



New Jersey Society for Environmental, Economic Development



**Presented to the New Jersey Congressional Delegation  
April 14, 2010**

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**2010-2011 Congressional Briefing Book**  
**The New Jersey Society for Environmental, Economic Development**

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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 and organizations. Our diverse membership includes labor advocates, business organizations and trade groups, construction and electrical workers unions, energy providers, environmental consultants, telecommunications firms, banks, residential and commercial development interests, insurance firms, educators, State Police and firefighters, food manufacturers and retailers, water utilities, chemical industries, pharmaceutical companies and health care interests. What our members have in common is the 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. At NJ SEED we recognize that generating jobs is essential to a strong economy. The proposals in our Federal and State Issues Briefing Books are directed toward that end. Good things happen for New Jersey's economy when labor and business mutually agree and offer positive solutions that government embraces.

NJ SEED is proud to present the 2010-2011 Congressional Briefing Book. This year marks our 23rd Federal Issues Briefing and Congressional Breakfast in Washington, and we thank the members of the New Jersey Congressional Delegation for their consistency in meeting with us each spring to discuss issues that are vital to business and labor in the Garden State.

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

### 2010 NJ SEED Officers

James Benton, President  
**NJ Petroleum Council**

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

Art Guida, 2nd Vice President  
**PSE&G**

Charlene Brown, Treasurer  
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John Torok, Secretary  
**The Torok Group, LLC**

Daniel O'Connell, Assistant Secretary  
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Joseph McNamara, President Emeritus  
**NJ LECET**

**Michael Drulis**, Executive Director & **James C. Morford**, Executive Director Emeritus  
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## NJ SEED POLICY COMMITTEES

### NJ SEED Economic Development Issues Policy Committee

Chairman: John Maddocks, Somerset County Business Partnership

<b>AT&amp;T</b> Charlene Brown	<b>Associated General Contractors of NJ</b> Brian Tobin	<b>Building Contractors Association of NJ</b> Darlene Regina
<b>Donald Sico &amp; Co. LLC</b> Donald Sico	<b>HealthCare Institute of NJ</b> Haskell Berman	<b>NJ Business and Industry Association (NJBIA)</b> Art Maurice
<b>NJ Council of Carpenters</b> George Laufenberg	<b>NJ NAIOP</b> Michael McGuinness	<b>NJ LECET</b> Joseph McNamara
<b>PSE&amp;G</b> Art Guida		<b>Steamfitters, Local 475</b> Michael Mulvaney

### NJ SEED Energy Issues Policy Committee

Chairman: Ed Salmon, Salmon Ventures, Ltd

<b>Atlantic City Electric</b> Robert Revelle	<b>NJ BIA</b> Sara Bluhm	<b>Salmon Ventures, Ltd.</b> Andrew P. Young
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### NJ SEED Environmental Issues Policy Committee

Chairman: Dick Dewling, Dewling Associates, Inc.

<b>NJ Asphalt Pavement Association</b> Carol Fulton	<b>NJ NAIOP</b> Michael McGuinness	<b>NJ Petroleum Council</b> Jim Benton
<b>NJ State Chamber of Commerce</b> Joan Verplanck	<b>NJ Business and Industry Association (NJBIA)</b> David Brogan	<b>NJ State Chamber of Commerce</b> Michael Egenton

### NJ SEED Transportation Issues Policy Committee

Chairman: Roger Ellis, Local 472

<b>Nation's Port</b> David Stein	<b>Associated General Contractors of NJ</b> Brian Tobin	<b>NJ LECET</b> Steve Gardner
<b>NJ Building &amp; Construction Trades Council</b> William Mullen	<b>NJ State AFL-CIO</b> Charlie Wowkanech	<b>NJ State Troopers Fraternal Association</b> David Jones
<b>NJ State Troopers Fraternal Association</b> Chris Burgos	<b>United Transportation Union</b> Daniel O'Connell	<b>Port Authority of NY &amp; NJ</b> Tina Lado
<b>State Troopers NCO Association</b> James Gaffigan		<b>UTCA NJ</b> Evan Piscitelli

## EXECUTIVE SUMMARY & ECONOMIC OVERVIEW

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

New Jersey has the greatest population density of any state in the nation. It has an aging infrastructure consistent with its industrial era history and faces special economic and environmental challenges as a gateway to world markets. New Jersey has transformed itself into a technology, pharmaceutical and service economy, given our unique location and history.

Our state, indeed our nation, is dealing with difficult economic times. These difficulties are not new to NJ SEED that was born out of the economic challenges of the 1970s. NJ SEED believes that our country today needs an approach similar to that of Presidents Kennedy and Reagan. The private sector economy needs, in so many areas, to be unshackled in order to create jobs and grow the economy as a means toward addressing our increasingly burdensome national debt.

During the current recession our nation has lost nearly two million construction jobs and a similar number in manufacturing. It is vital to economic recovery that the federal government work to stimulate jobs. What we do need is government's help in creating jobs that address our deteriorating infrastructure. It will be the expansion of jobs that will ultimately bring the country out of recession and into a robust recovery. As the former President of NJ's AFL/CIO Charlie Marciante, a founder of NJ SEED, often said, "You need employers in order to have employees." The federal government needs to encourage investment so that America's entrepreneurial spirit can be unleashed to lead our nation back to economic strength. The federal government needs to provide stability and predictability in federal tax policy, job training and similar programs. Such policies would constitute the kind of Stimulus Package needed to get our economy really moving.

Our federal government should provide the economic incentives - fertilize the economic soil - so that productive private sector jobs can be seeded, sprout and grow into a vibrant economy.

NJ SEED calls on our NJ Congressional Delegation to support the issues set forth in the following pages in order to **HELP OUR ECONOMY GROW!**

## NJ SEED Priorities

The following section is a priority list of NJ SEED priorities broken out by subject. For more information on these or relating topics, please review the corresponding section of the 2010 Congressional Issues Briefing Book. The table of content in the front of this document covers all subject headings within.

### Transportation Related Priorities

NJ SEED urges the New Jersey congressional delegation to **continue to advocate for increased funding for New Jersey's critical transportation needs** as we finish the first decade of the 21st century. NJ SEED applauds the Obama Administration for its action in creating the Stimulus Package and the funding provided for transportation. This will not take the place of a major funding re-authorization (SAFE-TEA-LU). *NJSEED supports action now to **maintain or increase Federal Highway Funding** to support needed transportation improvements in New Jersey. We stress the need to **begin working immediately on the monumental task of renewing SAFE-TEA-LU.***

NJ SEED **supports the ARC (tunnel project)** adding increased transit capacity between New Jersey and New York, **increased funding to address the Bayonne Bridge low draft issue**, and other necessary investments in our regional linkages. The numerous construction jobs and reduction of the carbon foot print created by traffic will have an immediate and direct effect on N.J. and its economy.

NJ SEED supports the Liberty Corridor proposal to address intermodal deficiencies as well as the expansion of its success in the Liberty Corridor II. The expansion of this corridor will **replicate the business successes witnessed** to points east and north such as Pennsylvania and New Haven CT.

New Jersey and New York share a world-class Harbor estuary. NJ SEED supports additional spending levels in the Civil Works budget to **support current feasibility studies which are critical to realizing the achievement of a world-class Hudson-Raritan Estuary.**

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

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

### Security Related Priorities

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

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

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

### **Environment Related Priorities**

NJ SEED urges Congress to **pursue comprehensive Superfund reform legislation** that provides accountability and transparency, addresses the core root problems of the program and begins to refocus the EPA's efforts on providing the fastest and most cost-effective cleanup. NJ SEED supports state and federal voluntary cleanup programs that create more flexibility and provide more financial incentives for Brownfield Remediation.

The use of these blighted sites **provides job growth in construction and drives development to population centers.**

NJ SEED believes that sewer and water infrastructure in our state are extremely important to its economic and environmental health. **We recommend that Congress support federal wastewater and safe drinking water programs at increased funding levels.**

NJ SEED recommends that **sufficient time and consideration be taken when considering policies surrounding climate change.** NJ SEED remains concerned about the possible impacts on American jobs including by not limited to industrial, commercial and Farming sectors. Policy changes can have immediate and irreversible effects to a problem that has taken years to create.

