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## New Jersey – Law Firms

### The Rewards Of Public Sector Experience

*The Editor interviews Jerold L. Zaro, former Chief of the New Jersey Office of Economic Growth, who focuses his practice on Corporate, Banking and Finance, Real Estate and Government Relations with Sills Cummis & Gross P.C. He is resident in their Newark, NJ and New York City offices.*

**Editor:** You have had a tremendously active and impressive career. Would you share some of the highlights with our readers?

**Zaro:** I am not any different than others who wear a number of hats; hopefully, you have one or two highlights in each experience. The practice of law is my principal vocation, and the highlight of my legal career has been joining Sills, Cummis & Gross. Having been the managing partner of a 35-lawyer firm, I know what it takes to operate a quality operation. To run a firm with 160 lawyers, with offices in both New York and New Jersey, with the caliber of people they have here is an incredible achievement. I might add that when developing my real estate properties, I used Sills as my own attorney so I have admired them for years and joining this prestigious group is clearly the highlight of my career.

Of course, in government the opportunity to serve six different governors, including serving in the cabinets of the last two, certainly trumps any other governmental experience I have had.

In real estate, the highlight of my career was cleaning up an environmentally contaminated site and building a thriving town center in Holmdel, in Monmouth County. Remembering what it looked like then, and seeing what it looks like now is the key achievement of my real estate career.

However, I want to emphasize that at no time in any of these endeavors did I accomplish anything by myself. I have had the great fortune of having a fabulous surrounding cast in all these pursuits, much as

I do now at Sills, so the credit goes to the people with whom I have worked over the years. I truly have stood on the shoulders of giants during my entire career.



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**Editor:** You were the Chief of the Governor's Office of Economic Growth for the State of New Jersey for both Governor Corzine and for Governor Christie. What is your proudest accomplishment in that role?

**Zaro:** There is no question that it was securing the commitment of the Depository Trust & Clearing Corporation (DTCC) to relocate from lower Manhattan to Jersey City, along with their 1,600 very highly paid employees. This relocation demonstrated that New Jersey is open for business. Acquiring the commitment of DTCC proved not only that New Jersey is able to effectively recruit new businesses, but also that the incentive programs that the legislature has put into place for the purpose of attracting business actually do work. It is a validation of everything that our legislature was trying to accomplish.

**Editor:** And this was under Governor Corzine?

**Zaro:** Correct. And it is being continued and expanded under Governor Christie.

**Editor:** We are living in an era of adversarial politics. Yet you have been appointed to a variety of posts by six different governors, of which three were Democrats and three were Republicans. What is your closely held secret?

**Zaro:** I am no different than anybody else.

I find the partisanship that we now see in government, at best, distasteful, whether exhibited by members of my party or the other party.

I am a student of history, and I have read about Lyndon Johnson, Everett Dirksen, Henry Clay, Daniel Webster and many other giants in the U.S. Senate. There certainly was extraordinary partisan debate back then, but there also was civility and friendship. People understood they were espousing their political views, but they still respected one another, and they understood the importance of compromise.

We have lost that today. Take the health-care bill. There was little civil discourse. There was little compromise. Members of Congress voted in virtual lockstep with their parties. When I see these things, I find it very distasteful. So, I have spent my entire career trying to advance causes that are good for all of New Jersey, not just for my party, in a cooperative manner.

**Editor:** You have vision and a marvelous track record. It is easy to see why people in positions of power ask you to help them accomplish their objectives.

**Zaro:** I suppose it is one of the benefits of growing older. I guess with enough mileage, people begin to understand you are an honest broker, and they look to you for guidance. Life is cumulative, and there is something to be said for experience.

**Editor:** What are some of the specific challenges that New Jersey faces in pulling out of this recession?

**Zaro:** The biggest challenge is the depth of the hole that we have dug for ourselves. We just dug and dug and dug as feverishly as we could for many past administrations of both political parties. We kept deferring payment of the bill for these excesses and passing it on to the next administration. We used a lot

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of smoke and mirrors and piled on an extraordinary amount of debt.

The public contracts, the payrolls and the pensions simply cannot be sustained. Folks can't afford the taxes that are necessary to meet all the commitments that we have made.

Like any household, when your expenditures exceed your revenues, you have to pull back. To do that you need courage, you need conviction, and you need the ability to communicate effectively to marshal the discipline necessary to meet your obligations. You have to make the people understand that there are no longer any easy fixes. Fortunately for New Jersey, all those qualities are possessed by our present governor. He is doing things that are very painful, very difficult, but very necessary. If we could fast forward a year, I predict that you will see other jurisdictions around the country copying the Christie model.

