

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5016

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 2, 2026

SUMMARY

- Synopsis:** Establishes program in EDA to encourage employee ownership awareness and provide funding and advisory support.
- Type of Impact:** Annual increase in State expenditures.
- Agencies Affected:** New Jersey Economic Development Authority; Department of Labor and Workforce Development; Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that this bill will result in an indeterminate increase in annual State expenditures to the New Jersey Economic Development Authority to administer and expand employee ownership assistance activities. The magnitude of the increase will depend primarily on implementation decisions made by the authority.
- The bill may also increase administrative expenses for the authority. These costs may include application review, contract approval and monitoring, website maintenance, advisory committee support, and loan underwriting and servicing costs. The OLS anticipates that some of these costs may be absorbed within the authority’s existing staff and resources. However, the bill may expand the scope of those activities beyond the existing Employee Stock Ownership Plan Assistance Program, which is administered by the authority and supported by a dedicated State appropriation of \$2.7 million.
- The revolving loan fund outlined by the bill may result in an indeterminate State expenditure increase if State funds are appropriated or authority funds are transferred to capitalize the fund. Loan repayments, interest, investment earnings, federal funds, and private contributions may to some extent offset State costs. Because the bill does not specify capitalization amounts, loan limits, interest rates, repayment terms, or expected loan volume, the fiscal impact of the revolving fund cannot be quantified.

BILL DESCRIPTION

The bill requires the authority to establish and maintain the Employee Ownership Transition Program. Under the program, the authority is to, in part, provide financial assistance for employee ownership feasibility study services conducted by eligible contractors in an amount equal to the lesser of \$35,000 or 90 percent of the approved cost of a feasibility study performed by an approved contractor. The bill also establishes qualifications for eligible businesses to participate in the program and establishes a nine-member Advisory Committee on Employee Ownership.

Under the bill, the authority would be required to establish and maintain the Employee Ownership Assistance Fund. The authority is required to maintain the fund to support the program, including the provision of financial assistance to defray the costs of employee ownership feasibility study services conducted by eligible contractors and the provision of education, outreach, and technical assistance to businesses in accordance with the purposes set forth in the bill. This fund would be credited with such monies as may be appropriated or made available to the authority for the purpose of the fund and any return on investment of monies deposited in the fund.

In addition, the bill codifies and expands the authority's Employee Stock Ownership Plan Assistance Program, which provides partially-covered employee stock ownership plan feasibility study services for New Jersey businesses that are interested in transitioning to employee-owned businesses. Under the bill, any eligible contractors that are approved under the existing program would automatically qualify as eligible contractors for the program after completing the required employee ownership feasibility study.

Finally, the bill requires the authority to establish a non-lapsing revolving loan fund, to be known as the Employee Ownership Revolving Loan Fund, to provide low-interest loans to support employee ownership transitions. Under the bill, the authority may issue low-interest loans from the revolving loan fund to eligible businesses, participating businesses, and any other entities determined to be appropriate by the authority, for the purpose of facilitating: majority employee ownership transitions; and reasonable transaction-related and post-transition needs that support the long-term sustainability of an employee-owned business. The bill also permits the revolving loan fund to be credited with monies received by the authority from various sources, including State appropriations, federal funds, charitable contributions, internal transfers, and investment returns. Notably, the bill requires the authority to designate a qualified fund manager or financial intermediary to provide advisory assistance to the authority in administering the revolving loan fund. In addition, the bill prohibits the authority from using more than five percent of the total amount of interest or other charges received each year in connection with issued loans to offset the administrative costs of operating the revolving loan fund.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will result in an indeterminate increase in annual State expenditures to the authority to administer and expand employee ownership assistance activities. The magnitude of the increase will depend primarily on: (1) the amount appropriated or otherwise made available to the fund; (2) the number of eligible businesses approved for feasibility-study

assistance; (3) the amount of monies in the fund used for education, outreach and technical assistance; (4) the cost of administering the Advisory Committee on Employee Ownership; (5) and the amount, if any, deposited into the revolving loan fund.

The bill may also increase administrative expenses for the authority. These costs may include application review, contract approval and monitoring, website maintenance, Advisory Committee on Employee Ownership support, and loan underwriting and servicing costs. The OLS anticipates that some of these costs may be absorbed within the authority's existing staff and resources. However, the bill may expand the scope of those activities beyond the existing program, which is administered by the authority and supported by a dedicated State appropriation of \$2.7 million. Additionally, the Department of Labor and Workforce Development and the Department of the Treasury may experience modest administrative costs associated with their participation in the Advisory Committee on Employee Ownership. However, the OLS estimates that these costs may be absorbable within existing resources.

The revolving loan fund outlined by the bill may result in an indeterminate State expenditure increase if State funds are appropriated or authority funds are transferred to capitalize the fund. Loan repayments, interest, investment earnings, federal funds, and private contributions may to some extent offset State costs. Because the bill does not specify capitalization amounts, loan limits, interest rates, repayment terms, or expected loan volume, the fiscal impact of the revolving fund cannot be quantified.

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.).