeholders about available resources.***

## **The New Jersey Environmental Infrastructure Trust**

The New Jersey Environmental Infrastructure Trust (NJEIT) provides low-cost financing for the construction of environmental infrastructure projects that enhance and protect ground and surface water resources, ensure the safety of drinking water supplies, and make possible responsible and sustainable economic development.

The first program of its kind in the nation, the NJEIT was created in 1985. It has played a major role in helping New Jersey meet one of its most fundamental environmental priorities - maintaining and improving the quality of its water resources.

New Jersey is blessed with a diversity of natural resources in its lakes, rivers, coastline, bays, wetlands etc. Yet at the same time, it is home to a great deal of industrial development, as well as some of the most densely populated land areas to be found anywhere in the world. This presents a special challenge as we work to foster personal and economic growth without allowing the inevitable waste products of a growing state to degrade the quality of our ground and surface waters.

Controlling pollution and providing safe, abundant drinking water requires heavy capital investment. Environmental infrastructure is costly to build and that expense is ultimately borne by the individual ratepayer and taxpayer. Keeping costs to the public as low as possible has been the role of the NJEIT since its inception.

Working in partnership with the New Jersey Department of Environmental Protection, (NJDEP) the NJEIT has devised a system to leverage the funds available from the federal government to make more money available at the lowest possible cost. Since 1985, the financing program has provided more than \$1.5 billion to local and county government units, and some private water

companies to finance wastewater systems, combined sewer overflow abatement, non-point source pollution control, safe drinking water supplies and open space acquisition.

(source: njeit.org)

***NJ SEED believes that the NJEIT is a critical tool in keeping New Jersey's natural resources clean and economic development strong. NJEIT is a shining example of how government and industry can work together for the betterment of New Jersey, its businesses, workers and citizens and NJ SEED supports it efforts.***

## **Beach Replenishment**

One of New Jersey's most successful industries is tourism. Our beaches attract visitors that drive our economic engine from the entire region. New Jersey is in danger of losing sixty five percent of its Federal beach replenishment money due to a DEP regulation. Currently, the DEP is suspending funds to any beach community that does not comply with their public parking and beach access requirement. It is virtually impossible for towns with hundreds of years of beach front development to meet public access, bathroom and parking requirements. If these towns are not given these needed dollars, they will not be able to meet the federal match required for their beach replenishment projects.

***New Jersey's beach communities and our economy as a whole is greatly effected by tourist activities on the Jersey Shore. NJ SEED encourages state policy makers to consider the fallout associated with holding up beach replenishment funding. A clean and accessible beach front is only valuable if there is a beach beyond it.***

## **Beneficial Use of Dredged Materials**

With such significant 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.***

# **ENERGY**

## **Our Economy and the Utility Infrastructure**

The barriers to investment in our electric, natural gas, telecommunications, and water infrastructure are, by very definition, barriers to our economic future. Unless we keep investing in that infrastructure, continue to modernize it, and enable it to meet the increasing demand for reliable and essential services, our future economic development will be put into serious question. Infrastructure improvement not only supplies energy, water and communications, but provides thousands of construction and permanent jobs, and millions of dollars in new tax revenues.

NJ SEED wishes to engage in public policy that helps spur investment in our infrastructure in this State, increase its energy efficiency, remove obstacles to growth and expand the use of emerging energy technologies. NJ SEED also wants those that are the best and brightest to join our workforce and be attracted to a career in the energy industry.

### **Facts about New Jersey's Energy -**

- New Jersey is home to the sixth largest state refining capacity in the nation, trailing nearby Pennsylvania by a small margin.
- In Northern New Jersey, between New York and New Jersey, there are over 40 million barrels of refined product storage capacity, most of which is in New Jersey making it the largest petroleum product hub in the United States.
- The largest of the four United States federal mandated heating oil reserves is located in New Jersey.
- The New Jersey refineries located along the Delaware River are part of the nation's largest petroleum refining complex on the East Coast.
- New Jersey presently has four operating full refineries and two asphalt refining plants.
- New Jersey is home to a sophisticated network of liquid pipelines. One, the Colonial Pipeline, comes from Houston, Texas to its northern terminus in Linden, New Jersey, and supplies product direct from the Gulf Coast.
- New Jersey has the third lowest motor fuel tax in the nation, at 14.5 cents per gallon, and nearby states such as New York and Connecticut rank among the highest in the nation.