**Editor: You served as a commissioner of the New Jersey Highway Authority for a dozen years, including two years as its Chair. Can you comment on the importance of a good transportation infrastructure in assisting in an economic recovery?**

**Zaro:** When I was the Chief of Economic Growth, a first-rate transportation infrastructure model was the one point I always would emphasize. We have a total of 35,000 miles of interconnected roadways in New Jersey that, in large measure, are probably the safest and best-maintained roads in the country. Now, I will say that we have slipped a little in our maintenance over the last few years because of fiscal constraints, but the ability to move people and freight is vital for people going to work every day as well as for our tourists, vacationers and commerce. We also have an international airport in Newark, executive airports, seaports and highways to complete our full service infrastructure.

**Editor: As one of his first acts as governor, Chris Christie established a Red Tape Review Commission, which has just issued its report in which it recommended more streamlined regulations. Do you believe that significantly cutting red tape will help nascent as well as established businesses in New Jersey?**

**Zaro:** Positively. There is no doubt about it. When I was the Chief of Economic Growth, my job was to encourage businesses to move to New Jersey. Of course the business people with whom I spoke did grouse about taxes. Everybody does. However, taxes

were not the main issue that businessmen and businesswomen complained to me about. It was the red tape to get the necessary permits to operate their businesses; it was the regulatory environment in New Jersey that was our biggest draw back. The hoops that we make people jump through and the expense in terms of both time and money is what is keeping business away.

Governor Christie recognizes this, and he empowered Lieutenant Governor Guadagno, who has very ably and efficiently led the Red Tape Review Commission, to find a number of ways to get rid of the inane, overlapping and complex regulations that now tie our hands and prevent people from going to work.

**Editor: As a former commissioner of the New Jersey Sports and Exposition Authority, you are familiar with the economics of professional sports. Can professional sports franchises in New Jersey assist in an economy recovery?**

**Zaro:** Having professional sport franchises is a clear economic asset. Not only do folks like to be entertained and have a team to root for, but it also is a boon to local business. For example, we have moved the Nets to Newark for the sole purpose of generating business in Newark for 41 more nights a year. Local bars and restaurants and shops now are going to be able to have increased traffic 41 more nights a year. I don't think that there is any doubt that having professional sports is a business driver and a morale booster. It generates great civic pride, which is all the more important during difficult economic times.

**Editor: You have authored or co-authored a number of business friendly laws in New Jersey, such as the Urban Transit Hub Credit, the Economic Recovery Grant and numerous others. Could you tell us what prompted you to become deeply involved in the legislative process?**

**Zaro:** When you are in the role of Chief of Economic Growth, people come to you and tell you what is broken. One of the great joys of that job was being in a position to sort through some wonderful ideas and identify those that would put people to work and generate tax revenues.

**Editor: As one of the creators of the New Jersey Real Estate Advisory Board, can you tell us what prompted its creation and how it functions today?**

**Zaro:** The Board actually was Governor Corzine's creation, and I was pleased to use

my real estate expertise to help him. If you really look at overall business activity, it is generally driven by and led by real estate. When a building goes up, it is not only the people working on the building, but also those who sell the carpet, the wallpaper, the steel, the lumber, the windows, the roofing materials the lighting materials, and all the other vendors who benefit.

Real estate development is an economic engine, but we saw that real estate activity had ground to a halt. So we brought together the most intelligent, the best and the brightest from that industry to brainstorm as to what we could do to spur and incentivize the reemergence of real estate. As a result, that group gave us the idea for the Site Remediation Profession Act, which outsources permits from the Department of Environmental Protection (DEP) to outside contractors. This allows us to clean sites up faster, reduce the size of government and put people to work – a triple play.

**Editor: Is New Jersey giving tax abatements and other incentives to attract new business that, in turn, will stimulate commercial real estate activity?**

**Zaro:** Yes, although tax abatements come from the local municipality, which collects them. But the state has a myriad of programs, BEIP (Business Employment Incentive Program), BRRAG (Business Retention and Relocation Grant), and the Urban Transit Tax Credit. We have a new incremental financing program called ERGG and a host of other programs. Going back to DTCC, without the BEIP program, we wouldn't have gotten them. And, these programs are not corporate welfare. They attract businesses that provide jobs and tax revenue. Obviously, you can't keep them in place perpetually. Yet, when you experience downturns like this one, they are important.

**Editor: Is there anything else that you would like to tell our readers?**

**Zaro:** Public service always has been a noble calling and should remain so. It teaches you invaluable lessons and provides an opportunity to serve your fellow citizens. But at this point in my career, I am thrilled to return to the private sector where I can take the knowledge that I have gained in public service and put it to work for the benefit of the clients of Sills Cummis & Gross.

*The views and opinions expressed in this interview are those of the interviewee and do not necessarily reflect those of Sills Cummis & Gross P.C.*