

Corzine Wants to Retain N.J.'s Small Businesses

By Scott Goldstein

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TRENTON — Gov. **Jon S. Corzine's** plan to help the state endure the nation's economic crisis represents a major shift in the state's business growth strategy. The plan offers tax breaks to small and mid-sized companies that are already here, while offering no new incentives for large companies relocating from out of state — which are known for bringing more jobs and more headlines that politicians covet.

"Historically, the state's economic development programs tried to entice businesses to come to New Jersey or ... sought to keep those threatening to move out," Cor-zine said in last month's address to the Legislature. "In today's plan, I am proposing we reward those who want to be here — those who have made New Jersey their home."

Jerold L. Zaro, Corzine's recently installed Economic Growth chief, put it more bluntly: "What if you're a business that has been here for 50 years and paid taxes for 50 years?" he asked. "You are really the bedrock of this state. And the governor has said, 'It's time to show the love to these companies and see what we can do for them during this period.'"

With the state losing jobs at an alarming clip, and with little hope of getting big companies to relocate here during the economic meltdown, the governor is turning to businesses already in New Jersey — the hardware stores, the beauty parlors, the law firms. He proposed \$3,000 tax credits for every job created over the next two years by companies with between five and 500 employees. Companies of this size also could benefit from Corzine's proposed exemption on the 7 percent sales tax when purchasing equipment and furniture.

"What we are trying to do is stimulate spending," Zaro said. The plan would limit losses in a year where the state has lost 8,700 private-sector jobs through September. "Every state is hurting, and we are working to contain the damage," he said.

It's a smart tactic in difficult economic times because "it's easier to get companies to grow than to get a company to uproot," said **Jim Leonard**, legislative lobbyist for the New Jersey Chamber of Commerce.

In the past, particularly under the policies of former Gov. **Jim McGreevey**, small and mid-sized companies felt "neglected," Leonard added. Tax breaks primarily focused on large companies that relocated to or expanded in New Jersey, and part of the reason was politics, Leonard said. "A groundbreaking gets more publicity than a company adding more jobs," he said. "You get the political focus on more positive press."

Treasurer **David Rousseau** insisted, however, the new tax breaks doesn't mean the state will stop pursuing out-of-state companies. "We still have programs to attract businesses," he said.

But **Dan Levine**, a former assistant state treasurer who now is a relocation consultant, says fewer companies are relocating during these uncertain times. "There is a general risk adverseness and a lot of caution," said Levine, executive director of the **ADP** subsidiary **Location and Incentive Services** in East Brunswick. "And when companies feel cautious, they are more likely to stay put and not open a new office in a new state."

Right now, the state "should be paying attention to keeping people in their jobs and in their houses, and making sure they have food on their tables," said **Ingrid Reed**, director of the New Jersey Project at Rutgers' Eagleton Institute of Politics. She called Corzine's plan "a very pragmatic effort."

"I don't want to say he didn't have any other choice," she added. "But his strategy makes common sense as well as economic and political sense."

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