

2023 Annual Report & Look-Ahead

Building a future
for NEW JERSEY
that is affordable
& prosperous




Garden State Initiative
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A MESSAGE FROM OUR PRESIDENT REGINA EGEA



Dear Friend,

When we launched the Garden State Initiative six years ago, our goal was to become New Jersey's go-to think tank, committed to providing substantive analysis and innovative solutions that address the most pressing economic and fiscal challenges facing our state.

This year, we delivered on that mandate with three key wins in New Jersey with successful outcomes in Trenton in: **Energy, Veteran's Benefits, and Corporate Business Tax Policy.**

Our ongoing data analysis and policy research was unparalleled in the state. In 2023, GSI:

- > Released research reports on how red tape and fees are hurting NJ small business and the impact of our state's corporate tax rates being severe outliers nationally.
- > Continued the GSI Briefing Podcast, with ten installments featuring legislators, labor leaders, experts on Energy and the Economy from the Tax Foundation and Manhattan Institute, and national policy experts like Mark Miller and Art Laffer.
- > Provided timely analysis: Dr. Charles Steindel continued to deliver our regular analyses of monthly labor reports and quarterly GDP reports.
- > Hosted our Annual Economic Policy forum in May and held two Candidate Education Forums on economic and energy policy.
- > Maintained near-daily activity on our social media channels and recently launched the GSI Week-in-Review email blast to highlight key issues facing New Jersey.
- > Solidified our position as the "alternate view" for policy decisions in New Jersey, providing regular counter-points to leading New Jersey journalists and publishing op-eds in statewide publications as well as the Wall-Street Journal on issues ranging from the State Budget to Alternative Energy to Corporate Business Tax Reform.

Last, but not least, in 2023 we once again expanded our team, bringing in Audrey Lane full time as our new Policy Director and immediately made an impact as she spear-headed our work on Corporate Business Tax Reform.

As most of you know, we will not rest on our laurels. We have several research projects currently underway and look forward to releasing new research on economic and energy policy in 2024.

As always, please feel free to contact me with your comments and ideas on how to work with us to support our efforts at: regea@gardenstateinitiative.org.

Regina M. Egea



TABLE OF CONTENTS



- 02 GSI By-the-Numbers

- 03 GSI's Core Principles

- 04 The Impact of GSI: Red Tape & Fees Hurting NJ Business

- 05 GSI Candidate Forums: Education & Energy

- 06 GSI's Annual William E. Simon Economic Policy Forum

- 07 GSI Briefing Podcasts

- 08 Policy Wins

- 09 The Future is Bright

- 10 New Jersey: 2023 and Beyond

GSI BY-THE-NUMBERS



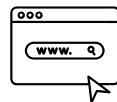
Facebook Followers:
11,000



Twitter / X Followers:
2,897



Active Emails:
1,639



Website Visitors:
10,700



Media Mentions/Coverage:
145



Media Reach:
27,776,967

As we head into 2024, we are eager to grow our digital footprint on Instagram, LinkedIn and YouTube to broaden our reach and help expand GSI's positive, solutions-oriented messaging.

— THE WALL STREET JOURNAL. —
WSJ | OPINION

A Simple Plan to Get New Jersey Back on Track for Growth

Business taxes are an anchor around the neck of the Garden State's once-prosperous economy.

By Arthur B. Laffer and Regina Egea
April 14, 2023 5:18 pm ET

GSI's CORE PRINCIPLES



In a process we started in 2022, GSI has committed itself to engaging with key stakeholders and legislators on four main pillars: Economic Opportunity for All, Government that Works, Making New Jersey Affordable, and Transforming our Business Climate.

To give you a better sense of what that means to us – and to you – we broke it down here:



Economic Opportunity for All.

The Garden State Initiative works to advocate for economic policies that serve all New Jerseyans by expanding equal opportunity to all corners of our state. GSI believes that all NJ residents benefit from policies that grow our economy and spur investment and job creation in our diverse communities.



Government That Works.

When it comes to Unemployment Insurance, Motor Vehicles, NJ Transit, or other state agencies, GSI believes that NJ residents too often encounter government agencies that fail when they are needed most, which is why they are working to innovate the function of government agencies to best serve residents while promoting transparency to the public.



Making New Jersey Affordable.

GSI was formed, in part, to help Garden State residents who cite the state's high cost of living and high tax burden as the reasons for leaving the state. The Garden State Initiative advocates for reforms that encourage the government to live within its means while making our state an attractive and affordable place to call home.



Transforming Our Business Climate.

