SENATE, No. 534

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Requires EDA, in consultation with Department of Agriculture, to establish temporary loan program for small business and farm employers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning loans to certain employers, including small business and farm employers, and supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

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

1. As used in P.L. , c. (C.) (pending before the Legislature as this bill):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Department" means the Department of Agriculture established pursuant to R.S.4:1-1.

"Farm employer" means an employer that engages employees at a piece-rate or regular hourly rate to labor on a farm in this State.

"Loan program" means the Small Business and Farm Employer Loan Program established pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Small employer" means a person, firm, corporation, partnership, sole proprietor, or any other employer in this State that: (1) employs fewer than 25 employees in this State, which employees shall have been employed by the taxpayer for not less than 48 weeks of the calendar year and which are employed by the taxpayer as of the last day of the calendar year; and (2) generates less than $1,000,000 in annual total net income, based on the average of the three preceding calendar years.

2. a. There is established a temporary Small Business and Farm Employer Loan Program. The authority shall maintain and administer the loan program for the purpose of providing loans to eligible small employers and eligible farm employers. The authority shall consult with the Department of Agriculture in administering the loan program as it applies to an eligible farm employer.

b. Under the loan program, the authority may provide a loan to an eligible small employer or an eligible farm employer, the term of which shall be at least seven years. The loan funds may be applied to any aspect of the business that supports its capital purchases, employee training, or salaries for new positions, as determined by the authority.

c. In order to receive a loan under the loan program, an applicant, at the time of application, shall provide proof that it qualifies as a small employer or a farm employer, as defined in section 1 of P.L. , c. (C.) (pending before the Legislature as this bill) and shall enter into a small business and farm employer loan agreement with the authority.

d. A small employer or a farm employer shall submit an application to receive a loan under the loan program prior to

January 1, 2027. The authority shall not approve an application to receive a loan under the loan program unless the application was submitted prior to January 1, 2027.

e. Loans to an eligible small employer or farm employer authorized under this section shall:

(1) be made pursuant to a loan agreement made pursuant to subsection c. of this section;

(2) bear interest at favorable rates over a term of at least seven years; and

(3) contain other terms and conditions considered appropriate by the authority that are consistent with the purposes of P.L. , c. (C.) (pending before the Legislature as this bill) and with rules and regulations adopted by the authority pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

f. A small employer or farm employer seeking to participate in the loan program shall submit an application in a form as the authority shall require. The application shall include information that the authority shall determine is necessary in consideration of the provisions of P.L. , c. (C.) (pending before the Legislature as this bill).

g. The authority shall review and may approve applications for the loan program. In determining whether to provide a loan to an eligible small employer or farm employer, the authority shall consider, along with other criteria that the authority in its discretion deems appropriate, the degree to which the small employer's or farm employer's continued operations have been impacted by the enactment of P.L.2019, c.32 and whether the small employer or farm employer commits to increasing its full-time employment levels in the State.

h. The authority may, in its discretion, require an eligible small employer or an eligible farm employer that receives a loan under the loan program administered pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) to submit an audited financial statement to the authority in order to ensure the continued vitality of the small employer or farm employer.

i. The authority shall, either through the adoption of rules and regulations, or through the terms of the loan agreement made pursuant to subsection c. of this section, establish terms governing the incidence of default by an eligible small employer or eligible farm employer that receives a loan provided pursuant to P.L. , c. (C.) (pending before the Legislature as this bill).

3. The authority, in consultation with the Department of Agriculture, shall adopt rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), as are necessary to effectuate the purposes of P.L. , c. (C.) (pending before the Legislature as this bill).

4. This act shall take effect immediately.

STATEMENT

This bill requires the New Jersey Economic Development Authority (authority), in consultation with Department of Agriculture, to maintain and administer a temporary Small Business and Farm Employer Loan Program (loan program) for certain small business and farm employers. Under the bill, the authority may provide a loan to an eligible small employer or an eligible farm employer for loan terms of at least seven years. The loan funds may be applied to any aspect of the business that supports its capital purchases, employee training, or salaries for new positions as determined by the authority.

In order to receive a loan under the loan program, a small employer or farm employer, at the time of application, is required to provide proof that it qualifies as a small employer or a farm employer, as defined in the bill, and is required enter into a loan agreement with the authority. The application is to include information that the authority determines necessary under the bill. A small employer or a farm employer is required to submit an application to receive a loan under the loan program prior to January 1, 2027 and the authority is prohibited from approving an application to receive a loan under the loan program unless the application was submitted prior to January 1, 2027.

In determining whether to provide a loan to an eligible small employer or farm employer, the authority is required to consider, along with other criteria that the authority in its discretion deems appropriate, the degree to which the small employer's or farm employer's continued operations have been impacted by the enactment of P.L.2019, c.32, which provides for increases to the minimum wage in New Jersey, and whether the small employer or farm employer commits to increasing its full-time employment levels in the State.

The bill requires the authority, in consultation with the Department of Agriculture, to adopt rules and regulations as necessary to effectuate the purposes of the bill.