

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 289
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: MAY 2, 2022

SUMMARY

Synopsis: Establishes “New Jersey Small Business Indoor Air Quality Management Support Program.”

Type of Impact: Increases in State expenditures and revenues.

Agencies Affected: New Jersey Economic Development Authority; Department of Environmental Protection.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual Impact</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) expects the bill to increase State expenditures associated with the operation of the New Jersey Small Business Indoor Air Quality Management Support Program by the New Jersey Economic Development Authority (EDA). These cost increases would stem from the development and administration of the program, the provision of program loans, and the cost of any loan defaults.
- The OLS also expects the repayment of program loans to increase State revenues. Depending on the interest rates approved by the EDA, these loan repayments may partially or wholly offset any administrative expenses incurred by the EDA in the operation of the program.
- The Department of Environmental Protection (DEP) is also expected to incur increased expenses due to the requirement to establish and administer an elective certification program for small businesses that receive program assistance. Under this program, the DEP would annually inspect the indoor air quality management of each applicant. However, these cost increases would depend on the number of businesses that apply for the certification.
- The bill does not specify the size or duration of the loan program, nor does the bill provide a direct funding source for the program. Moreover, the bill provides the EDA with broad discretion in determining certain parameters of the loan program. Absent this information, the OLS is unable to quantify the fiscal impact of the bill.

BILL DESCRIPTION

The bill establishes the New Jersey Small Business Indoor Air Quality Management Support Program. Under the program, the EDA would provide loans to eligible small businesses for the improvement of indoor air quality. Specifically, the proceeds of a program loan could be used to support any purpose intended to improve the business's indoor air quality, including capital purchases, employee training, and salaries for new positions. Loans issued under the program would bear interest at rates and terms set by the EDA.

The bill also allows any business that receives assistance under the loan program to apply to the DEP for a New Jersey Small Business Indoor Air Quality Management Certification. To receive the certification, the business would be required to undergo a successful indoor air quality management inspection. This inspection would be performed by the DEP, based on the Indoor Air Quality Management Checklist promulgated by the United States Environmental Protection Agency.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS expects this bill to annually increase the expenditures and revenues of the EDA associated with the operation of the New Jersey Small Business Indoor Air Quality Management Support Program. Additionally, the bill would also increase the annual expenditures of the DEP due to the administration of an elective certification program.

Most notably, the EDA is expected to incur additional expenses in establishing and administering the loan program. Under the bill, the EDA is required, to the greatest extent practicable, to administer the loan program. As a result, the EDA would be required to dedicate staff time and resources to creating program rules, reviewing applications, issuing loans, and verifying compliance with the terms of the loan program. Alternatively, if the EDA elects to administer the program through a contracted-third party entity, the EDA would instead incur expenses associated with the payment of such entity. Regardless, the repayment of program loans is expected to increase State revenues. Depending on the rate of interest approved by the EDA for program loans, these loan repayments may partially or wholly offset any administrative expenses incurred by the EDA in the operation of the program.

In general, the fiscal impact on the EDA will depend on the overall scope of the program, including the size and duration of the loan program, which details are not specified in the bill. Additionally, the bill provides the EDA with broad discretion in establishing the parameters for the provision of program loans, including the rates of interest to be imposed on program loans and the recourse available in the event of loan defaults. Without knowing these details, the OLS is unable to predict how the program will operate and, therefore, is unable to quantify the fiscal impact of the program. Furthermore, the bill does not provide a direct source of funding to support the loan program.

In addition, the DEP is also expected to incur increased expenses associated with establishing and administering an elective certification program, which would issue New Jersey Small Business Indoor Air Quality Management Certifications to small businesses that receive assistance under

the proposed loan program. Under the bill, the DEP would incur ongoing administrative costs due to the requirement to annually inspect the indoor air quality management of each applicant for certification. However, these cost increases would depend on the number of businesses that apply for the certification. Because the OLS cannot predict the number of businesses that will participate in the loan program, and the number of such businesses that will apply for the certification program, the OLS is unable to quantify the fiscal impact of the certification program.

Section: Authorities, Utilities, Transportation and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).