

EXECUTIVE ORDER NO. 52

WHEREAS, my administration has spent our first year in office focused on the central task of growing New Jersey's economy in a way that works for all New Jersey families; and

WHEREAS, during my first week in office, I issued Executive Order No. 3 (2018), which ordered the Office of the State Comptroller ("State Comptroller") to conduct a complete performance audit of the tax incentive programs administered by the Economic Development Authority ("EDA"); and

WHEREAS, the State Comptroller has completed this audit, which has revealed grossly inadequate compliance and enforcement efforts by the EDA that failed to ensure that the tax incentive programs operated to the benefit of the State's economy; and

WHEREAS, the State Comptroller's audit notably concluded that "[k]ey internal controls were lacking or nonexistent for the monitoring and oversight of recipient performance" and that "EDA relied only on recipient-reported data and recipient certifications" with respect to job creation and retention; and

WHEREAS, from a sample of approximately 10 percent of the EDA's certified projects that was projected to create or retain roughly 15,000 jobs, the State Comptroller's audit revealed that nearly 3,000 of those jobs could not be substantiated as being created or retained; and

WHEREAS, the State Comptroller's audit concluded that incentive awards were "improperly awarded, overstated, and overpaid" and specifically noted five commercial projects where the EDA failed to comply with the applicable statute and regulations and improperly awarded \$179 million in incentives; and

WHEREAS, the State Comptroller's audit further found that numerous recipients hired employees at the end of the annual reporting period, indicating that their job creation or retention numbers were artificially inflated; and

WHEREAS, it is plainly unacceptable that billions of dollars in taxpayer money were awarded to companies based on promises of job creation and retention that often did not materialize; and

WHEREAS, legislators, advocacy groups, and numerous observers have all voiced their outrage that the EDA did not have proper enforcement mechanisms in place; and

WHEREAS, while the State Comptroller's audit has demonstrated the deficiencies in the EDA's tax incentive programs, the taxpayers of New Jersey deserve a thorough explanation of how and why these tax incentive programs operated with minimal oversight and accountability; and

WHEREAS, with the Grow NJ and Economic Redevelopment and Growth ("ERG") programs scheduled to expire on July 1, 2019, a public accounting of the decisions regarding the operation of these tax incentive programs will help inform lawmakers in their deliberations about whether and in what form these programs should be renewed, and what types of controls are needed both in the law and in practice;

NOW, THEREFORE, I, PHILIP D. MURPHY, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. There is hereby established the Task Force on EDA's Tax Incentives (the "Task Force"). The mission of the Task Force shall be to conduct an in-depth examination of the deficiencies in the design, implementation, and oversight of Grow NJ and ERG, including those identified in the State Comptroller's performance audit, to inform consideration regarding the planning, development and execution of any future iterations of these or similar tax incentive programs.

2. The Task Force will hold public hearings and shall ask individuals to testify who can provide insight into the design, implementation, and oversight of these programs.

3. The Task Force shall be led by a chairperson, who shall be appointed by and serve at the pleasure of the Governor. The Governor may appoint additional members to the Task Force as needed, who shall also serve at the pleasure of the Governor. The chairperson and any additional members of the Task Force shall serve without compensation.

4. The Task Force is authorized to call upon any department, office, division or agency of this State to supply it with data and any other information or assistance available to such agency as the Task Force deems necessary to execute its duties under this Order. Each department, office, division or agency of this State is hereby required, to the extent not inconsistent with law, to cooperate fully with the Task Force within the limits of its statutory authority and to furnish it with such assistance on as timely a basis as is necessary to accomplish the purpose of this Order. Requests for legal assistance by the Task Force shall be made to the Attorney General upon the determination of the chairperson.

5. The Task Force shall seek to obtain voluntary cooperation from any individuals or entities who have access to information pertinent to the Task Force's mission. If the Task Force encounters individuals or entities who refuse to cooperate, it may refer the matter to the State Comptroller, which may exercise its subpoena authority, or to the EDA, which may exercise its authority to compel information from recipients pursuant to the terms of the incentive programs and grants.

6. The Task Force, which shall be purely advisory in nature, shall report its findings to the Governor and the Legislature as appropriate.

7. This Order shall take effect immediately.

GIVEN, under my hand and seal this
24th day of January,
Two Thousand and Nineteen,
and of the Independence of
the United States, the Two
Hundred and Forty-Third.

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor