

52:9H-34 to 52:9H-37

**LEGISLATIVE HISTORY CHECKLIST**  
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(New Jersey Council of Economic  
Advisors--establishes)

**NJSA:** 52:9H-34 to 52:9H-37

**LAWS OF:** 1993 **CHAPTER:** 149

**BILL NO:** A1180

**SPONSOR(S)** Dorsey

**DATE INTRODUCED:** October 1, 1992

**COMMITTEE:** **ASSEMBLY:** State Government  
**SENATE:** State Government

**AMENDED DURING PASSAGE:** Yes Amendments during passage  
First reprint enacted denoted by asterisks

**DATE OF PASSAGE:** **ASSEMBLY:** March 29, 1993 Re-enacted 6-21-93  
**SENATE:** February 18, 1993 Re-enacted 6-17-93

**DATE OF APPROVAL:** June 24, 1993

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** Yes

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

KBG:pp

[FIRST REPRINT]

SENATE, No. 1180

STATE OF NEW JERSEY

INTRODUCED OCTOBER 1, 1992

By Senators DORSEY, INVERSO, Brown, Lynch, Codey,  
Assemblymen Haytaian, DiGaetano, Doria and LoBiondo

1 AN ACT establishing a New Jersey Council of Economic  
2 Advisors, making an appropriation, supplementing Title 52 of  
3 the Revised Statutes and repealing P.L.1966, c.129 and section  
4 11 of P.L.1981, c.122.

5

6 BE IT ENACTED *by the Senate and General Assembly of the*  
7 *State of New Jersey:*

8 1. The Legislature finds and declares that:

9 a. The economic well-being of the citizens of the State of  
10 New Jersey is directly affected by the actions of government at  
11 all levels;

12 b. The quality of public policy and the benefits it provides to  
13 the citizens will be enhanced significantly through the  
14 availability of timely, objective analyses of the condition of the  
15 economy;

16 c. The formulation of public policy will benefit from a fuller  
17 understanding of the structure of the State's economy and its  
18 competitive position relative to other states and regions;

19 d. Fiscal policy is highly sensitive to economic conditions and  
20 will be enhanced through improved economic analyses and  
21 forecasts;

22 e. The functioning of the legislative and the executive  
23 branches of government will be enhanced by the existence of an  
24 independent advisory council composed of knowledgeable experts  
25 given the resources necessary to provide sophisticated, timely,  
26 and objective economic analyses;

27 f. An advisory council dealing with economic affairs will  
28 contribute to improving the quality of decision-making in both  
29 the public and private sectors, with long-term benefits for all of  
30 the State's citizens; and

31 g. A permanent advisory council composed of economic  
32 experts reporting directly and independently to the Legislature,  
33 the Executive branch of government and the public, will best  
34 provide the objective and timely analyses needed to assure that  
35 public policy yields the optimum economic benefits for all of the  
36 State's citizens.

37 2. a. There is established in, but not of, the Department of  
38 Commerce and Economic Development, a council to be known as  
39 the "New Jersey Council of Economic Advisors." The council  
40 shall consist of five members. One member shall be appointed by  
41 the Governor; one member shall be appointed by the President of  
42 the Senate; one member shall be appointed by the Minority

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate amendments adopted in accordance with Governor's  
recommendations June 10, 1993.

1 Leader of the Senate; one member shall be appointed by the  
2 Speaker of the General Assembly; and one member shall be  
3 appointed by the Minority Leader of the General Assembly.

4 b. In appointing the council members, the appointing  
5 authorities shall select individuals who have knowledge,  
6 expertise, and practical experience in economic analyses.

7 c. Members of the council shall serve for a term of three  
8 years. Each member shall hold office for the term of his  
9 appointment and until his successor shall have been appointed.  
10 Any vacancy during a term shall be filled in the same manner as  
11 the original appointment but only for the balance of the  
12 unexpired term. A member's term shall be coterminous with  
13 that of the appointing authority, for a period not to exceed three  
14 years, except that members shall be eligible for reappointment to  
15 successive terms. Any member of the council may be removed  
16 for cause by the appointing authority. The members shall serve  
17 without compensation but shall be reimbursed for necessary  
18 expenses incurred in the performance of their duties, subject to  
19 the availability of funds therefor.