According to the nonpartisan Tax Foundation, NJ's business climate has ranked dead last in the U.S. for nearly a decade - a rating driven by our burdensome regulations and highest-in-the-nation business taxes. As a result, the state is regularly losing jobs and investments to other states that prioritize growing their economies. GSI reforms will again make New Jersey an attractive place to open and grow a business in all sectors.



THE IMPACT OF GSI



Red Tape & Fees Hurting NJ Business Growth

Contributor Danielle Zanzalari, Ph.D., an Assistant Professor of Economics at Seton Hall University, got the year off to a strong start by working with GSI to publish a study on how red tape and excessive fees are hurting NJ small business.

The report broke down the ability of our state to attract new businesses, foster the development of small businesses and retain those businesses as they grow. Small businesses bring new innovations to the market, provide jobs and ultimately can boost New Jersey revenue sources.

Dr. Zanzalari's study found that while NJ's business applications have risen, the business formations are down in the Garden State, due to the following factors:

- > It is costly to register/keep a small business (LLC) relative to neighboring states
- > Occupational licensing laws that make it difficult to start a business and hire
- > Recent legislation has not been supportive of small-business and entrepreneurs

Read the full report and policy recommendations here:



GSI Analysis: Following Six Quarters of Slow Growth, NJ shows above-average Increase in Personal Income in Q2, Future Remains Uncertain



GSI Analysis: October '23 Jobs Report - Another Lackluster New Jersey Labor Market Report



Timely Data Reporting and Analysis

GSI is the source for direct reporting of the monthly job reports and quarterly GDP reports- and what they mean to New Jersey's economy.

Charles Steindel, Ph.D. provides analysis on economic issues and government data reports reflecting the health of New Jersey's economy. Dr. Steindel most recently served as a Resident Scholar of the Anisfield School of Business at Ramapo College. He was previously Chief Economist of the New Jersey Department of the Treasury and, earlier, a Senior Vice President at the Federal Reserve Bank of New York.

GSI is the only organization breaking down these reports on a monthly and quarterly basis.

THE IMPACT OF GSI

The Real Cost to New Jersey of Being an Outlier: The Impact of Steep Corporate Tax Rates

This report highlighted the impact of New Jersey's highest-in-the nation corporate tax rate resulting in our significantly lagging business and job growth as compared to neighboring states. To lead the corporate business tax reform advocacy, our new policy director, Audrey Lane, shared GSI's economic model created by Economist Dr. Arthur Laffer. The model demonstrates how eliminating the state's corporate business tax and economic incentives can significantly reposition New Jersey to successfully compete for new businesses and jobs growth and not continue the dismal performance of recent decades.

From meeting with state legislators, to business groups and sharing data on various roundtables and policy forums throughout the state, GSI continued to make the case that New Jersey's outlier status with the highest corporate tax policy in the nation is the primary reason for the outmigration in the state as businesses are quietly quitting New Jersey and building their operations in states with lower tax rates.

GSI was in the forefront of this issue on radio, TV, and at gatherings of business leaders across New Jersey. Appearances included an interview with Laura Jones on WPLJ-TV, Joe Piscopo's radio program on AM 970 in metro New York and Northern New Jersey, Dawn Mendte's radio show on AM 1210 in metro Philadelphia and South Jersey, as well as speaking engagements with the New Jersey Federation of Independent Business, the New Jersey Business and Industry Association, the New Jersey Society of CPAs, and many others. Leading newspapers and business publications across the state such as ROI-NJ and The Press of Atlantic City have also covered our report.

In April, The Wall Street Journal published an op-ed titled "A Simple Plan to Get New Jersey Back on Track for Growth," authored by Dr. Arthur Laffer and GSI's Regina Egea, which put GSI's work on the corporate income tax in the national spotlight. Ultimately, in spite of political pressure, the legislature allowed the CBT surcharge to sunset. However, our work on this issue is not done - as New Jersey will still have the 4th highest corporate business tax rate in the nation going into 2024.

See the full report here: [The Real Cost to New Jersey of Being an Outlier: The Impact of Steep Corporate Tax Rates - Garden State Initiative](#)



GSI'S ANNUAL WILLIAM E. SIMON ECONOMIC POLICY FORUM

Unleashing New Jersey's Potential was the overarching theme of the GSI Policy Forum this year. Held in May and featuring Keynote Speaker Dr. Arthur Laffer, GSI attracted more than 120 guests and state policy leaders. Our panel discussions included:



> Policies have Consequences - A Conversation with Dr. Arthur Laffer

> Businesses in New Jersey, Opportunities and Challenges: With Senator Steven Oroho, the late Jeremy Farrell, Special Counsel and Managing Director, Development and Community Relations at LeFrak and Celestina Quintana, Chairperson NJBIA Board of Trustees and Owner/Operator of 11 McDonalds franchises.



