

TRENTON

Nevada 'poaching' businesses in Jersey

Agency fighting to keep small firms

By HEATHER HADDON
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Brenda Hopper has a simple message to New Jersey companies — just say no to Nevada.

Hopper, director of New Jersey's Small Business Development Centers, began handing out postcards emblazoned with the phrase on Thursday as part of a campaign to keep Nevada from poaching Garden State businesses.

"They did it to California," Hopper said. "Now they're targeting New Jersey."

States fighting over big companies is nothing new. But the high-tech and professional sectors that drove New Jersey's economy for decades are undergoing increasing global competition, making them more open to moving to states with fewer taxes and regulations, studies show.

Even Hopper can't dissuade the big giants from leaving. She hopes to convince smaller corporations to stay through the free professional counseling available at the Small Business Development Centers. "We're here to help the state," she said.

The 4,000 clients counseled by Vincent D'Elia, director of the Bergen County Center, have included top talent on the verge of fleeing. When a laboratory from Bergen County packed up and moved to Tennessee in 2001, D'Elia was able to help some employees start their own company in Bergen County.

"That was a very sweet victory," said D'Elia, who coached the scientists in writing a business plan and finding funding. The laboratory is now valued at \$6 million and has hired four additional employees, D'Elia said.



A postcard emphasizes the "Just say no to Nevada" campaign after raiding attempts.

Still, Nevada has been unabashedly aggressive about luring state companies, especially high-tech ones. In 2003, the Nevada Development Authority, a private entity, started devoting a \$2-million marketing budget to luring companies to Las Vegas from California. The ads hyped the state's lack of personal income and corporate taxes.

"We're the most aggressive guys you'll ever see," said Somer Hollingsworth, the authority's president, in a telephone interview. "We're a better deal than almost any other state."

Twenty California companies moved to Nevada in 2003, according to authority statistics. In the past five years, they've helped relocate 270 businesses from all over the country.

The Nevada Authority targeted New Jersey after Gov. Jon S. Corzine increased the sales tax last summer. It ran two sets of ads in state publications, with taglines reading:

"When you are tired of the bad weather and high cost of doing business ... give us a call." Hollingsworth, said he received 41 calls in 15 days.

Hollingsworth plans to run more ads in May. Until then, the authori-

ty is preparing to hit a national conference in Boston to solicit biotech companies.

"That's what we're after," Hollingsworth said.

Joseph Seneca, a state development expert at Rutgers University, didn't expect droves of Garden State companies suddenly to run to the Silver State. But he does think state companies are eyeing their options elsewhere.

"New Jersey is a very attractive place for other states to raid," said Seneca, citing high taxes, a concentration of big corporations and the perception of overregulation as the reasons.

New Jersey's share of the nation's pharmaceutical industry dropped from 20 percent in 1990 to 13.7 percent in 2005, according to recent report that Seneca co-authored.

The state's corner on the telecommunications sector also weakened during that time.

Brendan Gilfillan, a spokesman for Corzine, said the administration is responding to "the efforts of our friends in the desert."

"(We) are in constant contact with members of the business community," said Gilfillan in an e-mailed statement.

Hopper said she thinks the Small Business Development centers can buttress that effort. She distributed 500 anti-Nevada postcards to the hundreds of lawmakers and business leaders attending an advocacy day in Washington, D.C., on Thursday.

By day's end, Hopper was fielding requests from municipal leaders for small business workshops.

"They got the point," she said.

Reach Heather Haddon
at 973-569-7121 or
haddon@northjersey.com.