



NJ Small Business Development Centers, 49 Bleeker Street, Newark, NJ 07102. 973-353-1927

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Contact: Nat Bender 973-353-1927  
Paul Rinaldi 732-224-2491

[Ed. Note: A summary of key recommendations from the report follows]

**SMALL BUSINESS SENDS ‘URGENT’ REPORT TO STATE OFFICIALS**  
**Key Recommendations Offered to Improve Climate for Economic Development**

NEWARK, NJ, Sept. 5, 2006—The future of New Jersey’s economy depends on the growing number of small businesses that remain in the State and continue to grow. The NJ Small Business Development Centers (NJSBDC) today released an urgent report to the State Legislature and Governor focusing on removing barriers to growth and reshaping State policy, including reallocation of budgetary resources, to stimulate the small business sector.

First, the report—titled, “Strategic Blueprint for Small Business Growth: Strengthening Business Opportunities in New Jersey,” recommends forming a bi-partisan committee on health insurance to provide more reasonable coverage options for small business owners and independent entrepreneurs.

Second, the report suggests exempting or substantially reducing corporate business tax minimum payments for small business startups and early stage business corporations.

Third, the report calls for regulatory relief for small businesses including simpler paperwork and documentation with consistent and more affordable fee structures for registrations and certifications in procurement.

These top the list of more than twenty recommendations on topics including helping to improve the State procurement process so small businesses can win contracts, supporting businesses in commercializing promising new technologies and stopping the loss of manufacturing companies.

The recommendations are primarily directed towards State Legislators, formulated after months of touring the state to conduct business forums and commissioning a University survey of 4,000 small business owners statewide. The non-profit organization developed a promising business retention and expansion plan to improve the current State’s business climate, which is now ranked only one-step away from “dead last” in the nation’s economy.

Small business now account for more than half of all new employment in New Jersey’s economy 98 percent all businesses in the state, according to NJSBDC State Director Brenda B. Hopper. “Supporting this sector should be the top priority if we are going to stimulate dramatic improvements in the State’s economy,” said Hopper.

Small business revenues are a growing revenue stream for both New Jersey’s economy and its State government. Self-employment and sole proprietorships are increasingly representing a larger share of overall personal income in New Jersey. “The report documents an urgent need for greater investment in direct services to sole proprietorships and small corporations with special attention to existing businesses which are more likely to create good jobs,” said Hopper.

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For New Jersey taxpayers, small businesses are a win-win windfall for everyone. For every \$1 invested in the Small Business Development Centers nationally, taxpayers receive about \$2.66 in return. And last year, NJSBDC worked with its business clients to create and retain 10,000 jobs. That bodes well for New Jersey’s economic future.

By working with its clients statewide, NJSBDC boosts private sales: Tens of millions of dollars in sales tax revenues, and additional income and business tax revenues returned to the State Treasury.

The NJSBDC report noted that nationally, small businesses receiving in-depth SBDC assistance experienced 10 times the job growth of average businesses (14.2 percent compared to 1.4 percent for businesses in general for the period 2003-2004). In a State economy that has been hit hard by more and more taxes on businesses and costly state regulations, the NJSBDC program delivers a great return on investment.

During the past three years alone, the NJSBDC program has generated \$197 million in financing for small businesses clients, such as loans, grants and procurement contracts. The NJSBDC network produced for its clients \$82 million worth of procurement contracts, including federal and State, as well as corporate opportunities.

New Jersey invests \$800,000 into the NJSBDC program for small business assistance, compared to Pennsylvania, which invests \$6.7 million, New York at \$2.5 million, Georgia more than \$2 million, and North Carolina about \$1.7 million (FY 2005-2006). “Our report found that the Pennsylvania SBDC network received an additional \$1.3 million in funding this fiscal year despite the fact that their overall State budget is \$4.7 billion less than New Jersey’s, bringing their total funding to \$8.0 million,” Deborah Smarth, Associate State Director, said. “That’s 10 times more than New Jersey’s investment, despite New Jersey legislative leadership efforts in this area over the past few fiscal years.”

The report cited national studies that rate New Jersey as anti-entrepreneurial and least hospitable because of business taxes. And the consequences could be disastrous. The report referenced Rutgers University economists Dr. Joseph Seneca and Dr. James Hughes recent warning that the State’s inability to retain and attract new companies leaves New Jersey facing “its most uncertain future since the Great Depression.”

To help brighten the future, the report calls for urgent measures. “We are calling on our leadership to do its best to create jobs and stimulate economic growth,” said Smarth. “This means support for small business and strong, extremely-friendly business policies to counteract other states’ advantageous business environments that are luring firms away from our state,” she said.

An executive summary of the “Strategic Blueprint for Small Business Growth: Strengthening Business Opportunities in New Jersey” and more information is available for download at [www.njsbdc.com/report06](http://www.njsbdc.com/report06).

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