### **New Jersey Energy Master Plan**

Experts predict that the world will require almost 40 percent more energy in the year 2030 than it did this past year. Population and economic growth in developing countries will drive much of that increase, but energy demand is expected to increase in the United States as well. To meet this demand, a

balanced portfolio of energy production including nuclear, coal, natural gas and renewable sources should be considered. Additionally, our leaders need to embrace sound policy in the area of energy exploration.

Governor Corzine recently initiated what is to be a year-long effort to develop an energy master plan for New Jersey.

The main proposed goals of reducing New Jersey's projected energy use by 20 percent by the year 2020 and meeting 20 percent of the State's electricity needs with Class I renewable energy sources by 2020, represent formidable challenges. As pointed out in the draft plan, achievement of this goal will require aggressive and concerted efforts by a wide range of constituencies.

This strategy must also balance the supply, economic development, and environmental impacts as well as the associated costs and benefits of these choices.

***NJ SEED applauds the Governor Corzine for this undertaking and looks forward to participating in this effort. NJ SEED encourages the development of a long term strategy that will ensure a reliable, affordable supply of energy for the citizens and businesses of New Jersey.***

Our utility companies have been making millions of dollars of investments in our utility infrastructure to improve reliability and security in the face of new concerns about terrorism. Working in partnership with industry and other stakeholders, legislators and other policy makers must find and support more effective ways to attract and encourage this investment. The goal should be to open earnest discussion on such issues as tax and regulatory incentives, devise more rational and more streamlined permitting procedures, ensure timely and adequate returns on the investments that must be undertaken, and eliminate outdated rules and other barriers that stand in the way of genuine progress.

***NJ SEED acknowledges that there is no quick fix for the energy challenges facing New Jersey today. However, it has been long understood that policies need to be debated and adopted that significantly reduce our dependence on potentially unreliable foreign sources of oil and gas.***

According to the United States Department of Energy, the nation will need 40 percent more electricity by 2030. The Mid-Atlantic region alone will need at least 13 percent more electricity by 2030. New Jersey must find a way to meet this increasing demand in a smart and timely manner.

***NJ SEED supports a balanced energy portfolio including all types of environmentally smart production types including nuclear energy.***

## A Business Case on Energy

The largest consumer of power and rate payer in New Jersey is business. Yet the greatest amount of incentives are directed at the private/home user. In the area of electricity, our State is already exceeding demand projections for 2010. Natural gas desperately needs a new infusion of supply, such as the proposed Liquefied Natural Gas (LNG) terminal in South Jersey. Our port system is expanding, yet our transportation and logistics system has not been upgraded. How many times have you sat in traffic? How many times has a truck sat next to you? This costs business in both cases. As the major consumer and ratepayer in this state, business has a vested interest in the supply, distribution and impact of congestion related to our energy.

This situation is also being aggravated by a pronounced shift in public policy. Governments used to focus on ensuring that the public had access to a plentiful supply of affordable energy. Today, however, the focus is on making energy generation and use more environmentally friendly regardless of cost.

Unfortunately, in New Jersey we are trying to apply the old regulation and enforcement model to the problem. This is a mistake—not only because it does not account for how we are going to meet our energy needs in the future, but also because it does not allow for new ideas that could dramatically improve our environment. For example, Thomas Edison invented the light bulb. For many years it didn't change. Then the Compact Fluorescent was introduced. Today, LED lights are available which are even smaller and more efficient. Yet government regulations and rebates do not always keep pace with the innovation and improvement by the business community.

Business and public interest are should not be pitted in competition as they are intertwined and linked together. The examples of the expanded use of solar power and wind power, the advances in green building, development of ethanol fuel etc are developments that occurred as a result to the market demands for alternative energy sources to lower consumption costs.