20 d. The council shall organize as soon as may be practicable  
21 following the appointment of its members. The member  
22 appointed by the Governor shall serve as chairperson of the  
23 council, except that in the absence of the Governor's appointee  
24 the member of the council with the most seniority shall serve as  
25 acting chairperson. The council may formulate and adopt rules of  
26 procedure and operation in furtherance of its responsibilities.  
27 The council may meet and hold hearings at such places and times  
28 as it shall designate.

29 e. The council shall select <sup>1</sup>and fix the compensation of<sup>1</sup> a  
30 secretary, who shall serve as the director <sup>1</sup>[and chief executive  
31 officer of the Foundation for Economic Analysis established  
32 pursuant to section 5 of this act]<sup>1</sup>. The secretary shall not be a  
33 member of the council. The secretary's term of appointment  
34 shall be for a period of three years, except that the council may,  
35 by a simple majority, terminate that appointment prior to the  
36 conclusion of the three-year period. <sup>1</sup>The council may also  
37 employ and fix the compensation of such other expert and  
38 clerical staff as it may deem appropriate, within the limits of  
39 funds appropriated or otherwise made available to it.<sup>1</sup>

40 3. The council shall:

41 a. Submit to the Governor and the Legislature a  
42 comprehensive annual report analyzing current economic  
43 conditions and forecasting future economic trends, which report  
44 shall be submitted not later than January 31 of each year.

45 b. Submit to the Governor and the Legislature and any  
46 executive department or agency of State government such special  
47 and supplementary reports as it deems appropriate in accordance  
48 with the purposes of this act.

49 c. Assist the members of the Senate Budget and  
50 Appropriations Committee and the Assembly Appropriations  
51 Committee, or their successors, during their appropriations  
52 hearings and deliberations, by providing to these committees, by  
53 May 15 of each year, forecasts of economic conditions for the  
54 coming fiscal year.

1 d. Assist the Governor in the preparation of his annual  
2 budget message, by providing the Governor, by November 15 of  
3 each year, forecasts of economic conditions for the coming fiscal  
4 year.

5 e. Assist the State Revenue Forecasting Advisory  
6 Commission by providing it timely analyses of current and  
7 anticipated future economic conditions.

8 f. Advise the Governor and the Legislature and any  
9 executive department or agency of the State government on  
10 issues involving the use of economic data and explain the  
11 methodologies utilized to analyze this data.

12 g. Make available for public dissemination all official copies  
13 of reports, with supporting analyses and data, following their  
14 submission to the Governor, or the Legislature or its committees.

15 4. a. The council shall be entitled to call to its assistance and  
16 avail itself of the services of employees of any State, county or  
17 municipal department, board, bureau, commission or agency as it  
18 may require and as may be available to it for its purposes, and to  
19 employ counsel and stenographic and clerical assistants and incur  
20 traveling and other miscellaneous expenses as it may deem  
21 necessary, in order to perform its duties, and as may be within  
22 the limits of funds appropriated or otherwise made available to it  
23 for its purposes.

24 b. The council may make use of existing studies, surveys, data  
25 and other materials in the possession of any State agency, other  
26 than the records and files of the Director of the Division of  
27 Taxation that are confidential under R.S.54:50-8, and such  
28 material in the possession of any county, municipality or political  
29 subdivision of the State. Each State agency, county, municipality  
30 and political subdivision of the State shall make any information  
31 or materials available to the council as it may require to perform  
32 its responsibilities under this act.

33 c. The Attorney General shall provide legal assistance to the  
34 council <sup>1</sup>[and the foundation established pursuant to section 5  
35 of this act, particularly in the incorporation of the foundation]<sup>1</sup>.