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

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

NJ SEED believes that Congress, in partnership with the new administration, has the unique opportunity to set a decisive new policy for the **management of our nation's spent nuclear fuel.** First, Congress should actively pursue **research into the viability and feasibility of a national recycling program.** Second, the repository at **Yucca Mountain** needs to receive **adequate funding for its completion.**

NJ SEED recommends and urges the **EPA to ensure that the final Effluent Limitation Guidelines (ELG) fit within the existing construction storm water general permit framework.** This framework is critical to maintain standards that protect the environment and continue economic development.

## Energy Related Priorities

NJ SEED supports the **expansion of energy exploration on the Outer Continental Shelf**. This exploration can generate well paying jobs and technology today has little to no impact on the environment.

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

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

NJ SEED urges the congressional delegation to ensure that Congress, the administration, and the **EPA provide regulatory certainty and a streamlined review process for the any federal permitting of new alternative and renewable energy in New Jersey, particularly in regard to the proposed offshore wind projects.**

**NJ SEED supports the continued operation and license renewal of New Jersey's existing nuclear facilities.**

The power grid that supplies New Jersey consumers needs the ability to increase capacity to stay ahead of the demands of its consumer base. NJ SEED supports **approval for new energy production facilities** that will contribute to New Jersey's economic health and energy supply. **NJ SEED similarly supports the upgrade and expansion of our electric transmission and local distribution networks to meet the growing demand for electricity, to insure reliability and to provide the opportunity for new renewable sources of electric power to reach consumers.**

NJ SEED wishes to express **significant caution and concern to members of the New Jersey delegation before embracing a low Carbon Fuel Initiative** as it is an incomplete, technology forcing program which threatens the affordability and availability of fuels.

NJ SEED supports the **implementation of rate designs, regulatory structures and tax incentives that support energy efficiency as a viable business and encourage consumers to better manage their energy usage.** Specifically, Congress should increase the Energy Efficient Commercial Building Tax Deduction from \$1.80 a square foot to \$3.00.

## Technology Related Priorities

NJ SEED supports proposals that would **promote development of new broadband lines, particularly the National Broadband Plan.**

## **Economic Growth Related Priorities**

NJ's Unemployment Insurance Fund is in need of Federal Help. **NJ SEED believes that Congress needs to aid the recovery efforts by passing measures to alleviate the federal tax burden.**

NJ SEED will support efforts to work with Congress and the Executive Branch to **ensure that continued federal attention is given to the credit needs of the commercial real estate industry.** Commercial lending represents the greatest amount of bank lending. Without proper government support, this lending will continue to be constrained and less available, thereby retarding economic growth.

NJ SEED also urges Congress to **adopt policies that promote innovation, investment and workforce development.** In order to remain competitive, our high tech economy demands highly educated and highly motivated individuals and forward thinking companies willing to invest in research and development in New Jersey.

NJ SEED urges Congress to continue policies that **encourage discovery and protect intellectual property.**

NJ SEED also endorses **fair trade policies with foreign governments** to ensure that pharmaceuticals and medical technologies are priced in a fair manner.

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

## **TRANSPORTATION**

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

New Jersey's roads, bridges, rail lines and ports are the backbone of its economy, as well as a keystone for our nation's transportation infrastructure. The NJ SEED Transportation Issues Policy Committee recommends that we encourage Congress to take immediate action on the next renewal of the Federal Transportation Equity Act. While President Obama's stimulus plan included additional immediate funding for transportation infrastructure, our needs remain too great to delay the federal renewal of SAFE-TEA-LU.

We recognize that much of New Jersey's federal transportation funding is achieved through matching state funds. Therefore, we are also urging the Governor and the New Jersey Legislature to immediately secure a stable and renewable funding source, exclusively for the depleted New Jersey Transportation Trust Fund.

### **Background on Federal Transportation Issues**

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

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

Federal transportation funding is an economic issue and a public safety issue. For every \$1 billion invested in transportation infrastructure, 34,779 jobs are created and more than \$5 billion in related activity is generated. Every dollar spent on transportation equates to \$5.60 in economic development. The projected fatality data for 2009 places the highway death count at 33,963, a drop of 8.9 percent as compared to the 37,261 deaths reported in 2008. The fatality rate for 2009 declined to the lowest on record, to 1.16 fatalities per 100 million Vehicle Miles Traveled (VMT) down from 1.25 fatalities per 100 million VMT in 2008.

The National Highway Traffic Safety Administration attributes the decline in 2009 to a combination of factors that include, high visibility campaigns like "Click It or Ticket" to increase seat belt use, and "Drunk Driving, Over the Limit, Under Arrest" which helps with the enforcement of state laws to prevent drunk driving and distracted driving. In addition, the decline is also the result of safer roads, safer vehicles and motorists driving less.

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

***NJ SEED urges the New Jersey Congressional Delegation to continue to advocate for increased funding for New Jersey's critical transportation needs as we finish the first decade of the 21st century. NJ SEED applauds the Obama Administration for its action in creating the Stimulus Package and the funding provided for Transportation. However, this money is a temporary boost to jump start the economy, it should not replace a funding reauthorization.***

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

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

Even with a statutory guaranteed level, the past several budget cycles have witnessed the President and Congress disagreeing on the amount that should be spent on our nation's transportation infrastructure.

H.R. 2847, the Hiring Incentives to Restore Employment (HIRE) Act was passed into law this March. According to AASHTO, the bill would extend the current authorization through Dec. 31 of this year, pump \$19.5 billion into the Highway Trust Fund to ensure its solvency, restore \$8.7 billion in funding for states and restore the funding to the federal highway program's 2009 level of \$42 billion. Eleven Senate Republicans joined with Democrats to generate the 68 votes necessary to pass this bipartisan extension bill. New Jersey Senators Bob Menendez and Frank Lautenberg voted in support of the legislation.

The bill contains many provisions to strengthen the Highway Trust Fund (HTF), including: a one-time transfer of nearly \$20 billion in previously foregone revenue into the HTF; a shift in the cost of current federal motor fuel tax exemptions enjoyed by state and local governments from the HTF to the general fund; and a change to current law that will allow the HTF to retain interest earned on future unexpended balances. The legislation also features a tax incentive for capital purchases and "Build America Bonds" to lower state and local borrowing costs for infrastructure projects. This was only a temporary extension. Final negotiations on a robust, long-term reauthorization must therefore continue in earnest and be completed well in advance of December.

Moving beyond the budget and into discussions about renewal is the real. After President Obama's stimulus plan pumped about \$64 billion in additional money into infrastructure improvements (New Jersey received over \$1 billion), there does not appear to be any urgency to begin the next renewal. NJ SEED thanks its Congressional Delegation for its hard work in securing a piece of the stimulus funding for New Jersey. These dollars have been invested in "shovel ready" New Jersey projects in the area of roads and rail. However, the Federal Highway Trust Fund is underfunded and survives through needed

cash infusions. It is critical that a long-term solution be found to ensure we can continue to meet our transportation needs.

NJ SEED believes that \$100 billion in funding for each year over the next five years is required to keep our nation's transportation infrastructure strong mixed with good environmental protection components. The funding mechanism must also allow for the quick rate of inflation on construction. NJ SEED is willing to consider all funding mechanisms that are dedicated to transportation from transportation to accomplish this task.

***NJSEED supports action now to maintain or increase Federal Highway Funding to support needed transportation improvements in New Jersey. We stress the need to begin working immediately on the monumental task of renewing SAFE-TEA-LU.***

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

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

These improvements will further consolidate NJ Transit lines giving more commuters a "one seat" ride which has been shown to enhance and increase ridership.

### **Job Creation**

According to the U.S. Department of Transportation, 34,779 jobs are created, directly for every \$1 billion spent on public construction. During construction the ARC project is estimated to generate \$660 million in new Gross Regional Product annually, \$390 million in real personal income annually and 6,000 construction jobs every year. Once completed, ARC will facilitate the movement of people throughout the New Jersey and New York region. This is a critical for growing our economy and attracting and retaining business.

### **Environmentally Sound**

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

Prerequisite work in the areas surrounding the tunnel's opening has already begun. This work is a project on to itself including critical work with bridges and land use tied to the tunnel access.

***NJ SEED recognizes the tremendous work our Congressional Delegation has done to secure the needed funding to start this project and NJ SEED will continue to stand behind our policy makers as we continue to obtain dollars required to finish the job.***

### **Critical Port Issues**

From ship to shore to store, the Port of New York and New Jersey is our most important gateway to international trade, and affords us easy access to affordable goods. Many of the

products we use daily are available because the maritime industry operates in our backyard.