The Clean Energy Program spent over \$56 million on residential customers to achieve 27,978 MWh savings and reduce 19,032 metric tons of CO<sub>2</sub>. While nearly \$22 million was spent on commercial and industrial programs to achieve 98,377MWh savings and 67,969 metric tons of CO<sub>2</sub>. Clearly, ratepayer dollars to invested in business see a greater return on investment.

***NJ SEED requests that the State acknowledge the importance of increased funding for business incentives at a higher rate if it aims to meet efficiency goals as well as environmental goals.***

## 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 policymakers to take particular care in addressing boutique fuels, as there are many factors that affect this complex issue.

***Given these significant changes and the benefit of the study recommendations, NJ SEED urges continued adherence to federal schedules for fuel requirements and introductions.***

## Liquefied Natural Gas Facility Siting

In 2003, Beyond Petroleum announced its plan to build a liquefied natural gas (LNG) terminal in Logan Township, New Jersey. Known as Crown Landing LNG, it represents a more than \$500 million investment by BP. It will add jobs and taxes, and will provide a stable supply of natural gas to the region. This increased access to natural gas supplies will provide a much needed source of cleaner-burning energy for industrial and residential markets.

Numerous proposals are in the works to build LNG terminals in the United States, 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 five million homes per day), and should help stabilize natural gas prices.

The Federal Energy Regulatory Commission has issued a draft environmental impact statement for the project. This report, which finds that the project will have minimal impact to the area, represents a key step toward approval. The report covers environmental, safety and security issues. If the project continues on its current course and receives all federal, state and local approvals, Crown Landing could be operational in late 2008.

***NJ SEED supports approval for this important project and similar initiatives that will contribute to New Jersey’s economic health and energy supply.***

## Nuclear Energy

The need to protect our fragile environment while providing New Jersey residents and business with affordable and reliable sources of energy is clearly a challenging but achievable goal. Clean and abundant sources of energy to light our lives, power our businesses, schools, and hospitals is a critical need. But so too is the need to halt environmentally damaging climate change.

The good news is that the two needs are not mutually exclusive.

When Congress passed the comprehensive energy bill, they included many measures aimed at expanding and diversifying the country's fuel supplies. Perhaps no fuel source received more attention from policymakers than nuclear power.

In developing the details of the final bill, Congress hoped to respond to President George W. Bush's call for the enactment of policies that will lead to the construction of new nuclear power plants by the end of this decade. Among the key initiatives and incentives contained in the bill are:

- A 20-year reauthorization of the so-called Price-Anderson Act. This legislation provides the framework for the industry's self-funded, no-fault liability insurance program.
- An authorization for the Secretary of Energy to provide loan guarantees for up to 80 percent of the cost of "innovative technologies" that avoid, reduce or sequester air pollutants or emissions of greenhouse gases. Congress specifically directed the Secretary to ensure that new nuclear power plants are included in this program.
- A new "standby support" risk insurance program that will cover losses due to unanticipated delays that might occur during construction and at the start of operations for new nuclear plants licensed under so-far untested procedures enacted by Congress in the 1992 energy policy act. The program will provide up to \$500 million in coverage for the first two new reactors and up to \$250 million for reactors three through six.
- A production tax credit of 1.8 cents per kilowatt-hour for the first 6,000 megawatt-hours from new plants for the first eight years of their operation. The credit is capped at \$125 million annually.

In addition to these direct commercial benefits, the Bill contained a plethora of other provisions addressing the need for additional research and development on advanced reactor technologies, including a \$1.25 billion authorization to fund a prototype "next generation nuclear plant" project at the Idaho National Laboratory for the production of both electricity and hydrogen. Other measures included in the sweeping reach of the energy bill bolster university nuclear science

programs, foster additional work on advanced fuel cycle technologies and implement changes in the tax code that allow merchant and rate-regulated nuclear plants to treat their decommissioning funds in a similar manner.

The 2003 blackout that crippled the Northeast stands as a stark reminder of how dependent our lifestyle and security is on a reliable supply of electric power. Furthermore, while most people believe that global warming is threatening our quality of life, a vigorous debate exists on the best strategies to meet that threat.

