



10 W Lafayette Street  
Trenton, NJ 08608-  
2002

609-393-7707  
www.njbia.org

**Michele N. Siekerka,**  
**Esq.**  
President and CEO

**Christopher Emigholz**  
Chief Government  
Affairs Officer

**Raymond Cantor**  
Deputy Chief  
Government Affairs  
Officer

**Althea Ford**  
Vice President

**Elissa Frank**  
Vice President

**Kyle Sullender**  
Director of Economic  
Policy Research

To: Chairman Zwicker, Vice-Chairwoman Ruiz, and Members of the Senate  
Legislative Oversight Committee

From: Kyle Sullender, NJBIA Director of Economic Policy Research  
([ksullender@njbia.org](mailto:ksullender@njbia.org))

Date: October 21, 2024

RE: NJBIA Testimony regarding the AI landscape in New Jersey from the  
perspective of the business community

---

On behalf of our member companies that make NJBIA the largest, most impactful association representing business in New Jersey, we are thankful for the opportunity to submit the following testimony regarding the current and future adoption of artificial intelligence (AI) in New Jersey.

As our state and economy begin to understand and prepare for the advancements of AI and other technologies, NJBIA and our members believe it is critical that New Jersey:

- Take action to become a more competitive and attractive place for students, innovators and entrepreneurs;
- Avoid policies and regulations which may slow and stifle the pace of innovation; and,
- Ensure that the state has the energy capacity necessary to adapt to the changing consumption needs of the state and sector.

### **Overview**

The ways that everyday consumers, businesses, and workers interact with artificial intelligence has changed considerably over the past two years thanks to the public launch of chatbots powered by large language models like ChatGPT and others. This rollout has instigated a new level of curiosity, caution, and concern regarding the power of these and other AI tools.

It is fundamental, however, to be mindful that AI itself is certainly not new nor is it scary. New Jersey residents have been interacting with AI for many years every time they ask Siri or Alexa to seek an answer to a question; scroll through a list of movies recommended specifically for them on a streaming service; play video games and interact with digital characters; and, many other examples of existing AI applications.

Furthermore, it is important in this context to be cognizant that when we reference the adoption of AI among businesses that we are not talking about a

single technology, but rather a very broad category of digital tools, systems, and processes, many of which are already integrated in critical industries.

For example: The pharmaceutical industry uses AI to increase the safety and efficacy of clinical trials as well as to increase the pace of new drug discovery.

The banking sector uses AI to monitor for fraud and security breaches as well as to enhance investment instruments and strategies.

And, among many others, the manufacturing industry uses AI to monitor the modern manufacturing floor for new efficiencies and even to predict maintenance needs before machines break and fail.

These existing uses already point to AI's potential to dramatically improve the products and services that everyday families and businesses rely on from medications to maintenance, manufacturing to marketing. However, in order to fully realize the innovative potential of AI, it is paramount that the state of New Jersey take steps to further support and enable innovation, research, and development, and avoid actions which may stifle the resultant economic growth and expansion.

### **Supporting Workers and Businesses**

The utilization of AI tools and products in small and mid-sized businesses is increasing at a rapid pace. A 2023 survey from the Bipartisan Policy Center and Morning Consult of 498 small business owners and executives found that 57% of respondents were already incorporating AI to some extent in their operations.<sup>1</sup> Another study suggested that 75% of knowledge workers in the US economy are already using AI.<sup>2</sup>

Widespread integration and adoption of AI in small and medium-sized businesses is likely to mean additional training for many members of our workforce. These workers, most of whom do not consider themselves researchers, developers, or technologists, will need to learn to interact with and utilize AI systems as part of their day-to-day work activities. For this reason, it is critical that the State of New Jersey find ways to support the state's higher education system and other workforce training providers to prepare workers across all sectors to understand and use AI-enabled tools.

Additionally, if New Jersey wants to be a hub of artificial intelligence research and development then we also need to take on opportunities to attract students, faculty, entrepreneurs, and businesses to our state. Today, New Jersey loses more students to out-

---

<sup>1</sup> Bipartisan Policy Center. (2024). "Small Businesses Matter: Navigating the AI Frontier."