To ensure continued economic growth, our port must remain the North Atlantic's main ocean shipping hub by sustaining its competitiveness through deep draft, 50- foot navigation channels. Clear trends in commercial shipping and steamship design and construction will result in a larger percentage of the worldwide fleet of container ships that require channel depths of up to 50 feet. The vessels calling on our port have grown from 2,500-container ships in 1990 to 6,000-container mega ships today, and they are getting larger. It is critical that our port be able to accommodate these deeper draft vessels.

A critical component of this region's economic viability is tied to an increase in the amount exportation in our ports. Currently there is a disproportionate amount of containers on a one way journey to the United States.

- On a local basis, roughly 35.7 percent of all port activity through New York City/New Jersey seaports in 2008 was driven by out-bound shipping (meaning exports) and this percentage appears to be climbing.
- Ports that were chiefly dependent on imports have sustained the greatest vacancy declines - - but those markets that have focused on exports have been the least affected thanks to foreign nations' steady demand for US goods
- Between 2001 and 2007, containerized trade volumes increased by nearly 60% as the global economic boom triggered a wave of spending on US and foreign goods
- Demand for industrial space in these markets followed suit, driving occupancy up by roughly 20 percent during that period - - faster than any other US commercial real estate asset class
- Since the volume of containerized shipping peaked in 2007, average industrial vacancy within these ports actually dropped by 15 percent

*\*Colliers International*

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

### **Deeper Draft, Higher Ships**

The work to widen and deepen the Panama Canal is scheduled for completion in 2015. This will permit larger ships to travel directly to east coast ports. This may increase the number of ships that can not fit under the Bayonne Bridge, and could create a negative impact on cargo levels at the Port of New York and New Jersey. A long term and quick solution is needed to alleviate the Bayonne Bridge height issue.

### **The Bayonne Bridge**

The Bayonne Bridge connecting Bayonne, New Jersey and Port Richmond, Staten Island, New York across the Kill Van Kull first opened for traffic in March 1931.

The bridge is a transportation connection serving Newark Liberty International Airport, Port Newark/Elizabeth, and Howland Hook Marine Terminal. In 2008, it provided access on to Staten Island for almost 3,750,000 vehicles (eastbound) and an estimated \$33 billion in

goods movement. The recent introduction of larger cargo vessels into the shipping fleet has led to the identification of the 151-foot mean high water (MHW) air draft of the bridge as a problem.

The decision to widen and deepen the Panama Canal amplifies these concerns. Today, the Panama Canal can only handle ships carrying up to 5,000 twenty-foot equivalent units (TEUs). However, with the opening of wider locks and deeper and wider access channels in 2015 (some say 2014), the Panama Canal is expected to handle ships carrying 10,000 to 12,000 TEUs.

Due to their height, many of these larger ships will not be able access cargo facilities west of the bridge, including Port Newark and the Elizabeth Port Authority Marine Terminal and the Howland Hook Marine Terminal on Staten Island.

In August 2009 the Port Authority's Board of Commissioners approved \$10M for a series of planning studies. This was done in advance of the September 2009 release of the US Army Corps of Engineer's Report, also paid for by the Port Authority, which found a positive national economic benefit to removing the height barrier of the bridge.

The 5 studies currently underway are:

1. **Bayonne Bridge Preliminary Alternatives:** Awarded to 3 Consultants (HDR; PB; HNTB) and should be completed in March 2010, this study is looking at the following options, No-Build, Modify or Replace Existing Bayonne Bridge (Tunnel, Bridge, "Lift Bridge" options), Vessel Modifications and/or Site Specific Landside Improvements, Remove the Bayonne Bridge Clearance Restriction, Other Options, In Addition the study seeks to establish Preliminary Evaluation Criteria, including - Cost Estimates, Construction Duration, Constraints / Limitations, Operational / Maintenance Criteria
2. **Regional Cost Benefit Analysis:** Awarded to Halcrow and expected to be completed in March 2010, this study will - Distribute National CBA Data to Regional Level (NY/NJ), Assess Cargo Diversions by Alternative, Conduct Traffic, Air Quality, VMT and Related Analyses, Prepare Risk Assessment, Identify Relative Cost – Benefits by Alternative, Incorporate Findings Into Comprehensive Alternatives Analysis
3. **Environmental Screening:** Expected to be completed in July 2010, this contract was awarded to HRD, this study will Establish Study Area Baseline Conditions, assess preliminary impacts and look at - Regional Environment, Land Use, and Zoning, Socio Demographic, Neighborhood Cohesion, Traffic, Air, and Noise, Transit Potential (HOV, Express Bus, LRT), Aquatic, Biotic Resources, Marine Navigation, Topography, and Geology, Soils, Permits, Approvals, Regulatory Overview
4. **Regional Traffic Modeling:** Contract was awarded to PB and is expected to be completed by May 2010. This study will Review Traffic Counts, Traffic Modeling, and Forecasting- Analyze Traffic Impacts and Diversion by Alternative, No-Build / "Do Nothing", Build by Alternative, Assess Travel Time, Traffic Diversions, etc, Conduct Transit Analyses (LRT, Bus, HOV lanes, ferry, other), Forecast Traffic and Delay (2020, 2030), Analyze Regional Travel Diversions
5. **Planning and Programming for environmental process:** The RFP is pending for completion for the forth quarter of 2010. The Scope of Work will review the findings

of the comprehensive alternatives analysis and outline next steps to initiate the NEPA process.

Currently, Port Authority does not have the financial capital capacity to replace the bridge.

The Port Authority submitted the Bayonne Bridge EIS for designation as a High Priority Project when the delegation was collecting projects for a possible SAFE-TEA-LU reauthorization.

The Port is the center for job and economic development for our region and a hub for the movement of goods. If ships begin to by-pass our port, the results could be catastrophic for New Jersey and its economy.

Our quality of life is directly attributable to the efforts of the port, which serves almost one-third of the nation's population. Goods handled here supply northeast and Midwest markets, provide export opportunities for goods produced here, and facilitate the import of raw material used in domestic manufacturing. The channel deepening project will continue to provide greater transportation efficiencies to these markets with less environmental impacts locally and, as necessary, better military deployment to support national defense.

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

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

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

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

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

## **South Jersey Regional Ports**

In 2004, the Government Accountability Office (GOA) completed a comprehensive economic analysis of the deepening of the shipping channel from 40 to 45 feet to follow up on one completed in 2002 entitled "Comprehensive Reanalysis Needed."

The one the GAO released to the public goes by "Comprehensive Reanalysis Corrected Errors, but Several Issues Still Need to be Addressed."

The overall project to be administered by the U.S. Army Corps of Engineers was authorized 12 years prior by an act of Congress.

***NJ SEED supports the deepening of the Delaware River to 45 feet. In these difficult economic times with unemployment reaching multi-year highs, the deepening project for the Delaware River will become a stimulus for economic expansion along Southern New Jersey. Not only will construction jobs be created but new terminals will employ thousands of New Jersey residents.***

***NJ SEED urges the NJ congressional delegation to advocate funding to the Army Corp of Engineers for the completion of this and other important projects funded through the federal government.***

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

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

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

The Port Authority's ExpressRail on-dock rail system is expected to be completed by 2011. The system, when fully built, will have the capacity to handle 1.5 million cargo containers a year by rail, taking approximately 2.5 million trucks off the roads. The Port Authority recently completed Tracks 10 through 18 at the Express Rail Elizabeth facility, and has begun construction of another lead track into the rail facility that will greatly improve the movement of trains on and off the property. Construction also will begin this year on rail track west of Corbin Street in Port Newark and Elizabeth that will provide support for the entire ExpressRail system and provide sufficient capacity for three additional 2 mile long arriving and departing trains. Although traffic dropped significantly in 2009, it has shown an increase since.

Rail systems help improve the carbon foot print that is densely imbedded in the port region. 80 percent of imported materials stay local to the Port, due to its easy access to over 100 million consumers within a one-day drive. There needs to be adequate rail space and road space. Funding is needed to help make our diesel equipment cleaner. We can only move so fast under a voluntary diesel conversion and remediation system. Health issues tied to diesel particulates are an important issue and NJ SEED supports programs that identify these health issues and attempts to mitigate them through voluntary programs and government-assisted programs.