We believe the nuclear plants in the state should be granted license extensions, the development of new technologies should be facilitated, new nuclear facilities should be built, energy efficiency programs should be aggressively promoted, and improvements to our electric infrastructure should be made where needed.

***NJ SEED encourages the New Jersey Legislature to work collaboratively with regulatory agencies and to actively promote a balanced portfolio of electric generation options, including nuclear facilities. – expand on this and make it a bit more New Jersey specific.***

## **DEP and BPU Work in a Regional Effort to Mitigate Climate Change**

NJ SEED supports environmental initiatives that help to diminish green house gases that may effect global climate change. While NJ SEED has historically not opposed reasonable programs to limit air pollution in our region, we do caution against accepting without question, the dire claims of human-caused global warming. Many responsible scientists have serious differences about the cause and consequences of global climate change. Research based on sound science should be encouraged to continue without political bias.

NJ SEED commends Governor Corzine and the New Jersey Legislature for enacting the Global Warming Response Act. While this act charges the Department of Environmental Protection with measuring and developing a strategy to diminish greenhouse gases, it is critical that the next step in the policy creation process begin with the Legislature.

***NJ SEED requests that the NJ Legislature review the DEP findings on Green house gases authorize an emissions program rather than any government regulating authority. NJ SEED encourages the New Jersey Legislature to generate polices grounded in economic strength that bring a balanced long term approach to implement strategies that effect climate change consistent with a National and International program.***

## **Efficiency In the Permitting Processes**

The permit process required to construct a new refinery or modify existing facilities is very complex and time consuming, involving federal, state and local permitting authorities. The combination of these regulations, reformulated fuels and reducing emissions from refinery operations make the refining industry one of the most heavily regulated industries in the United States. Yet, it is important to recognize that massive investments at refineries will be required as the industry seeks to expand refining capacity to meet demand and comply with environmental regulations.

# OTHER NJ SEED ISSUES

## Property Tax Reform and Education

There is a direct relationship between the funding of education and an educated workforce, and stable and increased property values in New Jersey. However, it is time for policy makers to evaluate the current tax revenue plan, which relies too heavily on property taxes. Nationally, 42.9 percent of local property taxes are used for school spending. New Jersey gets 58.1 percent of its school spending from local property taxes.

***NJ SEED calls on New Jersey's elected officials to develop solutions to the dilemma of over reliance on property taxes for school funding. A fair plan must be established that balances tax revenues, meets state spending needs, and allows New Jersey to maintain excellence in its public schools.***

## Rebuilding Our Educational Facilities

New Jersey's educational facilities are an integral part of its infrastructure. State-of-the-art schools, from pre-school to college, provide a better environment for learning and preparing our children for the future. Capital investment in the state's infrastructure, whether for roads, ports or schools, also provides the foundation for a sound economy.

In 2000, the legislature passed the Education Facilities Construction and Financing Act, which authorized \$8.6 billion for the rehabilitation/reconstruction of schools throughout the state. Six billion was allocated for special needs school districts (those receiving 55 percent or more in state aid). This included the 30 Abbott school districts that were provided special consideration by the courts. In addition, every other school district was guaranteed a grant of at least 40 percent toward the eligible costs for any school project undertaken.

In July of 2005, the New Jersey Schools Construction Corporation (SCC, created in 2003 to undertake the state's largest capital program), announced that there remained only enough funds to complete roughly half of the school projects needed to meet the goals of the State's lawmakers and courts. Funds for non-special needs districts would also be expended by the end of the year. The SCC noted that the original estimate for this program was insufficient. When the law was passed, not all school facility plans had been finalized and no funds for land acquisition, environmental remediation, computers, etc. were included. The cost estimate per square foot was based on outdated figures.

It is important that New Jersey continue programs to rebuild schools. In many urban areas, no new schools have been built in over 50 years. To do this effectively, it is necessary that a full assessment be made of the costs to

undertake this program so that a plan can be developed and implemented to carry it out in the most efficient manner.

In addition, capital improvements are necessary to modernize our higher educational facilities. This is needed to ensure that New Jersey remains a center for quality education and provides the facilities required for our students' success.