36 <sup>1</sup>[5. The council is authorized to establish a nonprofit  
37 organization to be known as the "Foundation for Economic  
38 Analysis." The foundation shall be devoted to the sponsoring of  
39 activities and raising of funds from private citizens, private  
40 sector corporations, educational foundations and others, and is  
41 eligible to receive grants from the State or any department or  
42 agency thereof, solely for the purpose of supporting the functions  
43 of the council as set forth in section 3 of this act. The  
44 foundation shall be incorporated, organized and operated in such  
45 manner as to be eligible under applicable federal law for  
46 tax-exempt status and for the receipt of tax-deductible  
47 contributions.]<sup>1</sup>

48 <sup>1</sup>[6. The Foundation for Economic Analysis shall be governed  
49 by a board of directors. The number of directors and their terms  
50 and manner of selection shall be determined upon the  
51 incorporation of the foundation, provided that a majority of the  
52 directors shall be selected from among or by the members of the  
53 New Jersey Council of Economic Advisors.]<sup>1</sup>

54 <sup>1</sup>[7. The board of directors of the Foundation for Economic

1 Analysis shall be authorized, within the limits of its funds, to  
2 employ an executive director and professional, technical and  
3 administrative personnel. Employees of the foundation shall not  
4 be construed to be employees of the State of New Jersey. The  
5 board shall also be authorized to establish programs enabling  
6 members of the academic community and employees in the  
7 private sector to work for the foundation in a temporary  
8 capacity, either on-loan or for reimbursement.]<sup>1</sup>

9 <sup>1</sup>[8. Upon the incorporation of the Foundation for Economic  
10 Analysis and the establishment of the first board of directors, the  
11 board shall adopt bylaws setting forth the structure, officers,  
12 powers and duties of the foundation.]<sup>1</sup>

13 <sup>1</sup>[9.] 5.<sup>1</sup> P.L.1966, c.129 (C.52:18A-125 et seq.) and section 11  
14 of P.L.1981, c.122 (C.52:27H-11) are repealed.

15 <sup>1</sup>[10.] 6.<sup>1</sup> There is appropriated <sup>1</sup>[such sums as are necessary  
16 to provide for the establishment of the council and foundation  
17 created pursuant to this act from the Department of Commerce  
18 and Economic Development] \$75,000 for the purposes of the  
19 council for the first fiscal year. In addition, subject to the  
20 approval of the Commissioner of Commerce and Economic  
21 Development, the council may accept and administer for the  
22 State any grant, gift, or bequest to be applied, principal or  
23 income, or both, for the purpose specified in such grant, gift, or  
24 bequest, to the maintenance and use of any service in, or activity  
25 of, the council<sup>1</sup>.

26 <sup>1</sup>[11.] 7.<sup>1</sup> This act shall take effect immediately.

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31 Establishes New Jersey Council of Economic Advisors and makes  
32 an appropriation.

1 private sector to work for the foundation in a temporary  
2 capacity, either on-loan or for reimbursement.

3 8. Upon the incorporation of the Foundation for Economic  
4 Analysis and the establishment of the first board of directors, the  
5 board shall adopt bylaws setting forth the structure, officers,  
6 powers and duties of the foundation.

7 9. P.L.1966, c.129 (C.52:18A-125 et seq.) and section 11 of  
8 P.L.1981, c.122 (C.52:27H-11) are repealed.

9 10. There is appropriated such sums as are necessary to  
10 provide for the establishment of the council and foundation  
11 created pursuant to this act from the Department of Commerce  
12 and Economic Development.

13 11. This act shall take effect immediately.

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### STATEMENT

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18 This bill would create a Council of Economic Advisors in, but  
19 not of, the Department of Commerce and Economic  
20 Development. The council would be responsible for advising the  
21 Governor and the executive branch of government, the  
22 Legislature, and the public about the conditions of and prospects  
23 for the economy.

24 Beginning in 1967 and continuing through 1990, the Economic  
25 Policy Council, with the support of the Office of Economic  
26 Policy, advised the Governor and the Legislature on the status of  
27 New Jersey's economy and made recommendations on how to  
28 improve the State's economic conditions. The Economic Policy  
29 Council was disbanded in 1990; since then, this State has lacked  
30 an independent, objective source of economic interpretation.