> New Jersey's Energy Options: Moderated by Rick Mroz, Past President of the New Jersey Board of Public Utilities with panelists Travis Fischer, Senior Research Fellow at The Heritage Foundation (Now with the Cato Institute), Matthew Kiesling, Senior Director, State Affairs, American Gas Association and David R. Hill, Senior Research Scholar, Center on Global Energy Policy, Columbia University.

We also hosted events, including a private dinner at the Harvard Club in New York City where Dr. Laffer and Larry Kudlow exchanged thoughts on the GSI Corporate Business Tax report and the economic future of the state.

Our programming showcases our commitment to create dialogue and cooperation across different levels of government, as well as between government and its citizens.

GSI CANDIDATE FORUMS: EDUCATION & ENERGY

This year, GSI also hosted its first Candidate Economic Education Forum in June. The Virtual event was designed as a primer in state economic issues, providing candidates, campaign managers and volunteers with the basic knowledge and resources to consider and ultimately articulate their platform on economic matters.

Given the success of the forum, GSI held a second Candidate Education Forum – focused on Energy – in August that included expert insight on the New Jersey Energy Master Plan and consideration of alternative options for energy that are reliable, affordable, and sustainable.

Check them both out here:

PAST EVENT

2023 Economic Candidate Education Forum

Tuesday, June 20, 2023 | 12:00 PM 01:00 PM



PAST EVENT

2023 Energy Candidate Education Forum

Wednesday, August 9, 2023 | 12:00 PM 01:00 PM



THE GSI BRIEFING PODCASTS



Our podcast conversations with leaders and experts from across New Jersey highlighting the challenges and solutions to job growth, economic opportunity, and innovation here in the Garden State have gained popularity since we aired our first episode in 2020.

Topics covered in 2023:

- > Legislative Outlook 2024 with South Jersey Senator Vince Polistina
- > Fighting the Budget Wars in Trenton with Assemblyman Brian Bergen
- > New Jersey's Economic Growth Priorities with NJEDA CEO Tim Sullivan
- > Electric Cars for Everyone in New Jersey with Mark Millis from the Manhattan Institute
- > Taxes Have Consequences with Dr. Arthur Laffer
- > NJ's Business Climate: Opportunities & Challenges with Senator Steve Oroho; the late Jeremy Farrell, Special Counsel & Managing Director, Development and Community Relations at LeFrak; and Celeste Quintana, Chairperson, NJBIA Board of Trustees, Owner/Operator of 11 McDonald's restaurants
- > NJ's Business Climate and Organized Labor with IBEW Local 102's Pat Delle Cava
- > New Jersey's Budget in Focus with Senator Declan O'Scanlon
- > Tax Cuts All Around (Except NJ) with the Tax Foundation's Katherine Loughhead



POLICY WINS

1. **Successful sunset of the Corporate Business Tax sunset.** The 2.5% surcharge sunset at the end of December, thanks in large part to a full education and issue advocacy campaign led by GSI. In March, we released a report written by Arthur Laffer highlighting the economic development benefits of CBT reform, citing data from states that have reduced their CBT including NC and Indiana: [The Real Cost to New Jersey of Being an Outlier: The Impact of Steep Corporate Tax Rates - Garden State Initiative](#). We followed up with panel appearances, media appearances and op-eds - including placement in the Wall Street Journal, the development of a business coalition along with the New Jersey Business Industry Association and other professional organizations, legislative meetings, and private dinners, including an event with Dr. Laffer and Larry Kudlow in May of 2023. Despite a concerted effort by progressive groups, the surcharge will expire on December 31, 2023.

2. **Energy Reset.** On October 31st, the Danish Energy Developer Orsted announced their withdrawal from the Ocean Wind 1 & 2 projects. Over the past 2 years, GSI drew attention to unanswered questions about the cost, reliability and feasibility of the proposed projects. GSI focused on the lack of transparency and the vague New Jersey Energy

Master Plan through op-eds, media appearances, and an ongoing social media campaign- urging a reset of the energy plan for New Jersey including our existing nuclear and natural gas infrastructure. GSI also held a panel discussion at our annual policy forum last May: [PODCAST: NEW JERSEY'S ENERGY OPTIONS - Garden State Initiative](#) with Rick Mroz Former President of the New Jersey Board of Public Utilities, Travis Fisher formerly of the Heritage Foundation and now with Cato, Matthew Kiessling of American Gas Association and David R. Hill, Columbia University. GSI also held candidate education forums with energy policy experts including former BPU Commissioner Dianne Solomon that highlighted policy issues involving the energy grid, capacity, affordability and sustainability.