***NJ SEED supports needed capital improvements in New Jersey's educational facilities at all levels and recommends that a coordinated plan be developed to carry out this program effectively.***

## **Telecommunications**

### Enhancing Network Capacity and Promoting Continued Wireless Growth

New Jersey's role as a national leader in technology and communications is of core importance to New Jersey's economy and ongoing business development in the state. According to the Information Technology and Innovation Foundation, New Jersey ranks third in the nation in deployment of residential and business broadband telecommunications; thereby demonstrating that the state recognizes the importance of broadband access among all platforms.

To promote growth and innovation, New Jersey needs policies that enhance broadband deployment, ensure accessibility and maintain the rapid growth of the wireless industry — all with the goal of bringing 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 United States 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 Web site, demonstrating a continued need for bandwidth.

Overall, 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 logjams 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 to ensuring Internet taxation remains fair. 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 websites such as YouTube to be transmitted alongside smaller data streams like e-mail. We need to continue to support an Internet tax moratorium that promotes investment in broadband and helps give consumers more choices for high-quality service.

Moreover, consumers have greater access to Internet services than ever before through wireless applications. 90 percent of the public has a choice of at least four wireless providers, and new features brought about by the highly competitive wireless marketplace give consumers improved access to Internet services. Today, there are more than 243 million wireless subscribers and hundreds of thousands of jobs in the wireless industry. Capital spending has soared — more than \$24 billion in capital improvements in 2006 — while wireless rates have fallen and services have multiplied.

Thus, the existing open marketplace has brought demonstrated benefits to New Jersey and the nation and should be maintained.

Ensuring our nation’s broadband and wireless 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 continuing to promote fair and effective deployment of broadband and the regulatory and tax policies that make it possible.

***NJSEED supports proposals that would promote development of new, more robust broadband lines and more effective management of Internet traffic. Additionally, NJ SEED supports existing wireless regulations as a proven example of how competition can bring new products and services to consumers at decreasing prices.***

## **The Life Sciences: New Jersey’s Leadership Industry**

300,000 jobs from what is one of our state’s economic engines.

New Jersey is home to more than 80,000 employees in the various life sciences sectors of pharmaceuticals, medical technology, diagnostics and biotechnology. According to a 2004 study of the Milken Institute, the life sciences industry also supports more than 218,000 other jobs from service vendors, research institutions, and others.

The sector is the second highest paying of all job categories in the State (well over \$115,000) annually, which includes salary, bonus and benefits and other compensation), exceeded only by stock and securities brokers. The growth in

this well-paying sector is in the field of research and development, and investing in these employees who help discover new medicines and new technologies. Governor Corzine's 2006 Economic Growth Strategy (expected to be updated shortly) recognizes the continued importance of the life sciences, and NJ SEED looks forward to working with the administration to protect this great sector of our economy.

New Jersey SEED is an ardent supporter of policies on the State level that will allow the life sciences industry to continue to grow:

NJ SEED advocates:

- State incentive policies, such as the BEIP and BRRAG programs, public/private venture capital funds that will effectively allow New Jersey to compete with other states for new life science jobs and programs.
- The establishment of the Stem Cell Research Institute through passage of the fall 2007 ballot question.
- Opposing attempts to place price controls, restrict drug access to patients in government programs through preferred drug lists or bulk purchasing agreements. If such programs were to be adopted in the "Medicine Chest of the World" that is New Jersey, other states would soon move to quickly adopt them as well.
- Especially important to the sometimes capital-starved emerging biotech industry,
- continued support of the Net Operating Loss (NOL) carry-forward provision.
- Strengthening of the patient awareness and notification policies concerning the reprocessing of single use medical devices. These were upgraded in regulations of the New Jersey Department of Health and Senior Services earlier in 2007.
- Opposition to unnecessary restrictions on medical research involving animals. NJ must not hinder the R&D activities in New Jersey's life sciences industry that already follow stringent FDA protocols.
- State educational policies that will allow our research universities to further collaborate with the life sciences industry in clinical trials, clinical research and basic research.

These policies should also allow all universities to enhance curriculum that will train students for jobs in the life sciences.