31 Under this bill, the council will be responsible for the  
32 preparation of an annual economic report and such other special  
33 and supplementary reports as it deems appropriate to inform  
34 policymakers and the public on issues of economic importance.  
35 The council will also provide economic forecasts for use by the  
36 Governor and the Legislature in preparing the annual State  
37 budget.

38 To assure balance, the council's members would be appointed  
39 by the Governor, the President of the Senate, the Speaker of the  
40 General Assembly and the minority leaders of the Senate and  
41 General Assembly. The council is to be chaired by the  
42 Governor's appointee.

43 The bill authorizes the New Jersey Council of Economic  
44 Advisors to establish a nonprofit Foundation for Economic  
45 Analysis. The foundation shall also sponsor activities and raise  
46 funds for the support of the council's functions. The foundation  
47 shall be incorporated in such manner as to be eligible for federal  
48 tax-exempt status and for the receipt of tax-deductible  
49 contributions. The foundation shall be governed by a board of  
50 directors whose term and manner of selection shall be determined  
51 upon the incorporation of the foundation. A majority of the  
52 directors shall be selected from among or by the members of the  
53 New Jersey Council of Economic Advisors. In addition, the  
54 foundation is authorized to employ an executive director and

1 professional, technical and administrative personnel. Employees  
2 of the foundation shall not be State employees.

3 The bill eliminates the Economic Policy Council and the Office  
4 of Economic Policy in the statutes by repealing P.L.1966, c.129  
5 (C.52:18A-125 et seq.) and section 11 of P.L.1981, c.122  
6 (C.52:27H-11).

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11 Establishes New Jersey Council of Economic Advisors and makes  
12 an appropriation.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1180

STATE OF NEW JERSEY

DATED: MARCH 4, 1993

The Assembly State Government Committee reports favorably Senate, No. 1180.

This bill creates a five-member New Jersey Council of Economic Advisors in, but not of, the Department of Commerce and Economic Development. The Governor, the President of the Senate, the Speaker of the General Assembly and the minority leaders of the Senate and General Assembly are each to appoint one member of the council, which is to be chaired by the Governor's appointee. Members of the council are to serve for terms coterminous with those of their respective appointing authorities, but not exceeding three years.

The council shall:

(1) submit to the Governor and the Legislature, not later than January 31 of each year, a comprehensive annual report analyzing current economic conditions and forecasting future economic trends;

(2) submit to the Governor and the Legislature and any executive department or agency of State government such special and supplementary reports as it deems appropriate in accordance with the purposes of the legislation;

(3) assist the members of the Senate Budget and Appropriations Committee and the Assembly Appropriations Committee, or their successors, during their appropriations hearings and deliberations, by providing to these committees, by May 15 of each year, forecasts of economic conditions for the coming fiscal year;

(4) assist the Governor in the preparation of his annual budget message by providing the Governor, by November 15 of each year, forecasts of economic conditions for the coming fiscal year;

(5) provide the State Revenue Forecasting Advisory Commission with timely analyses of current and anticipated future economic conditions;

(6) advise the Governor and the Legislature and any executive department or agency of the State government on issues involving the use of economic data and explain the methodologies utilized to analyze this data; and

(7) make available for public dissemination all official copies of reports, with supporting analyses and data, following their submission to the Governor, or the Legislature or its committees.

The bill authorizes the council to establish a nonprofit Foundation for Economic Analysis. The foundation is to sponsor activities and raise funds for the support of the council's functions. The foundation shall be incorporated in such manner as to be eligible for federal tax-exempt status and for the receipt of tax-deductible contributions. The foundation shall be governed by a board of directors whose terms and manner of selection shall be determined upon the incorporation of the foundation. A majority of the directors shall be selected from among or by the members of



the New Jersey Council of Economic Advisors. In addition, the foundation is authorized to employ an executive director and professional, technical and administrative personnel. Employees of the foundation shall not be State employees. The foundation is to adopt its own bylaws governing its structure, officers, powers and duties.