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

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

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

## **Regional Transportation Linkages**

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

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

New Jersey and New York Ports continue to see increased traffic and a larger volume of containers every year. Once off loaded, a ship's cargo needs to move with efficiency and ease. A cross-harbor rail freight tunnel would increase the flow of products to market while decreasing road and bridge congestion. New York is the only major port city in the 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.

**If the bridge is not managed then a terminal may be needed on the other side of the bridge to accept these large boats.**

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

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

***NJ SEED recommends that our Congressional Delegation seek additional funding levels for the FY 2010 Civil Works budget in support of current feasibility studies underway by the U.S. Army Corps of Engineers in the New York District, which are critical to realizing the achievement of a world-class Hudson-Raritan Estuary. Also, the passage of a Water Resources Development Act is a key component to ensure that critical environmental projects within the region are authorized for consideration of federal appropriations.***

## **Beneficial Use of Dredged Materials**

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

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

## **Contaminant Assessment and Abatement**

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

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

## **FAA Airspace Redesign**

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

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

***NJ SEED strongly believes that capacity enhancements must be made to the current air traffic control system, but not at the sacrifice of passenger safety.*** The rushed implementation of the initial phase of the NY/NJ/PA Airspace Redesign Plan has caused unforeseen safety hazards at Newark Liberty Airport. Since it is of primary importance to maintain safety while reducing delays and minimizing negative financial and operational effects on all carriers using Newark-Liberty Airport, FAA should halt further implementation of the plan until a complete review all changes is accomplished and with input from all parties affected.

***NJ SEED is aware of alternate capacity enhancing changes that can be affected at Newark Airport that will reduce delays by maximizing the use of its runways without drastically altering the existing airspace structure over New Jersey. NJ SEED recommends FAA include these alternative plans in the review of the airspace changes.***

## **Security Issues**

### **Port Security**

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

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

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

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

### **Cuts to the Coast Guard Equals Cuts to NJ's Security**

The Department of Homeland Security's fiscal 2011 budget calls for the elimination of five Marine Safety and Security Teams, including the one responsible for the New York City region. The teams can provide air, sea or ground surveillance, guard areas considered threat targets and board suspect ships.

The team assigned to the New York area employs about 90 to 100 specially trained personnel. The proposed plan shifts responsibility for New York and New Jersey to regional Coast Guard teams based in Boston and Chesapeake, Va.

NJ SEED opposes these cuts and applauds the efforts of Senator Frank Lautenberg as he has made the Congressional Homeland Security Appropriations Subcommittee aware of the importance of these critical protection dollars for our nation's busiest ports and most dangerous two miles.

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

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

Funds made available to date have enabled the NJSP to develop a state-of-the-art regional intelligence operations/fusion center with real-time information updates and inter-operability, with little or no delay. As one of the only State Police agencies with a full-time Marine law enforcement mission, the NJSP must play an ever-increasing role in the security of our ports and waterways. With the assistance of federal funds, new vessels and equipment have been purchased to help replace the aging fleet and keep pace with advancements in technology. Criminal enterprises continue to adapt to changing times. With federal funding initiatives, we can stop them in their tracks by having adequate resources at the ready. Pending budget proposals appropriates ZERO dollars for new Trooper classes through July 2011. The State Police currently has approximately 3,000 troopers, with about 125 leaving the force every year. Almost 1,000 troopers hired in the 1980s are becoming eligible for retirement at this time. Without state or federal funding, the State Police will not be able to recruit new troopers until the beginning of the next budget year, which starts July 2011.

## **Nationwide Emergency - Response to Hurricane Katrina**

On September 5, 2005, an authorized deployment of the Swift -water Rescue element, under the New Jersey Task Force One (Urban Search and Rescue) personnel, proceeded to the New Orleans area. Two days later, three task forces were assembled and deployed to the City of New Orleans. The first in a series of three two-week deployments departed from New Jersey with resources including law enforcement vehicles, firefighting apparatus, decontamination equipment and radio equipment. Among their many activities, Operation L.E.A.D. (Louisiana Emergency Assistance Deployment) personnel searched 7,989 residences, rescued 67 stranded residents, assisting 174 residents who were sheltered in place. They assisted in the recovery of 117 bodies, rescued 274 animals, and carried out 2,050 humanitarian deliveries of food and water to those residents who chose to remain in their homes. There were more than 4,300 decontaminations of emergency workers and vehicles. Patrols handled more than 4,400 calls to 911. The State Troopers Fraternal Association of NJ (STFA) and the State Troopers Non-Commissioned Officers Association of NJ (STNCOA) lent service to this mission by providing financial assistance, transportation of needed equipment and on-site cooperation and coordination. The State of Louisiana has recognized the contributions of the New Jersey State Police in the aftermath of Hurricane Katrina by instituting a Resolution that was presented on the floor of the House of Representatives. The efforts of "Operation L.E.A.D." were recognized nationally, and will

continue to serve as a model of how to efficiently coordinate rescue/recovery missions for years to come.

## ENVIRONMENT

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

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

### **Superfund Cleanup Funding**

Congress established the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in 1980 which created the Superfund program. The Superfund program, which until 1995 was funded by a tax on petroleum and chemicals for the purpose of cleaning up contaminated sites around the country, is administered by the U.S. Environmental Protection Agency (USEPA) in cooperation with number of other federal agencies, such as the Justice Department, and individual states such as New Jersey.

Superfund has not come close to achieving its initial goals. Over the years, the Superfund program has had a history of being slow, inefficient, and very expensive. A large portion of the funds allocated each year, rather than being applied to actual remediation and clean-up of sites, have gone towards oversight, "administrative" and legal costs, which have substantially raised the average cost of the clean-up of individual sites. Since 1995, when the original tax expired, the program has been funded with "tax-payers-dollars" at an annual rate of approximately \$1.5 billion. Interestingly, of this total annual sum only approximately \$250 million annually has actually been directed to clean-up or remediation of sites that everyone agrees present an unacceptable risk to public health and the environment. On the other hand, the new stimulus package, offered by President Obama, targets \$600 million for this program, and limits, rightfully so, oversight and administrative costs to 3 percent of the total stimulus dollars, thus directing most of the money to actual cleanup and creating jobs.

NJ SEED urges Congress to **pursue comprehensive Superfund reform legislation that provides accountability and transparency**, addresses the core root problems of the program and begins to refocus EPA's efforts on providing the fastest and most cost-effective cleanup. We oppose the reinstatement of the Superfund tax as originally established and, at a minimum, suggest that a new formula be developed that is equitably applied across the board, and which includes general revenue funds. **In these difficult times, simply asking for more funding from the business community to go towards a program that has a poor performance record, without revamping the Superfund program, is unacceptable.**

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

Brownfields are abandoned or under-utilized commercial or industrial properties where expansion or redevelopment is hindered by real or perceived contamination. Cleaning up and reinvesting in these properties improves and protects the environment, increases local tax bases, facilitates economic growth and utilizes existing infrastructure for development.

Because of the threat of contamination, coupled with liability concerns, many developers and lenders have had a hands-off approach to brownfields. Redeveloping brownfields can become more expensive than unused "greenfields" and investors are sometimes reluctant

to lend money for a site that can be greatly devalued, potentially very expensive to remediate and may open liability issues to new owners for previous environmental contamination.

Brownfields Remediation Expensing allows for the expense incurred in the cleanup of a brownfields site to be immediately expense by a developer. Brownfield remediation expensing provides an important incentive to revitalizing contaminated properties across the country. The provision is typically extended on an annual basis, but expired at the end of 2009 when the House and Senate failed to agree on a tax extender bill. In addition, a “carry forward” provision is needed to allow the expensing deduction to be used in future years, when taxable income from many of these redevelopments is earned, toward which the deduction can be applied.

There are estimated to be between 500,000 and one million brownfields sites in the United States that need to be redeveloped.

A recent report by the Northeast-Midwest Institute concluded that on average, \$1 of public investments in brownfields leverages \$8 in total investments. As much as \$2 trillion of real estate may be undervalued due to the presence of contamination.