The life sciences sector spends nearly \$5 billion annually on vendors, and more than \$4.6 billion on capital construction over the years 2007 and 2008 is expected, making it the largest private sector industry in construction activity.

Concern was rightfully expressed through a late 2005 report done for the Commission on Science and Technology by Drs. James Hughes and Joseph Seneca, at New Jersey's State's decline in the overall percentage of life sciences

jobs nationally. New Jersey can never assume that its past and present leadership will deliver its future.

***NJ SEED provides its support to the life sciences industry, its key support industries and for policies that will help each sector grow.***

***NJ SEED support efforts to improve workforce in the life sciences through strategies identified in the May 2007 Heldrich Report on workforce needs in the pharmaceutical and medical technology industry. We applaud the actions taken by Governor Corzine's administration of industry advisory groups established under the direction of Labor Commissioner Socolow and an Innovation Partnership Institute (designed to address curriculum needs for the jobs identified) being headed by Dean David Finegold of the Rutgers School of Labor and Management Relations.***

## **Health Insurance Costs Are Exploding**

Achieving affordable, quality health coverage concerns everyone since costs are out of control for both employers and employees. In particular, the cost of health insurance is one of the biggest challenges facing New Jersey businesses. Its skyrocketing cost hurts employers' ability to compete in the world economy and create new jobs.

New Jersey's health insurance system has identifiable flaws that can be fixed. The goal should be to build on the successes of the employer-based system to expand coverage while improving the affordability, quality, and value of coverage for all.

State lawmakers can act to limit cost increases, making health insurance more affordable for small employers and increasing the total number of insured New Jerseyans. Lawmakers can do much to accomplish these goals by:

- Provide Direct State Tax Incentives- One way to assist individuals and businesses is to provide refundable tax credits to equal to their full insurance costs to help defray soaring health insurance costs.
- Improve the Quality of Healthcare in New Jersey- System-wide changes have the potential to reduce healthcare costs by promoting quality and efficiency. The Legislature should act to promote Health IT, greater use of report cards, value based reimbursement, and reduced medical errors.
- Solve Charity Care Funding and Reduce the Number of Uninsured- One thing is clear: the number of the uninsured is rising. But, the reasons for the increase are complex and include the economy, the cost of healthcare and the labor market. This leads to a greater reliance on charity care and results in higher hospital charges for those with insurance. Reforms are needed to expand the pool of New Jerseyans who enjoy insurance coverage by allowing access to affordable coverage.

- **Expand Access and Choice: Reform of the Individual and Small Employer Markets-** The state's health insurance system should be revamped to ensure access to affordable coverage. Components of reform could include more flexibility in designing affordable health benefits plans and exploring the use of a Reinsurance Program and/or Insurance Exchange.

***NJ SEED supports healthcare reform. In a time of annual double digit cost increases for employer based health care, NJ SEED encourages our policy makers to review the current system and act to limit cost increase, make the current system more flexible and affordable for all New Jerseyans.***

## **The Economic Costs of Insurance Fraud**

Insurance fraud, one of the largest criminal industries in the United States, is perpetrated against the insurance industry and honest citizens every day in every state. This is not a victimless crime. Insurance companies and their policyholders pay a hefty price. In fact, the Coalition Against Insurance Fraud estimates that fraud costs Americans at least \$80 billion a year, or nearly \$950 for each family. Additionally, studies have shown that fraud adds \$200 to \$300 in insurance premiums to every family's automobile insurance policy.

Even the seemingly harmless act of "fudging claims" costs insurers and their policyholders' money. It is estimated that 11 to 30 cents of every claim dollar is lost to soft fraud, or smalltime cheating by normally honest individuals. Insurance fraud also threatens governmental programs that provide various forms of social insurance, including health, unemployment and disability insurance and workers' compensation, among others. Losses caused by those who cheat these programs deplete resources and diminish benefits to those who truly need and rely on them.

New Jersey has the toughest anti-fraud laws in the country. In 2004, criminal prosecutions by the Office of the Insurance Fraud Prosecutor resulted in the imposition of jail sentences totaling 199 years of incarceration. In addition, restitution ordered for victims totaled more than \$16 million.