The bill appropriates such sums as may be necessary from the Department of Commerce and Economic Development to provide for the establishment of the council and the foundation.

The bill repeals the laws establishing the Economic Policy Council and the Office of Economic Policy.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1180

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1992

The Senate State Government Committee reports favorably Senate Bill No. 1180.

This bill creates a five-member New Jersey Council of Economic Advisors in, but not of, the Department of Commerce and Economic Development. The Governor, the President of the Senate, the Speaker of the General Assembly and the minority leaders of the Senate and General Assembly would each appoint one member of the council, which would be chaired by the Governor's appointee.

The council shall:

(1) submit to the Governor and the Legislature a comprehensive annual report analyzing current economic conditions and forecasting future economic trends, which report shall be submitted not later than January 31 of each year;

(2) submit to the Governor and the Legislature and any executive department or agency of State government such special and supplementary reports as it deems appropriate in accordance with the purposes of this act;

(3) assist the members of the Senate Budget and Appropriations Committee and the Assembly Appropriations Committee, or their successors, during their appropriations hearings and deliberations, by providing to these committees, by May 15 of each year, forecasts of economic conditions for the coming fiscal year;

(4) assist the Governor in the preparation of his annual budget message, by providing the Governor, by November 15 of each year, forecasts of economic conditions for the coming fiscal year;

(5) assist the State Revenue Forecasting Advisory Commission by providing it timely analyses of current and anticipated future economic conditions;

(6) advise the Governor and the Legislature and any executive department or agency of the State government on issues involving the use of economic data and explain the methodologies utilized to analyze this data; and

(7) make available for public dissemination all official copies of reports, with supporting analyses and data, following their submission to the Governor, or the Legislature or its committees.

The bill authorizes the council to establish a nonprofit Foundation for Economic Analysis. The foundation shall sponsor activities and raise funds for the support of the council's functions. The foundation shall be incorporated in such manner as to be eligible for federal tax-exempt status and for the receipt of tax-deductible contributions. The foundation shall be governed by a board of directors whose term and manner of selection shall be determined upon the incorporation of the foundation. A majority of the directors shall be selected from among or by the members of the New Jersey Council of Economic Advisors. In addition, the

foundation is authorized to employ an executive director and professional, technical and administrative personnel. Employees of the foundation shall not be State employees. The bill appropriates such sums as may be necessary from the Department of Commerce and Economic Development to provide for the establishment of the council and the foundation.

The bill repeals the laws establishing the Economic Policy Council and the Office of Economic Policy.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

May 6, 1993

SENATE BILL NO. 1180

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1180 with my recommendations for reconsideration.

This bill would create the New Jersey Council of Economic Advisors, a five-member body of economic experts responsible for providing the Governor, the Legislature, and the public with advice on current economic conditions, and forecasts of future economic trends. The Council would have responsibility for preparing timely reports to assist both branches in the preparation of the annual budget. The five members of the Council would be appointed respectively by the Governor, the Senate President, the Speaker of the Assembly, the Senate Majority Leader, and the Assembly Majority Leader, with the Governor's appointee serving as chairman.

I want to congratulate the Legislature for presenting me with a bill that would provide State government with what would certainly be a welcomed source of additional information and advice on vital economic issues. This Council would add a constructive voice to the healthy chorus of views that the Legislature and the Executive Branch rely upon in fashioning a balanced budget every year.

Recognizing that economic forecasting is by no means an exact science, we should be proud of the admirable service provided to this State by the distinguished individuals over many years who have helped both branches of government produce budgets that made sense in light of the economic times in which they were crafted. Because we are constitutionally obligated to balance our annual budget, this State has developed a tradition of cooperation in the development of revenue estimates and economic assumptions that form the basis of the more lively process of deciding how to appropriate anticipated revenues.