**NJ SEED recommends that State and Federal government encourage voluntary cleanup programs promote more flexibility and should provide more financial incentives.**

**NJ SEED supports extending current law on brownfields remediation expensing, as well as efforts to add a carry forward provision and making these a permanent feature of the tax code.**

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

NJ SEED, the Clean Water Construction Coalition and Utility and Transportation Contractors Association note that there are several issues related to Wastewater and Drinking Water Construction federal funding that are currently before the Congress and are important to New Jersey:

- Final Senate approval of S. 1005.
- Increased funding for Wastewater and Drinking Water in the proposed Federal FY 2011 Appropriations.
- House and Congressional approval of H.R. 4849.

### **S. 1005 – Water Infrastructure Financing Act**

Authorizes \$20 billion for Wastewater Construction and \$14.7 billion for Drinking Water Construction, nationally, over a five-year period. Similar legislation, H.R. 1262, was approved by the House last year.

Funding in the Senate and House bills increases the construction funding for these programs, administered by the New Jersey Environmental Infrastructure Trust (NJEIT) for New Jersey. **We await final approval for S. 1005 in the Senate.**

### **FY 2011 Appropriations for Water Programs**

President Obama's proposed FY 2011 Budget includes \$2 billion for the Wastewater SRF construction program and \$1.287 billion for the Drinking Water SRF construction programs. These amounts are slightly less than the current year Budget amounts.

Congressional leaders in the House and Senate have sent letters to Ranking Members of the appropriate Sub committees on Appropriations dealing with these matters and have requested that these levels of funding be increased. Recent Water Infrastructure Needs Surveys and Assessments identify a total funding need of \$334.8 billion, over 20 years, for drinking water construction and \$202.5 billion for the same period for wastewater construction.

### **NJ SEED urges the appropriators to increase the amounts proposed in the Budget.**

#### **H.R. 4849 – Small Business and Infrastructure Jobs Tax Act of 2010**

This bill would amend the Internal Revenue Code of 1986 to provide tax incentives for small business job creation, extend the Build America Bonds program and provide other infrastructure job creation tax incentives. Congressman Pascrell is a co-sponsor of the legislation. This deficit-neutral bill was approved by the House on March 24 on a vote of 246 to 178.

Among other incentives, this bill will allow an increase in the volume cap upon the principle of tax-exempt debt that can be issued by a state during a calendar year to finance certain types of facilities, including Wastewater and Drinking Water projects. Approval of H.R. 4849 allows increased infrastructure construction nationally, and we urge the Senate to approve similar legislation as soon as possible.

### **Climate Change**

The Environmental Protection Agency (EPA) plans to impose new regulations to control greenhouse gas (GHG) emissions under the Clean Air Act. EPA intends to finalize these new GHG regulations that could impact 6 million facilities, many of them in New Jersey. This major regulation is being done under the guise of new car GHG emissions and fuel efficiency standards being released by the DOT and EPA. It will ultimately impose GHG emission requirements on factories, universities, hospitals, dairies, and many more. Instead of investing in new growth, businesses could be prevented or slowed from receiving the permits they need for new construction, expansions or to continue operating—which could leave them with little choice but to roll back production and cut jobs. With roughly a 10 percent unemployment rate, we simply cannot afford excessive regulation under such drastic and immediate measures that could kill thousands of jobs and stamp out economic recovery.

New Jersey will also feel the impact as the new regulations would overwhelm the NJ DEP permitting offices and increase the cost and work hours necessary to process each permit.

***NJ SEED recommends EPA's regulatory authority be stopped to allow sufficient time for Congressional consideration of the nation's larger energy policy and economic needs. NJ SEED remains concerned about the possible impacts on American workers and businesses in a number of industrial sectors, along with the farmers and small business owners, who could be affected by regulations to curtail GHG pollution from stationary sources.***

## **New Ozone Standard**

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

The Environmental Protection Agency's (EPA) current proposal to reconsider and lower the Ozone National Ambient Air Quality Standards (NAAQS) is not consistent with the Clean Air Act and can be expected, if finalized, to have a significant adverse impact on the economy and on jobs.

Contrary to EPA's claim that this reconsideration is being done in the name of science, NJ SEED finds the action to be a judgment to lower the NAAQS, setting an unfortunate precedent for future EPA administrators to conduct an endless and arbitrary series of reconsiderations.

***NJ SEED recognizes that air quality has improved in New Jersey under the existing requirements of the ozone standard. NJ SEED urges the EPA to withdraw its reconsideration proposal to prevent harming the nation's economy and potentially bringing to a standstill air quality***

## **Wetlands**

Wetlands are an important part of our environment and our ecosystem and their declining acreage is a legitimate national concern. However, the way the federal government regulates the use of these wetlands is too bureaucratic, resulting in unnecessary increased costs and delays in real estate development.

NJ SEED would like to see a balanced approach to the federal wetlands permitting program (Section 404), one that provides simplification and efficiency toward the permitting process while protecting sensitive environmental areas.

***NJ SEED strongly supports the concept of mitigation banking, which offsets destroyed or degraded wetlands in one area with newly created, enhanced or restored wetlands elsewhere, thereby balancing the needs of developers and the environment.***

***NJ SEED opposes attempts to increase the authority of the federal government to regulate wetlands and believes that states have a inherit right to protect and regulate state waters without the federal government imposing additional regulations that often do little to actually protect waterways.***

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

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

significant steps taken to date by the government toward meeting its obligation.

Despite years of scientific research that led Congress to conclude that the Yucca Mountain site would successfully serve as a repository, the DOE is years behind in meeting its commitment to electricity ratepayers. Significant work remains before the federal government can fulfill its promise.

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

Most recently, President Obama significantly cut funding for Yucca Mountain in his 2010 budget request to \$198 million, nearly \$100 million less than what the program is operating on for 2009. The funding reduction in essence has halted all further development of Yucca Mountain and removed the facility as an option for the disposal of our nation's nuclear waste. **NJ SEED strongly believes that too much time and money has been invested in this project for it to never come to fruition.** This decision is not only a major disincentive to the ratepayers and industry leaders who have invested billions in the project, but it also has the potential to further delay the much-needed development of the nuclear industry.

The storage of spent nuclear fuel is one of the major unresolved issues that have undermined the potential of the nuclear industry since its inception. Opponents to nuclear power use the lack of clarity on the future of nuclear waste storage as a primary criticism of any nuclear facility's operation. **If long-term storage is no longer going to be the desired route under the current administration, then alternative options must be quickly developed.**

The reemergence of nuclear energy as a viable energy source will further compound this problem.

**Congress, in partnership with the new administration, has the unique opportunity to set a decisive new policy for the management of our nation's spent nuclear fuel. First, Congress should actively pursue research into the viability and feasibility of a national recycling program. Second, the repository at Yucca Mountain needs to receive adequate funding for its completion as no recycling technology can fully eliminate the spent fuel rods or negate the need for a federal repository.**

## **Stormwater Management**

On November 28, 2008, the U.S. Environmental Protection Agency (EPA) requested public comment on a proposed administrative rule to change Effluent Limitation Guidelines (ELGs) for the construction industry. ELGs are federal stormwater regulations that are developed by the EPA and are intended to represent the greatest pollutant reductions that are economically achievable for an industry.

The proposed rule "Effluent Limitation Guidelines and Standards for the Construction and Development Point Source Category" is intended to tighten controls on discharges from construction sites by establishing performance standards. The EPA is currently looking at three options to accomplish this goal:

- **Option One** relies primarily on existing techniques, as it includes erosion and sediment control requirements (i.e., best management practices) and mandates the use of sediment basins for certain sites.
- **Option Two** includes a numeric turbidity limit for sites more than 30 acres that have high rainfall and high clay content. The EPA has based its turbidity limit on the use of advanced treatment systems (ATS), which use polymer-assisted clarification followed by filtration. In order to meet the proposed numeric turbidity limit, sites would need to chemically treat and filter their storm water discharges.
- **Option Three** mirrors Option Two, but would apply broadly to any site that has 10 or more disturbed acres at one time.

The EPA is scheduled to finalize the federal rule by December 2009.

***NJ SEED recommends Option One and urges the EPA to ensure that the final ELG fits within the existing construction storm water general permit framework. NJ SEED believes that additional standards for effluent guidelines are not warranted. Currently, states and counties have sufficient guidelines and standards that sometimes exceed federal protections. In order to minimize the duplicity of regulations, NJ SEED believes that local controls should be maintained.***

## **ENERGY**

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

To keep New Jersey's economic base strong and inspire job growth, cost effective energy production and distribution is paramount. Expansion in production and capacity will help to keep energy costs down creating a competitive advantage for New Jersey consumers and workers. It is critical that United States policies encourage independence from potentially unreliable sources of gas and oil. Pursuing environmentally friendly forms of energy is important to the economic and physical health of New Jersey residents. Furthermore, the creation, delivery and safety of energy resources are of paramount importance to our state. The Energy Issues Policy Committee advocates legislation that supports these goals while recognizing the economic importance of the energy industry to our economy.

