

# SENATE, No. 274

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## STATE OF NEW JERSEY 219th LEGISLATURE

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Morris, Somerset and Union)**

**SYNOPSIS**

Requires EDA to provide loans through small business loan program at lower interest rates, with more flexible repayment terms if issued to small businesses owned or controlled by certain veterans, and prohibit certain fees.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the New Jersey Economic Development  
2 Authority's issuance of loans to certain veteran-owned small  
3 businesses through a small business loan program, and amending  
4 P.L.2011, c.201 (C.34:1B-241.3).

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8

9 1. Section 2 of P.L.2011, c.201 (C.34:1B-241.2) is amended to  
10 read as follows

11 2. a. The authority shall maintain and administer a small  
12 business loan program for the purpose of providing small business  
13 loans to eligible small businesses.

14 b. Small business loans may be made to an eligible small  
15 business. The loan funds may be applied to any aspect of the  
16 business that supports its capital purchases, employee training, and  
17 salaries for new positions as determined by the authority.

18 c. In order to receive a small business loan, a business, at the  
19 time of application, shall provide proof that it is an eligible small  
20 business and shall enter into a small business loan agreement with  
21 the authority.

22 d. The authority shall review and may approve applications for  
23 the loan program.

24 e. A business seeking to participate in the small business loan  
25 program shall submit an application in such form as the authority  
26 shall require. Such application shall include such information as  
27 the authority shall determine is necessary in consideration of the  
28 provisions of P.L.2011, c.123 (C.52:14B-21.1 et seq.).

29 f. Small business loans under this section shall be made  
30 pursuant to a small business loan agreement made pursuant to  
31 subsection c. of this section and shall bear interest at rates and terms  
32 deemed appropriate by the authority, and contain other terms and  
33 conditions considered appropriate by the authority that are  
34 consistent with the purposes of P.L.2011, c.201 (C.34:1B-241.1 et  
35 seq.) and with rules and regulations promulgated by the authority to  
36 implement P.L.2011, c.201.

37 g. The authority may, in its discretion, require an eligible small  
38 business that receives a small business loan under the program  
39 administered pursuant to P.L.2011, c.201 (C.34:1B-241.1 et seq.) to  
40 submit an audited financial statement to the authority in order to  
41 ensure the business's continued vitality.

42 h. The authority may, either through the adoption of rules and  
43 regulations, or through the terms of the small business loan  
44 agreement made pursuant to subsection c. of this section, establish  
45 terms governing the incidence of default by an eligible small

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 business that receives a small business loan under the program  
2 administered pursuant to P.L.2011, c.201 (C.34:1B-241.1 et seq.).

3 i. In determining whether to provide a loan to an eligible small  
4 business, the authority shall consider, along with other criteria that  
5 the authority in its discretion deems appropriate, whether the  
6 business commits to increasing its full-time employment level in the  
7 State.

8 j. (1) Notwithstanding the provisions of this section to the  
9 contrary, the authority shall, to the greatest extent practicable,  
10 administer the small business loan program in a manner to provide  
11 small business loans to eligible veteran-owned small businesses at  
12 lower interest rates and with more flexible repayment terms than are  
13 made available by the authority to other eligible small businesses.  
14 An eligible veteran-owned small business shall qualify for more  
15 favorable interest rates and repayment terms if more than 50 percent  
16 of the individuals employed by the eligible veteran-owned small  
17 business are veterans.

18 (2) A small business loan shall bear interest of not more than  
19 zero percent per year if the loan is issued to an eligible veteran-  
20 owned small business that is owned or controlled by one or more  
21 veterans who have been declared by the United States Department  
22 of Veterans Affairs or the United States Department of Defense as  
23 having a service-connected disability.

24 (3) The authority shall not charge a fee for the issuance of a  
25 small business loan to an eligible veteran-owned small business,  
26 including, but not limited to, application, commitment, closing, and  
27 guarantee fees.

28 (4) As used in this subsection:

29 "Veteran" means any resident of this State who has been  
30 honorably discharged or released under honorable circumstances  
31 from active service in any branch of the Armed Forces of the United  
32 States.

33 "Veteran-owned small business" means a small business that is  
34 owned or controlled by one or more veterans.

35 (cf: P.L.2011, c.201, s.2)

36  
37 2. This act shall take effect immediately.  
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#### 40 STATEMENT

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42 This bill requires the New Jersey Economic Development  
43 Authority, to the greatest extent practicable, to administer an  
44 existing small business loan program in a manner to provide small  
45 business loans to eligible veteran-owned small businesses at lower  
46 interest rates and with more flexible repayment terms than are made  
47 available by the authority to other eligible small businesses. An  
48 eligible veteran-owned small business can qualify for more

1 favorable interest rates and repayment terms if more than 50 percent  
2 of the individuals employed by the eligible veteran-owned small  
3 business are veterans. The interest rate for a small business loan  
4 issued to an eligible veteran-owned small business that is owned or  
5 controlled by one or more veterans who have been declared by the  
6 United States Department of Veterans Affairs or the United States  
7 Department of Defense as having a service-connected disability  
8 would be zero percent. The authority is not allowed to charge fees  
9 for the issuance of a small business loan to an eligible veteran-  
10 owned small business, including, but not limited to, application,  
11 commitment, closing, and guarantee fees.