

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4868

STATE OF NEW JERSEY

DATED: FEBRUARY 23, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4868.

This bill requires the New Jersey Economic Development Authority (EDA) to establish and maintain the Small Business Resiliency Project Loan Program (program) and Small Business Resiliency Project Loan Fund (fund).

Loan Program Eligibility

The EDA is to provide financial assistance in the form of low-interest loans to qualified businesses that are engaging in or have completed resiliency projects. Under the bill, a qualified business is a business that:

- 1) is registered to do business in New Jersey with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury;
- 2) intends to maintain its principal business operations in the State after receiving assistance from the EDA under the program; and
- 3) employs not more than 50 full-time employees at the time of approval of financial assistance to the business.

Under the bill, a resiliency project means those projects or activities, which may include, but are not limited to, projects or activities that improve or support the treatment or management of drinking water, wastewater, and storm water; enhance the reliability and resiliency of the electrical grid and public utility infrastructure; expand access to broadband internet; or utilize technology, infrastructure improvements, and other materials that mitigate against or protect the business in the event of climate change-related natural hazards, including, but not limited to, increased temperatures, drought, flooding, hurricanes, and sea-level rise.

Application Criteria

The bill requires the EDA to establish an application process. A qualified business that seeks assistance under the loan program is required to submit an application to the EDA in a form and manner prescribed by the EDA. In addition to any other information that the EDA may deem appropriate, the application is required to request an applicant to submit information demonstrating that the applicant meets

the eligibility requirements and an outline of the anticipated use of loan proceeds.

Under the bill, the EDA is required to approve applications for the loan program on a rolling basis or on one or more dates, subject to the availability of funds.

Loan Awards and Loan Requirements

Under the program, the EDA is to provide financial assistance in the form of low-interest loans for qualified businesses that are engaging in or have completed resiliency projects, with priority consideration, as determined by the EDA in consultation with the Department of Environmental Protection, given to a qualified business based the long-term impact of the qualified business on the State economy, the type of resiliency project, and whether the principal business operations of the qualified business are located in a municipality of the State that has incorporated a climate change-related hazard vulnerability assessment into the land use plan element of the municipality's master plan.

Upon approval of an application, the EDA is required to enter into a loan agreement with the qualified business and provide a low-interest loan to the qualified business. Each loan issued under the program is required to bear interest at rates lower than and provide more flexible repayment terms than are customarily made available through conventional business loans issued by private lenders.

A qualified business that receives financial assistance under the loan program is to annually report to the EDA until such time as the full balance of the loan has been repaid to the EDA. At a minimum, the annual report is to include information outlining the expenses supported by the loan and the financial information of the qualified business, audited by a certified public accountant, which is to include a consolidated summary of the performance of the qualified business.

Any information about the performance of a qualified business is considered confidential and not subject to the law known commonly as the open public records act.

Loan Fund

Any monies received by the EDA for the repayment of a loan issued pursuant to the program would be deposited into the non-lapsing revolving loan fund. Any interest collected from loans provided by the loan program may be used by the EDA to offset the costs of the administration of the loan program, or otherwise are required to be deposited into the fund.

The EDA may also credit the fund with monies received from State, federal, or private sources and may use those funds to provide financial assistance to qualified businesses in a manner consistent with federal law or the private source of funds.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects the bill to increase State expenditures associated with the establishment and operation of the Small Business Resiliency Project Loan Program by the New Jersey Economic Development Authority. These cost increases would primarily stem from the provision of program loans and the ongoing administration of the loan program.

The OLS also expects the repayment of program loans to increase State revenues. Depending on the interest rates approved by the authority and the default rate of loan recipients, these loan repayments may partially or wholly offset any expenses incurred by the authority in the operation of the loan program.