

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 1191**

# **STATE OF NEW JERSEY**

DATED: MARCH 17, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1191 (1R).

This bill establishes the “Innovation Partnership,” (partnership) to be administered by the New Jersey Commission on Science, Innovation and Technology (commission) and which is to include one or more independent nonprofit organizations (partners) certified or established and incorporated by the commission, working individually, in partnership with each other, and in partnership with the commission, to advance the development of emerging technology businesses in this State and to create a supportive and collaborative innovation ecosystems across New Jersey.

This bill provides that the goals and policies of the partners are to include, but not be limited to:

1) identifying, developing, adapting, and implementing advanced technologies to enable the growth and competitiveness of emerging technology businesses through technology development, commercialization, and implementation;

2) acting as regional facilitators and managers for interactions, programs, and initiatives by and among the commission, emerging technology businesses, economic development organizations, the corporate community, private and public institutions of higher education, research institutions, government, organized labor and other interests working collaboratively to advance the development of specialized innovation-based science and technology ecosystems in this State;

3) directly providing, and serving as the conduit to, early-stage and later-stage private and public capital for emerging technology businesses;

4) providing training or technical assistance to help emerging technology businesses apply to the federal Small Business Innovation Research Program for the purpose of attracting federal biotechnology investment funds to this State;

5) developing, providing, or supporting business incubation resources and space and facilitating the development of emerging technology business campuses, including discounted laboratory space to academic or executive emerging technology business spin-out companies;

6) coordinating marketing efforts concerning existing State and local financial and material resources for emerging technology businesses;

7) establishing and administering a research grant fund for the economic impact assessments of technology development projects conducted by private or public institutions of higher education that seek grant funding through the commission;

8) establishing partnerships to support and enhance the scale, scope, and impact of initiatives that support the purpose and mission of the commission and the partners; and

9) encouraging the advancement, development, and support of minority and women's emerging technology businesses to expand diversity and opportunity within that sector, with priority given to emerging technology businesses that demonstrate diversity in ownership or leadership, as applicable.

The commission is to establish the exact geographical boundaries for the partners to focus their efforts, and the partners are to be responsible for implementing the following goals for each of the four regions:

1) the northern region of the State having a primary, but not exclusive, focus on financial information technology, cybersecurity, or a combination thereof;

2) the central region of the State having a primary, but not exclusive, focus on life sciences, biotechnology, or a combination thereof;

3) the southern region of the State having a primary, but not exclusive, focus on agriculture, aviation, or a combination thereof; and

4) the shore region of the State, having a primary, but not exclusive, focus on renewable energy and autonomous vehicles.

A nonprofit organization established as of the date of the bill's enactment and meeting one of the regional requirements may submit to the commission an application, in a form and manner determined by the commission, for certification as a partner. Once certified, a partner may apply to the commission, in a form and manner determined by the commission, to receive grant funds from the fund established pursuant to this bill. The commission, upon approving a grant application submitted by a partner, is to sign a grant agreement with the partner, which is to permit the partner to execute the goals and policies pursuant to this bill only if matched by private sector funds on a minimum basis to be established by the commission.

In selecting and certifying a nonprofit organization as a partner, the commission is to give priority to a nonprofit organization with diverse leadership and headquartered in a municipality that meets the criteria for State aid pursuant to State law.

If the commission is unable to certify a nonprofit organization as a partner for a certain regional focus, pursuant to the bill, the commission is to establish and incorporate an independent nonprofit organization to serve as a partner for that particular regional focus. In

appointing the board for the nonprofit organization, the commission is to consider the ethnic, racial, and gender diversity of the community in which the partner is located.

The commission may modify or revoke a partner's participation in the partnership if the commission determines the partner does not achieve the goals or does not implement the policies of this bill.

Additionally, upon receipt of a grant, a partner is to implement the terms of the grant agreement. Failure to comply with the grant agreement is to result in the forfeiture of the grant.

Lastly, this bill directs partners to annually submit certain information to the commission and the commission to annually issue a report to the Governor and the Legislature describing the activities of the commission and each partner.

#### FISCAL IMPACT:

The Office of Legislative Services finds that this bill may result in an indeterminate increase in annual State expenditures and an indirect increase in annual State revenues. The bill establishes a framework for the New Jersey Commission on Science, Innovation and Technology to partner with nonprofit organizations to provide support to emerging technology businesses in the State. The fund which is to support this activity is established under the bill but does not receive an appropriation; however, the commission is likely to incur costs for the new administrative functions it will undertake. If future Legislative activity appropriates monies to the fund, then this bill will require those monies to be expended to advance the development of emerging technology businesses in this State and to create supportive and collaborative innovation ecosystems across New Jersey.

If an appropriation is made, the commission and its nonprofit partners will utilize those funds to support emerging technology businesses. To the extent that this support is effective, business growth will accelerate, and the ecosystem created will result in greater retention of these business types within the State. Both effects are likely to increase State revenues realized through taxes on the growth in business activity, notably the sales and use tax, income taxes, and corporation business taxes.

A determination of the magnitude of revenue gains cannot be known at this time, nor whether it will exceed the amount of any future appropriations made to the commission for the program's purposes. Future decisions by the commission about how to structure and administer the program and the amount of possible future appropriations that are not currently knowable will determine the effectiveness of the program and the amount of revenue likely to be realized.