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Federal stimulus hoped to jolt New Jersey economy

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New Jersey's hard-hit economy will get a jolt of cash from the federal stimulus bill now heading for final Congressional approval, experts said today. The state is in line for around \$1 billion in infrastructure money that's likely to be spent quickly — the tax cuts will boost the paychecks of most working Jerseyans, and Trenton will get millions of dollars to help close a yawning budget deficit.

President **Barack Obama's** package of tax cuts and spending, totaling \$789 billion, is on track for final votes Friday in the House and Senate. But some are disappointed the final version of the bill falls short of some critical help needed to pull New Jersey through the slump, which claimed 59,800 private sector jobs in 2008.

For instance, the American Recovery and Reinvestment Act is expected to provide about \$200 million to the state's unemployment insurance fund, which needs an infusion of between \$500 million and \$600 million. "We're hoping the governor and the Legislature will make up the difference and prevent a payroll tax increase, which would have a devastating impact on our economy," said **Jim Leonard** senior vice president, government relations, for the state Chamber of Commerce.

The \$19 billion in the legislation to computerize medical records is a key step forward, "and it's something we have been calling for for years," as a way of decreasing medical errors and lowering healthcare costs, Leonard said.

Gov. **Jon S. Corzine's** office said officials are studying the bill and had no immediate comment on the details. In a statement late Wednesday, Corzine said he was "pleased that Congress was able to agree on a federal stimulus package that will help stabilize the national economic crisis.... Any financial support realized from the federal stimulus package will translate into retaining jobs and vital services for New Jerseyans."

Corzine said he's already signed legislation to stimulate New Jersey's economy, combat hunger, provide home energy assistance and prevent home foreclosures. The governor also said he has expedited several shovel-ready projects that will create jobs and improve roads, bridges and schools.

Philip Kirschner, president of the New Jersey Business & Industry Association, said it was a mistake for Congress to remove a provision in an earlier version that would have expanded the ability of business to use losses in 2008 and 2009 to get refunds for taxes paid on profits from previous years.

"That is a big blow to New Jersey, and a big mistake," he said. "It would have gotten tax refunds into the hands of businesses very, very quickly, and would have really helped our struggling business community with some cash," he said.

But overall, the stimulus package will help New Jersey by "getting cash into the hands of consumers quickly, which will be spent very quickly and provide a jolt to the economy," he said. "The money for additional unemployment and food stamps will help a great deal, as will the infrastructure investments, although it's not clear now much New Jersey will get."

Rutgers economist **James Hughes** said New Jersey comprises about 3 percent of the U.S. population, and should therefore get about 3 percent of the \$29 billion being allocated to road and bridge construction — about \$870,000.

"There is a huge backlog of projects in New Jersey, and we should do a pretty good job of spending the money quickly," he said. "A lot of counties and cities are behind on their basic repaving, and they already have plans that are ready to go."

Indeed, the construction industry is ready to move on projects, said **Brian Tobin**, executive director of the New Jersey Asphalt Pavement Association in Edison. "This will mean more jobs for New Jersey, and it will mean the preservation of a lot of jobs," he said. Projects have been on hold and people have been getting laid off, so the fiscal stimulus will help those who've been sidelined by the economic downturn, he said.

Repaving an asphalt road doesn't require a lot of time-consuming design work: "If you want to get dollars out quickly and fast, the asphalt jobs are the way to go — and we're ready."

Chip Hallock, president of the Newark Regional Business Partnership, said he hears from his members that "they are looking to the stimulus to help them improve their businesses and move some projects along. Anyone involved in transportation and infrastructure — our construction and engineering companies — are looking forward to the additional business this may bring them."

But he said there is concern about future inflation, and also that money will be wasted as the money is rapidly injected into the economy.

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