

Is New Jersey Open for Business?

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IT'S OFFICIAL. THE NATIONAL BUREAU OF Economic Research (NBER) has confirmed what everyone has suspected for some time: the U.S. economy is in a recession and has been since December 2007.

Some define recession simply as two consecutive quarters of decline in real gross domestic product (GDP). The NBER defines economic recession as "a significant decline in [the] economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales." Either definition is consistent with people's gut feeling about the health of the economy.

In response to these extraordinary times, the federal government has committed to spending huge amounts of money in an effort to stimulate business activity and restore confidence in the economy. Initially, the focus was on financial institutions; in recent weeks automakers have taken center stage during hearings on Capitol Hill. The concern is genuine; yet, a detailed plan of how to spend the money, and the desired stimulus, remain elusive.

Our elected officials in Trenton have been discussing ways to stimulate New Jersey's economy as well. Some of the ideas involve accelerating transportation and construction projects. Economists agree that such action would likely have a positive impact and enhance one of our most important assets, and two pillars of our economy: real estate and construction.

However, a meaningful catalyst for ending a recession, and the real key to long-term economic growth, is creating value. This is precisely what visionary entrepreneurs do by combining things in such a way that they are worth more when combined than when they sat alone. When consumers purchase these goods or services in the marketplace, at a price that exceeds the cost to supply them, companies earn a profit and continue their work.

New Jersey has historically been a good place to do business because it offers: first-class real estate; a comprehensive transportation network to move goods, services

and people; a higher education system that prepares people for excellence; outstanding healthcare facilities; and an extraordinary array of leisure time options. We enjoyed a strong economy because New Jersey attracted world-class companies that made our state their home and had a reasonable chance to bring their vision to life here and earn a profit. That has been changing, with more companies choosing to leave the Garden State.

Clearly this is an extraordinary recession that is being felt globally. However, even before the recession hit, the burden of New Jersey's regulatory and tax climate has been negatively affecting our state's appeal to businesses. This is because, even though we continue to enjoy our historic strengths, it has become increasingly difficult to do business here and operate profitably compared with other states. As a result, we have seen private-sector jobs leave and companies expand in locations where profits are more likely to occur.

New Jersey has long been a place that enjoys some of the nation's highest property values, and while prices around the nation are experiencing a correction, those in New Jersey are holding up better than most other locales.

A recession is something that no one wants. However, it is precisely at times like these when most everything is on the table for consideration. Designed for "immediate" but short-term results, any economic stimulus plans that are put into place by our elected officials will be intended to jump-start the economy. These efforts should be accompanied by legislative initiatives that set the stage for long-term growth by creating an economic climate more hospitable to entrepreneurs.

Three pieces of legislation that have been discussed in that regard are: reform of the Council on Affordable Housing (COAH) regulations; a Licensed Site Professional bill that would allow projects to move forward quickly while ensuring environmental quality; and a plan for how New Jersey will deal with the issue of eminent domain.

By acting on critical issues such as these, our legislators will send a strong signal that New Jersey is, indeed, "open for business." ■