Effectively combating fraud and abuse can only be accomplished through a strong partnership among the public, state, government, law enforcement and insurance companies. The high level of activity at the state Office of the Insurance Fraud Prosecutor and the dramatic increase in actions against those who defraud honest policyholders demonstrate the strong level of cooperation within New Jersey's insurance fraud prevention, detection and enforcement community.

It is widely believed that the financial investments made by insurers to fund the Office of the Insurance Fraud Prosecutor are reaping notable dividends by

increasing public awareness and eliminating significant fraud operations from the New Jersey landscape.

***NJ SEED urges the New Jersey Legislature to continue to support the insurance industry and New Jersey's law enforcement community in their combined efforts to aggressively confront the serious problem of insurance fraud in our state.***

## **Critical Staffing and Equipment Needs Within the New Jersey State Police**

Chronic understaffing places the New Jersey State Police (NJSP) in an increasingly untenable position to protect the health and safety of the citizens of New Jersey. In 1989, the NJSP had 3,035 sworn and enlisted personnel. As of January 3, 2005, the NJSP have 2,609 sworn members, a difference of 426 bodies, while the responsibilities and duties of the NJSP have increased dramatically. With the impending retirement of senior troopers, including approximately 330 troopers not eligible to receive full pension benefits because they will not reach 25 years of service, personnel issues are at the forefront of critical issues for the NJSP. Equipment issues are not far behind. Aging and antiquated equipment issues (aging vehicle fleet, helicopters, marine vessels, etc.) have been addressed and it is important that we remain vigilant in an effort to see these efforts come to fruition. With 70 percent of the National Guard deployed overseas, the NJSP is at the forefront of New Jersey's defense efforts.

The NJSP Aviation Bureau consists of two separate operations: the police mission side of the house and the med-evac side. Today, in the post 9-11 world, the unit is increasingly being utilized to protect the citizens of New Jersey from terrorism, as well as maintaining its medevac responsibilities. Colonel Rick Fuentes, Superintendent of the NJSP, has been working on an expansion plan, which would involve the creation of three med-evac bases, with a patrol helicopter and crew also assigned to these locations. Homeland security patrol flights are currently high on the list of law enforcement priorities, and New Jersey has no shortage of bridges, tunnels, transportation hubs and other sensitive locations. A beleaguered NJSP Aviation Bureau is actively looking among its ranks for troopers with flight experience to bolster its staffing.

The New Jersey State Police Marine Division's post 9-11 duties include round-the-clock patrols of ports of entry in the Newark and Delaware Bay regions and other sensitive areas. Within the last decade, the unit has been drastically depleted by over 50 percent. Because of added homeland security duties, many boaters have expressed concerns that the marine unit would be ineffective at addressing safety issues during the recreational boating season. Our congressional delegation continues to label the Newark/Jersey City port areas as the "two most dangerous miles" in the nation.

The NJSP continue to receive glowing reports from the federal monitors regarding the mandated consent decree. In fact, the NJSP have become a model for other law enforcement agencies in the country. Police Chief William Bratton, Los Angeles Police Department, wants digital recording cameras for the department's 1,260 patrol vehicles. "New Jersey State Police found that when they put their camera system in as part of their consent decree that they were able to much more thoroughly investigate citizen complaints against their troopers, and they found the vast majority of the citizen complaints against troopers were unfounded based on the evidence these cameras provide," he said.

The NJSP continue to do more with less. It is imperative that they be given the resources needed to continue their critical mission.

***NJ SEED urges New Jersey policy makers to support the New Jersey State Police in any and every way possible, and to ensure that New Jersey receives an appropriate share of funding for homeland security and anti-terrorism activities.***

***NJ SEED believes that the New Jersey State Police must have its staffing needs addressed through short- and long-range plans and budget commitments so that New Jersey's troopers will be equipped to achieve success in their law enforcement mission as currently defined, including the prevention of domestic terror. The safety that is provided by the State Police is critical in keeping New Jerseyans working and businesses in New Jersey open and vibrant.***