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

New Jersey is home to one of the nation's most comprehensive strategic market places for petroleum product supply and distribution. The Garden State serves the entire Northeast region through its refineries, storage, marine transportation, pipeline and infrastructure network. New Jersey is home to one of the four EIA Northeast heating oil reserve sites, is one of five states to require statewide federal reformulated gasoline, and has major pipelines and six petroleum refineries. Over 67 percent of New Jersey homes are heated by natural gas. New Jersey has the third lowest combined state and federal gasoline tax in the nation at .329 cents a gallon, and is surrounded by states with significantly higher gasoline tax rates. Notwithstanding conservation measures and increased energy efficiency, electric demand is expected to grow about 4,000 megawatts in the next 10 years.

### **New Nuclear**

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

Currently, nuclear power plants provide 20 percent of the electricity consumed in the United States. Presently, there are 104 nuclear power plants at 66 sites in 31 states. There is the potential to double the amount of reactors at those 66 sites alone. The U.S. Department of Energy forecasts that by 2020, the U.S. will almost double its electric power consumption. Supplying that additional power will require 1,300 to 1,900 new U.S. power plants, many of which could be nuclear.

### **Public Opinion on Nuclear Energy**

The October 2009 national public opinion survey was sponsored by Nuclear Energy Institute and conducted by Bisconti Research Inc. with GfK Roper. A nationally representative sample of 1,000 U.S. adults was interviewed by telephone, with a margin of error of plus or minus three percentage points.

- 74% Electric utilities should prepare now so that new nuclear power plants could be built if needed in the next decade
- 59% We should definitely build more nuclear power plants in the future
- 68% A new reactor would be acceptable at the site of the nearest nuclear power plant that is already operating

Even as more generation and renewable energy is developed, projected demand increases negate any surplus that new facilities would create. In order to have a stable and affordable energy infrastructure, existing energy providers must stay in operation. In the coming months, the three nuclear facilities in Salem County will begin the license renewal process with the Nuclear Regulatory Commission to operate for an additional twenty years.

In New Jersey, PSEG Power and PSEG Nuclear, two subsidiaries of the Public Service Enterprise Group, are planning on filing for an early site permit with the Nuclear Regulatory Commission in May for the possible construction of a fourth nuclear power plant in Salem County, New Jersey, in the vicinity of its Salem 1 and 2 and Hope Creek plants. The construction of a new nuclear power plant over the next decade would help New Jersey to meet the growing demand for electricity with a reliable, carbon free source of energy. Expansion of nuclear energy would mean hundreds of new construction and plant operation jobs.

### **Congressional Action**

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

The legislation provides a production tax credit of 1.8 cents per kilowatt-hour for 6,000 megawatts (MW) of capacity from new nuclear power plants for the first eight years of operation. The loan guarantees support the development of innovative energy technologies "that avoid, reduce or sequester air pollutants or anthropogenic emissions of greenhouse gases." These technologies include nuclear energy facilities, renewable energy, coal gasification and hydrogen fuel-cell technology.

The loan guarantee can be up to 80 percent of the project cost. The bill offers new plant investment protection in the form of "standby support" to offset the financial impact of delays beyond industry's control that may occur during construction and during the initial phases of plant startup for the first six new reactors. The bill provides for 100 percent coverage of the cost of delays for the first two new plants, up to \$500 million each, and 50 percent of the cost of delays, up to \$250 million each, for plants three through six. In addition to supporting these incentives which are mostly targeted to the first wave of new nuclear power plants, we will continue to support Congressional efforts to extend these incentives to the second and third wave of new nuclear plants.

***With the demand for electricity in the U.S. continuing to grow, NJ***

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

## **New Alternative Generation**

While investment in new nuclear is fundamental to providing an adequate baseload electric supply, nuclear generation is only one of the many power sources that New Jersey must include in its overall energy portfolio. There is no single solution to meeting projected energy demand increases. Therefore, development of alternative and renewable forms of clean energy is just as important as the addition of new nuclear to our state and nation.

## **Solar Renewable Energy Credits (SRECs)**

New Jersey ranks second in the nation to California in solar development. This is made possible through a number of financial incentives enacted by the state and federal government. It is important that the Congressional delegation support the continued implementation of these incentives to keep the solar market solvent in the state and maintain New Jersey's rank as a national leader in the production of this renewable energy source. Like other energy initiatives, solar installations mean green jobs and construction jobs.

When a solar system generates 1,000 kWh (kilowatt hours) of electricity, an SREC is earned by the owner of the solar system. SRECs can then be sold on the SREC tracking system, providing revenue to the owner of the solar system for the first 15 years of the system's life.

Electricity suppliers (PSEG, ACE, and South Jersey Industries) are the primary purchasers of SRECs. They are required by legislative mandate to provide a percentage of their energy supply from renewable sources under the state's Renewable Portfolio Standard. The utility is required to pay a Solar Alternative Compliance Payment (SACP) if they do not meet the requirements of New Jersey's Solar RPS. One way they can meet their RPS is by purchasing SRECs. As SRECs are traded in a competitive market, the price may vary significantly. The actual price of an SREC during a trading period can and will fluctuate depending on supply and demand.

### Federal Tax Incentives for Solar

- 30% Federal Investment Tax Credit (ITC) or Rebate
- 5-year Federal Modified Accelerated Cost-Recovery System (MACRS) Tax Depreciation

***NJ SEED urges the congressional delegation to ensure that Congress, the administration, and the EPA provide regulatory certainty, tax incentives and a streamlined review process for the any federal permitting of new alternative and renewable energy in New Jersey, particularly in regards the proposed offshore wind projects.***

## **Maintaining Our Existing Electric Supply**

In early April 2009, New Jersey took an encouraging step forward in the ongoing challenge to provide a stable energy future for our state when the Oyster Creek Generating Station received a twenty-year extension on its operating license from the Nuclear Regulatory Commission. NJ SEED would like to extend its most sincere thanks to the members of the

congressional delegation whose advocacy contributed to this positive outcome. Oyster Creek produces 6 percent of New Jersey's electricity demand, and now supply of carbon-free baseload energy is secure for another two decades. Presently, New Jersey's four reactors provide our state with 51 percent of its power. Therefore existing nuclear generation not only plays a major role in our State's energy supply, but it also makes New Jersey a national leader in clean air initiatives. Once again, the Oyster Creek Generating Station is in danger of economic hardship due to Department of Environmental Protection regulation. Earlier in 2010, the DEP proposed that the facility would be required to build cooling towers. Serious questions should be considered and the science confirmed before such mandates are imposed including:

1. Does the draft permit effectively and completely consider all of the pollution problems facing the Barnegat Bay?
2. Cooling towers are estimated to cost between \$700-800 million in 2006 dollars, according to an independent financial analysis, which is more than Oyster Creek's value?
3. If cooling towers are mandated by the NJDEP, Oyster Creek would be in a position of economic hardship, which could have a disastrous effect on the local economy and significant energy reliability challenges for the region and the state. Are we clear on the overall effects of these cooling towers?

***Before a closed-cycle cooling system is mandated, a comprehensive analysis of Barnegat Bay is needed to fully understand all of the concerns regarding its health so that all stakeholders can work together to find solutions to improve the bay and limit future negative impacts.***

***NJ SEED is committed to understanding the ecological challenges that Barnegat Bay is facing and is working with all stakeholders to find solutions to improve the health of the bay.***

***NJ SEED supports the continued operation and license renewal of New Jersey's existing nuclear facilities.***

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

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

New Jersey has, in place, one of the nation's most aggressive and comprehensive approaches for unleashing competitive forces for the benefit of consumers. A large portion of this benefit has been obtained by New Jersey's approach to procuring energy supplies and basic generation services through a competitive bidding/auction process to meet the energy and load demands of customers who have chosen to be served by the state's utilities. Consumers also have the ability to select their own provider. This approach has become a model for other states considering how to ensure the benefits of competition to all customers, regardless of size.