POLICY WINS

3. On November 30th, 2023 The Assembly Military and Veterans Affairs Committee moved two bills that set forth policy recommendations made by GSI in our 2022 Report: [A Promise Not Kept: New Jersey's Failure to Support Veteran Owned Businesses - Garden State Initiative](#). Our report uncovered that since 2015, New Jersey has had a public law that sets aside 3% of its state contracting agencies' budgets for Disabled Veteran Owned Businesses. However, according to research by the New Jersey State Veterans Chamber of Commerce, **of the 72 state agencies that have procurement power, a mere few have awarded contracts to disabled-veteran-owned businesses, only two of 72 are enforcing the law and none are reporting their numbers as legally required.** The new legislation aims to correct this failure.

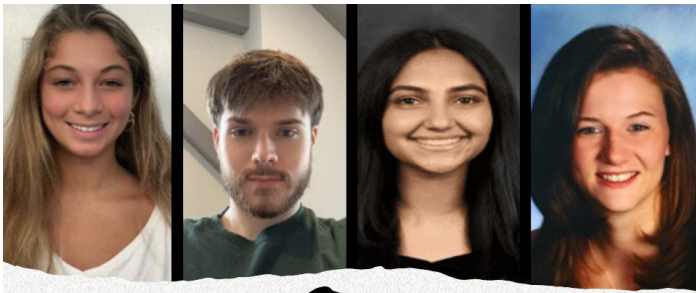


THE FUTURE IS BRIGHT

2023 Launch of the GSI Summer Internship Program

This past summer, GSI was pleased to welcome our inaugural class of college interns who explored the pressing public policy issues that face the next generation of New Jerseyans. The interns conducted independent research under the tutelage of GSI's leadership team and had the opportunity to present their findings to members of New Jersey's General Assembly and State Senate.

GSI's 2023 Summer Interns:



Zoe O'Halloran is a student at the University of Wisconsin-Madison majoring in International Studies and Global Security and is a resident of Berkeley Heights, New Jersey. She explored the implementation of New York City's congestion pricing plans and the implications for Garden State residents in What NYC's Congestion Pricing Means for New Jersey.

Emaan Kazmi is a student at George Washington University majoring in Political Science and Business Analytics and is a resident of Parsippany, New Jersey. She explored how New Jersey funds public school education in The Importance of Education Funding Efficiency in New Jersey.

Joseph Rojek is a student at Drew University and a resident of New Brunswick, New Jersey. He explored the issues surrounding the opioid crisis and published Revisiting New Jersey's Response to the Opioid Crisis.

Julia Corbo is a student at the University of Virginia McIntire School of Commerce and a resident of Mountain Lakes, New Jersey. She explored the issues surrounding New Jersey's conversion to renewable energy sources and published New Jersey Must Look Elsewhere for Renewable Energy.

Thank you to GSI's 2023 Summer Interns who explored the issues that matter to the next generation of New Jerseyans.

From Left: Zoe O'Halloran of the University of Wisconsin-Madison, Joseph Rojek of Drew University, Emaan Kazmi of George Washington University, Julia Corbo of the University of Virginia.



NEW JERSEY: 2023 AND BEYOND



Looking to the future, GSI is poised to tackle the biggest challenges facing the state armed with research and nationally recognized policy experts. Already underway are research reports on:

New Jersey’s Energy Master Plan: And Solutions for Energy that is Affordable, Reliable and Sustainable

The Pending Fiscal Cliff - and What it Means for All New Jersey Taxpayers

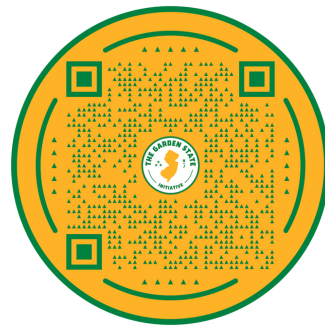
New Jersey’s Energy Master Plan: And Solutions for Energy that is Affordable, Reliable and Sustainable

The Pending Fiscal Cliff - and What it Means for All New Jersey Taxpayers

Teacher Pension Options that Provide Flexibility, Portability, without a reduction to Employee Return on Investment

With your support, GSI will continue to lead the statewide conversations on balancing the transition to clean energy with economic realities, building a business coalition to develop a “roadmap for economic development,” and spearheading efforts toward a more fiscally responsible future for New Jersey.

To make a donation to Garden State Initiative, please go to: [Donate - Garden State Initiative](#)





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