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Thus, this State has learned to rely on the dependable advice provided to each branch of government by offices within each branch of government, such as the Office of Management and Budget and the Division of Taxation within the Department of Treasury, and the Legislature's own Office of Legislative Services. In addition, these offices have traditionally contracted with private consultants of high standing in the economics community to provide independent economic projections and assumptions. And, just last year, I signed S-583 into law (P.L. 1992, c. 75), establishing the State Revenue Forecasting Advisory Commission, a Commission composed of individuals appointed by the Legislature as well as the Governor, which will be responsible for assisting the State in the process of anticipating revenues.

I am confident that the Council proposed in this bill will prove to be a valuable addition to this process. Although I am concerned that the functions of this Commission appear to overlap somewhat with those of the Revenue Forecasting Commission, I believe that this State can only benefit from more, rather than less information. Therefore, I want to express my support for creating this Council.

Nevertheless, I believe this bill could be improved in two important respects. First, the bill fails to make a specific appropriation to provide the means necessary to get this Council started. I believe it would be a mistake to create this new and important entity without specifying the cost. That is why I am today recommending that the bill be revised to set forth a specific appropriation, in an amount that will provide the Council with enough resources to fulfill its statutory responsibilities within a reasonable budget.

Second, this bill proposes to fund the Council over the long term by creating a nonprofit organization that would be affiliated with the Council, and which would be entitled to solicit tax-exempt donations from private citizens. Although I want to commend the Legislature for its creativity, I believe this funding idea should

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EXECUTIVE DEPARTMENT

be saved for more appropriate circumstances. Rather, funding for the Council should be addressed in the annual budget process to the fullest extent possible.

While I have no objection to allowing the Council from time to time to accept grants and donations from organizations wishing to sponsor studies, I believe we must ensure that the Council does not become so dependent on charitable donations that it begins to crowd out other contestants in the race for fewer and fewer private dollars. I simply do not believe the interests of these charities would be served by the creation of a State-sponsored entity authorized to compete with them for private donations and State grants. It is hard enough for our State's great charities to raise funds without competition from State government. Let us not make their task more difficult than it already is. Therefore, I am recommending that this bill be amended to provide for the more traditional, and time-tested method of funding independent commissions of this kind: a direct appropriation from the State budget, coupled with an explicit authorization to accept grants and donations as they are from time to time made available.

For these reasons, I herewith return Senate Bill No. 1180 and recommend that it be amended as follows:

Page 2, Section 2, Line 26:

After "select" insert "and fix the compensation of";

Page 2, Section 2, Lines 27-28:

After "director" delete "and chief executive officer of the Foundation for Economic Analysis established pursuant to section 5 of this act";

Page 2, Section 2, Line 33:

After "period." insert "The council may also employ and fix the compensation of such other expert and clerical staff as it

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may deem appropriate, within the limits of funds appropriated or otherwise made available to it.";

Page 3, Section 4, Lines 28-29:

After "council" delete "and the foundation established pursuant to section 5 of this act, particularly in the incorporation of the foundation";

Page 3, Section 5, Lines 30-41:

Delete in entirety;

Page 3, Section 6, Lines 42-47:

Delete in entirety;

Page 3, Section 7, Lines 48-54:

Delete in entirety;

Page 4, Section 7, Lines 1-2:

Delete in entirety;

Page 4, Section 8, Lines 3-6:

Delete in entirety;

Page 4, Section 9, Line 7:

Renumber Section 9 as Section 5;

Page 4, Section 10, Lines 9-12:

Renumber Section 10 as Section 6, after "There is" insert "hereby", after "appropriated" delete "such sums as are necessary to provide for the establishment of the council and foundation created pursuant to this act from the Department of Commerce and Economic Development." insert "\$75,000 for the purpose of the Commission for the first fiscal year. In addition, subject to the approval of the Commissioner of Commerce, the Council may accept and administer for the State any grant, gift, or bequest to be applied, principal or income, or both, for the purpose specified in such grant, gift, or bequest, to the maintenance and use of any service in, or activity of, the Council.";

Page 4, Section 11, Line 13:

Renumber Section 11 as Section 7.

Respectfully,

/s/ James J. Florio

GOVERNOR

[seal]

Attest:

/s/ M. Robert DeCotiis

Chief Counsel to the Governor