None of this would have been possible if not for the existence of a highly competitive electric wholesale market called PJM. PJM is an independently run regional transmission organization (RTO) that comprises a system of geographically and fuel diverse generation suppliers interconnected through a large transmission grid that in turn is interconnected to

geographically diverse load serving entities (e.g., utilities). PJM currently encompasses transmission, generation and load in a thirteen states and the District of Columbia region including New Jersey. Plans before the Federal Energy Regulatory Commission (FERC) are to expand PJM to include the Midwest (including states as far west as Illinois and Kentucky, and as far south as Virginia), and to make its operations seamless with the other large Midwest RTO called Midwest Independent System Operator (MISO). When these changes are completed, it is estimated that New Jersey consumers will benefit considerably from the increased competition and additional sources of supply, some of which will be from renewable sources.

Increasingly, however, these plans have run into roadblocks. States such as Virginia and Kentucky have initiated actions to prevent transmission owners in their states from turning over the operation of their grid to PJM for fear that their consumers will be hurt at the expense of benefiting consumers in the Northeast.

Economic studies show that the opposite is true. Moreover, the August 14, 2003 blackout demonstrated the problems of loose coordination between grid suppliers and how that can result in cascading problems from state to state. While portions of PJM were affected by the blackout, most parts of the system were able to avoid the problems associated with the Midwestern areas that had loose integration and coordination of the grid.

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

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

NJ SEED acknowledges that there is no quick fix for the energy challenges facing the nation today. It has been long understood that policies are needed that significantly reduce our dependence on potentially unreliable foreign sources of oil and gas. We cannot have a sound energy policy based only on production or solely on conservation. Furthermore, renewable energy sources such as wind, solar and biomass show strong potential as alternative fuel sources, but have not been sufficiently developed to be considered viable alternatives to imported oil and gas today.

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

## **Electric Transmission and Distribution Infrastructure**

Like bridges, tunnels, roadways and water systems, the electric transmission and local distribution network in the country requires constant maintenance and upgrade. Never, in the past has a President of the United States made reference to electric transmission upgrades in a State of the Union address. Earlier this year, President Obama did just that. The PJM Interconnection, LLC, the regional entity responsible for planning the transmission

system in a 13 state region including New Jersey, has determined that by the year 2013 three power lines in the state are in need of upgrade to ensure network reliability. While often controversial at the local level, the Federal Energy Regulatory Commission has identified “national interest corridors” that are critical to maintaining and integrated transmission network so that electric power can flow from its point of generation to the point of demand.

***NJ SEED believes that strong federal policy is needed to insure that inter/intrastate transmission lines are planned, sited and upgraded to meet the increasing demand for electricity in the years ahead.***

## **New Susquehanna-to-Roseland Power Lines**

The federal authorities have determined that New Jersey requires an upgrade in the Susquehanna to Roseland power lines and NJ state regulators concurred. The upgrade on the existing right of way will cause minimal disruption. In certain places, transmission towers will be taller to accommodate the increased energy but also to avoid the need for a wider path that would impact vegetation and residents' properties.

***NJ SEED supports the upgrade and expansion of our electric transmission and local distribution networks to meet the growing demand for electricity, to insure reliability and to provide the opportunity for new renewable sources of electric power to reach consumers.***

The proposed upgrade would add 500 kV of additional power transmission capacity to the existing 230 kV network. In order to accommodate the increased transmission capacity, construction of two switching stations, a transmission line, and 249 towers would be required. If all 249 were lattice structures, the estimated total expenditures for the project would be approximately \$649 million, whereas if all the towers were monopole structures, the estimated expenditures would total \$750 million.

Economic benefits for the state of New Jersey include both direct impacts and indirect impacts. Direct impacts are those directly associated with the project expenditures, such as construction employment required for the project and purchase of material to be used in the construction of the switching stations and towers. The indirect impacts are those generated by the multiplier effects of initial expenditures, such as the salaries paid to workers and the business revenue by the expenditures made on materials from New Jersey, which are then re-spent throughout the economy, creating further economic activity and impacts in the form of employment, gross domestic product, compensation, and tax revenues.

## **Low Carbon Fuels**

Recently, California became the first state to implement a Low Carbon Fuel Standard. The standard attempts to achieve a reduction of greenhouse gas emissions from California's transportation fuels by ten percent by 2020. The Low Carbon Fuel Standard, as adopted by the California Air Resource Board, is an incomplete, technology forcing program which threatens the affordability and availability of fuels in California. NJ SEED recognizes initial efforts to address global climate change and recognizes that a wide variety of energy sources will be required to meet demand in the future. Yet, NJ SEED wishes to express caution to the N.J. Congressional delegation in supporting initiatives to allow the authorization of this fuel to other regions around the country.

California's Low Carbon Fuel Standard could have a negative impact on American consumers. The state's selection of specific biofuels and crude oils over others will likely

result in significant fuel shuffling around the nation as suppliers comply with the California mandate, which could increase costs and fuel transportation emissions. At best, due to the local nature of the program and the likelihood of fuel shuffling, the standard will not likely have any impact on global climate change. Many of the fuels on which the program counts on are not yet commercially available, making it difficult, if not impossible, for fuel suppliers to meet the requirements of the program.

***NJ SEED wishes to express significant caution and concern to members of the New Jersey delegation before embracing this low Carbon Fuel Initiative as it is an incomplete, technology forcing program which threatens the affordability and availability of fuels.***

## **Liquefied Natural Gas Facility Siting**

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

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

## **Energy Exploration**

Many of the best prospects for oil, wind, current and natural gas are officially, or unofficially, off limits today. For example, federal government policy forbids energy development in most parts of the Outer Continental Shelf. Even in areas that have been considered, governmental permitting delays and litigation can mean areas not producing the energy supplies our economy needs. Historically, New Jersey, working with the federal government, had developed one of the most progressive programs for consideration of offshore energy leasing in the United States.

However, efforts to move forward in this area have encountered difficulties. By renewing this partnership, the federal and state government and energy companies have the technology and know-how to protect the environment and work to produce very necessary and critical energy supplies for our state and our region.

***NJ SEED supports the expansion of energy exploration on the Outer Continental Shelf (OCS).***

## **Energy Efficiency Targets for Development**

Congress is proposing mandates on the real estate industry requiring buildings to reach arbitrary energy efficiency targets that will impose large upfront costs to developers/owners. Oftentimes these additional costs will not be recouped through electricity savings for decades.

In the real estate industry, local economic conditions determine the levels of energy efficiency and costs that can be absorbed in a given market. Not all markets are created equal and nationwide energy mandates for all building types will create a disincentive to develop new properties in areas where the markets cannot absorb the increased costs. Time is needed to bring all markets to a level of sophistication where more sustainable technologies and methods become the norm and are available within a reasonable cost.

***NJ SEED believes that Congress should offer more incentive based solutions to help the real estate community reach higher levels of energy efficiency. Specifically, Congress should increase the Energy Efficient Commercial Building Tax Deduction from \$1.80 a square foot to \$3.00.***

## OTHER CRITICAL ECONOMIC ISSUES

### **Unemployment Insurance Funding: Federal Help Needed**

Our nation's unemployment system is in crisis. New Jersey and at least 30 other states have exhausted their unemployment (UI) trust funds and are borrowing from the federal government to pay benefits. NJ SEED asks our Congressional delegation to work to: extend the waiver of interest on state loans; waive Federal Unemployment Tax Act (FUTA) penalties on employers in states receiving loans; reduce the Federal Unemployment Tax; and provide federal funding for 100% of the extended benefits costs.

The New Jersey UI system is funded by payroll taxes levied on both employers and employees. New Jersey's fund has been insolvent since March 2009 and has borrowed about \$1.4 billion from the federal government.

If a state borrows from the federal government to pay benefits and does not repay, the penalty is an increase in the FUTA (due to a "graduated" loss of the FUTA tax credit) which is used to repay the loan. In addition, states that borrow from the federal government annually owe interest on the outstanding loans. The American Recovery and Reinvestment Act (ARRA) waived the interest for 2010, however, New Jersey would be responsible to pay the interest for 2011.

Congress needs to aid the recovery efforts by passing measures to alleviate the federal tax burden.