[bipartisanpolicy.org/report/small-businesses-matter-navigating-the-ai-frontier/](https://bipartisanpolicy.org/report/small-businesses-matter-navigating-the-ai-frontier/)

<sup>2</sup> Microsoft and LinkedIn. (2024). "2024 Work Trend Index Annual Report." [2024 Annual Work Trend Index from Microsoft and LinkedIn](#)

of-state institutions than any other state in the country – a net loss of 28,000 in Fall 2022.<sup>3</sup> NJBIA’s own annual analyses have repeatedly shown New Jersey as the least competitive business climate in our region,<sup>4</sup> and analyses from national organizations have consistently ranked the Garden State as the worst business tax climate in the nation.<sup>5</sup>

If we are serious about becoming the home of AI innovation, then we have to become serious about improving the competitiveness and attractiveness of our business climate.

### **Enabling Innovation**

In just 2024, 45 states introduced hundreds of individual pieces of legislation focused on the use and regulation of AI.<sup>6</sup> If these bills were to ultimately be enacted, the resultant patchwork regulatory environment would simply not be conducive to innovation, as it would make it slower and more expensive to conduct research as well as bring new products and services to market.

Fortunately, major developers of AI are currently working with the federal government to develop workable guidelines that will provide guardrails for high-risk AI use cases and several major AI developers have already offered voluntary commitments toward safe, secure, and transparent AI development in partnership with the White House.

### **Addressing Energy Demands**

Another key element of AI’s future, albeit one which is not popularly conjured in the public consciousness, is that of our energy capacity and infrastructure. Research suggests that a single ChatGPT query requires approximately 10 times as much electricity as a traditional Google search. Meanwhile, data centers which house the infrastructure to execute these queries are expected to use 8% of all US power by 2030 – up from 3% currently – due largely to increases in AI utilization.<sup>7</sup>

AI has the capacity to transform our economy but only if we have the energy necessary to power its operations. With that in mind it is important that New Jersey takes steps to ensure it has adequate energy resources to accommodate these increases in consumption, and that the burden of those increases is ultimately not borne unfairly by ratepayers.

---

<sup>3</sup> National Center for Education Statistics. Table 309.10. Residence and migration of all first-time degree-seeking undergraduates in degree-granting postsecondary institutions, by state or jurisdiction: Fall 2022.

[https://nces.ed.gov/programs/digest/d23/tables/dt23\\_309.10.asp?current=yes](https://nces.ed.gov/programs/digest/d23/tables/dt23_309.10.asp?current=yes)

<sup>4</sup> New Jersey Business and Industry Association. (2024). “2024 Regional Business Climate.” [2024-Business-Climate-FINAL.pdf \(njbja.org\)](#)

<sup>5</sup> Loughhead, K., Walczak, J., Yushkov, A. Tax Foundation. (2024). “2024 State Business Tax Climate Index.”

<https://taxfoundation.org/research/all/state/2024-state-business-tax-climate-index/>

<sup>6</sup> National Conference of State Legislatures. (2024). “Artificial Intelligence 2024 Legislation.”

<https://www.ncsl.org/technology-and-communication/artificial-intelligence-2024-legislation>

<sup>7</sup> Goldman Sachs. (2024). “AI, data centers and the coming US power demand surge.”

<https://www.goldmansachs.com/pdfs/insights/pages/generational-growth-ai-data-centers-and-the-coming-us-power-surge/report.pdf>

**Conclusion**

NJBIA thanks you for the opportunity to submit these comments and to be a part of this important dialogue regarding the future of AI use and development in New Jersey. Addressing the training of existing workers, improving our business climate, enabling innovation through regulatory consistency, and taking an all of the above approach to energy generation will position New Jersey to lead in the economy of the future.

Please feel free to email me at [ksullender@njbja.org](mailto:ksullender@njbja.org) if you have any questions about these comments or future legislation.