#### ***NJSEED recommends the following steps be taken:***

- ***Extend the waiver of interest on loans to states to pay unemployment benefits through 2012.***
- ***Waive Federal Unemployment Tax Act (FUTA) penalties on employers in states borrowing to pay unemployment benefits through 2011.***
- ***Work to alleviate possible impacts of Federal Unemployment Tax Fully fund extended benefits if additional unemployment benefits are authorized.***

### **Capital and Credit**

Throughout 2009, the nation's capital and credit markets remained tightly constrained in the aftermath of the collapse of the financial industry in late 2008. Banks continued to tighten lending standards and worked to reduce their exposure to potential losses from commercial real estate holdings. The secondary market of commercial mortgage-backed securities (CMBS) which had been the source for much of the lending for commercial real estate projects before the down turn in late 2008, continued to stagnate.

Over the next few years, hundreds of billions of dollars in commercial real estate debt will mature each year, and commercial real estate credit markets still lack the necessary capacity to meet this oncoming demand for credit. Recently, action had been taking to expand the Federal Reserve's Term Asset-Backed Securities Loan Facility (TALF) to include CMBS, and extension of the expiration date of the program through June of 2010.

***NJ SEED will support efforts to work with Congress and the Executive Branch to ensure that continued federal attention is given to the credit needs of the commercial real estate industry. NJ SEED supports extension of the TALF program through the end of 2010 to ensure that the CMBS market is given adequate time to gain strength. The federal government should also pursue development of measures to help banks***

***and lending institutions clear their balance sheets of toxic assets, which are currently restricting these institutions from increasing their lending.***

## **Leasehold Improvement Depreciation**

Leasehold Improvement Depreciation is the ability to deduct the cost of the customized improvements a building owner makes to a rental space to configure it for a tenant's need. The current 15-year depreciation schedule for qualified leasehold improvements needs to be reauthorized yearly or it automatically reverts to a 39-year depreciation schedule. While there is bipartisan support for this provision, it lapsed at the end of 2009 when the House and Senate failed to agree on passage of a tax extender bill because it also included a controversial tax increase on carried interest. Failure to extend the 15 year leasehold improvement depreciation will result in higher capital costs, creating disincentives for building owners to upgrade and modernize the space for their tenants.

***NJ SEED supports the permanent reduction of leasehold improvement depreciation to 15 years, which is closer to the economic reality of the improvement's typical lifespan.***

## **Technology - An Economic Engine: New Jersey to Benefit from Broadband Access**

The long-term benefits of broadband technology are numerous for the citizens of New Jersey. Broadband's potential to benefit the economy and society cannot be ignored. In these challenging times new jobs are scarce and new educational opportunities are key. The National Broadband Plan's goals aim to address these issues and positively impact New Jersey.

The National Broadband Plan's goals are to provide 100 million U.S. homes high-speed Internet and position the United States as a world leader in mobile innovations with the fastest and most extensive wireless networks. Additionally, the plan is designed to ensure that communities have access to broadband to anchor schools, hospitals and government buildings, make sure emergency first responders have access to a broadband public safety network, and encourage Americans to use broadband to track and manage their real-time energy consumption.

The Federal Communications Commission estimates that \$350 billion is needed to achieve the National Broadband Plan's goals. It is essential that state and local leaders support a regulatory environment that encourages private investment in order for the plan to succeed. This plan will help bring broadband to underserved communities, improve education, healthcare, homeland security and help create needed jobs across New Jersey.

The National Broadband Plan will help stimulate the national and New Jersey economy. It is important that New Jersey citizens have access to broadband services and even more important that elected officials support an investment environment that will make this plan a reality.

***NJ SEED supports The National Broadband Plan. Providing broadband access to underserved communities in New Jersey will benefit the state's economy, residents, and businesses.***

## **New Jersey's Life Sciences Industry: The State's Economic Engine**

NJ SEED recognizes the long-standing importance of our life sciences industry (the biopharmaceutical, biotechnology and medical technology sectors) to New Jersey's economy and to the health of our nation and world. Although the industry has expanded in other jurisdictions, New Jersey is still considered the "medicine chest of the world" for its unsurpassed cluster of life sciences companies (17 of the 20 largest pharmaceutical companies in the world make New Jersey either their global, North American or U.S. headquarters) and unrivaled industry workforce.

*As a result, the life sciences industry in New Jersey:*

- *Directly employs more than 70,000 people, including more scientists per capita than anywhere else in the world.*
- *Is responsible for creating almost 100,000 spin-off jobs elsewhere in the economy that are directly dependent on this industry.*
- *Generates nearly \$30 billion in annual economic activity.*
- *Awards nearly \$4 billion annually in local vendor contracts for goods and services.*
- *Spends about \$1.6 billion annually on capital construction projects for new and renovated facilities and labs, accounting for 7,500 full-time construction jobs.*
- *Provides more than \$220 million annually in cash contributions and product donations to New Jersey residents and nonprofit organizations.*

Due to the presence of established pharmaceutical and medical technology companies, there has been a noticeable expansion in the number of biotechnology firms in the state (now more than 225), that employ 10,000 people alone.

The concentration of this high-paying industry (the second most highly paid sector in the state) is responsible for New Jersey having the second highest per capita income in the nation. Established foreign pharmaceutical and medical technology companies and start-up companies continue to migrate to New Jersey because of the state's talented workforce and opportunities to partner and collaborate.

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

- Danish drug maker Novo Nordisk completed a brand new headquarters building in mid-2008 in New Jersey.
- Bayer Healthcare decided to make New Jersey its headquarters.
- Japan's Eisai opened its new North American headquarters in Woodcliff Lake, N.J. in early 2007.
- Bausch & Lomb Pharma relocated to New Jersey in late 2008.
- Abbott's diagnostics division expanded and set up new headquarters in Plainsboro, N.J.
- Eli Lilly's subsidiary, ImClone Systems, not only stayed in New Jersey, but also expanded its research & development and manufacturing division in Branchburg, N.J.

- In March 2010, Hisun Pharmaceuticals became the first Chinese pharmaceutical company to open a foreign office, choosing Princeton, N.J. as its North American headquarters.

As the home of the industry, New Jersey reaps the benefits of the U.S. being the only free market health care economy left in the world. As such, the industry supports the ardent advocacy of New Jersey's congressional delegation for policies that expand access to health care while also recognizing the critical need to promote innovation. Only through nurturing innovation will new breakthroughs in medicine and technology be discovered that will address dreaded diseases. This can be best accomplished through effective patent protection policies that recognize the enormous upfront R&D investments that life sciences companies need to make in order to discover new cures.

With the state's economy so dependent on the life sciences, the impact of health care policy decisions made by Congress and the Obama Administration on New Jersey cannot be overstated.

***NJ SEED urges Congress to adopt policies that promote innovation, investment and workforce development. In order to remain competitive, our high-tech economy demands highly educated and highly motivated individuals and forward-thinking companies that are willing to invest in R&D and capital improvements, create jobs and assume risk.***

***NJ SEED urges Congress to continue policies that encourage discovery and protect intellectual property. Patent protection and rewards for innovation must be at the top of this list. The Manager's Amendment of S.515, The Patent Reform Act of 2009, strikes the appropriate balance of interests in updating our patent system, while ensuring innovation is rewarded. NJ SEED encourages our Senators and House members to endorse this balanced, compromised approach to patent reform.***

***NJ SEED also endorses fair trade policies with foreign governments to ensure that pharmaceuticals and medical technologies are priced in a fair manner. Restrictive regulatory processes and unfair trade practices harm pharmaceutical and medical technology products overseas and disproportionately impact jobs in New Jersey. This includes the recognition of the industry's intellectual property protections and recognition by other countries around the world. Furthermore, the importation of drugs and increased counterfeiting of drugs from foreign countries pose a threat to public health.***

***NJ SEED also urges Congress to oppose efforts to reopen the now five year old Medicare Part D legislation. Although the healthcare reform bill aims to close the donut hole, there is still sentiment in Congress to have the Dept. of Health negotiate prices directly for Part D. Legislation to that effect is expected to be introduced imminently. This significant benefit for our nation's seniors is being delivered effectively through private insurance plans. Changes to this law would in effect be "price controls", which would provide reduced capital for the industry to conduct its research and development activities, which are vital in New Jersey. More than a quarter of the industry's workforce is engaged in research and drug development activities on a daily basis.***

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

***Every American deserves quality health care and NJ SEED applauds the Congress for moving toward affording our citizens with comprehensive health care while preserving our innovation industries.***

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