

SENATE, No. 2680

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 6, 2020

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senator Pou

SYNOPSIS

“Economic Emergency Investment Stabilization Act”; allows EDA to invest in businesses impacted by major economic emergencies.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/21/2020)

1 AN ACT establishing a direct investment program for businesses
2 impacted during a major economic emergency, and
3 supplementing and amending P.L.1974, c.80 (C.34:1B-1 et seq.).
4

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

8 1. (New section) Sections 1 through 5 of P.L. , c. (C.)
9 (pending before the Legislature as this bill) shall be known and may
10 be cited as the “Economic Emergency Investment Stabilization
11 Act.”
12

13 2. (New section) As used in P.L. , c. (C.) (pending
14 before the Legislature as this bill):

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

17 “Major economic emergency” means an emergency that has
18 resulted in the Governor declaring a state of emergency, pursuant to
19 P.L.1942, c.251 (C.App.A:9-33 et seq.), within this State, which
20 was required due to a public health emergency, pursuant to section
21 3 of P.L.2005, c.222 (C.26:13-3), or due to a major natural disaster;
22 a major economic emergency shall also include a major disruption
23 to the State’s economy that results in a year over year decline in
24 State sales and use tax or State income tax revenues of at least 10
25 percent, and a concurrent increase in the State unemployment rate
26 above seven percent.

27 “Matching investment agreement” means an investment
28 agreement with the authority which provides that the authority will
29 make an equity investment in the business during a funding round,
30 provided that the business has private funding sources that will
31 provide two dollars in equity investment for every dollar in equity
32 investment made by the authority, and which ensures that the terms
33 of the investment made by the authority offer equal or greater
34 shareholder rights and benefits than the terms granted to any of the
35 private funding sources during the funding round in which the
36 investment agreement takes place.

37 “Program” means the “Pandemic Investment Stabilization
38 Program” established pursuant to section 3 of P.L. , c. (C.)
39 (pending before the Legislature as this bill).

40 “Qualified applicant” means a business as defined by the
41 authority which:

42 a. is in the process of raising money through an offering of
43 equity in the business and which is applying to the authority for a
44 matching investment agreement;

45 b. has been determined by the authority that the potential

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 equity investment will be a material factor in the financial success
2 or failure of the business during the economic emergency, and that
3 the business is likely, at the conclusion of the economic emergency,
4 to return to a level of financial viability that will allow the authority
5 to exit its equity stake without taking a loss on its investment;

6 c. has a board of directors or advisors;

7 d. is physically located in the State through property ownership
8 or a lease agreement;

9 e. has at least 50 percent of its employees spend at least 80
10 percent of their time in New Jersey;

11 f. has founders that work full time for the business and have a
12 financial investment into the business; and

13 g. is registered to do business in the State and is currently in
14 good standing.

15 “Stabilization fund” means the “Economic Emergency
16 Investment Stabilization Fund” established pursuant to section 4 of
17 P.L. , c. (C.) (pending before the Legislature as this bill).

18
19 3. (New section) The authority shall establish an equity
20 investment program to be known as the “Economic Emergency
21 Investment Stabilization Program” for the purpose of making equity
22 investments in businesses that would be financially healthy if not
23 for the effects of a major economic emergency.

24
25 4. (New section) a. To implement the program, the authority
26 shall establish and maintain a special revolving fund to be known as
27 the “Economic Emergency Investment Stabilization Fund,” which
28 shall be credited, following the start of a major economic
29 emergency, with:

30 (1) amounts from the “Economic Recovery Fund,” established
31 pursuant to section 3 of P.L.1992, c.16 (C.34:1B-7.12), which the
32 authority determines is appropriate to implement the program,
33 within the limits of funding available from the “Economic Recovery
34 Fund”;

35 (2) any moneys that shall be received by the authority from the
36 sale of equity stakes in businesses that were made using moneys in
37 the stabilization fund pursuant to P.L. , c. (C.) (pending
38 before the Legislature as this bill); and

39 (3) other moneys of the authority, including but not limited to,
40 any moneys available from other business assistance programs
41 administered by the authority which the authority is authorized and
42 determines to deposit therein.

43 b. The authority shall use the moneys in the stabilization fund
44 to:

45 (1) enter, during a major economic emergency or within six
46 months of the end of all executive orders or economic conditions
47 related to such an emergency, into matching investment agreements
48 with qualified applicants;

1 (2) make equity investments of no greater than \$1 of authority
2 investment for every \$1 in new outside investments up to an amount
3 determined by the authority, pursuant to section 5 of
4 P.L. , c. (C.) (pending before the Legislature as this bill);
5 and

6 (3) defray the administrative expenses of the authority in
7 carrying out the purposes and provisions of P.L. , c. (C.)
8 (pending before the Legislature as this bill).

9 c. In evaluating a matching investment agreement application
10 submitted by a qualified applicant, the authority shall place primary
11 emphasis on the applicant's record of profitability and financial
12 stability prior to the economic emergency, and on projections by the
13 applicant, including the data and assumptions forming the basis
14 thereof, of recovered profitability and financial stability during the
15 term of the equity investment. The equity investment may only be
16 made by the authority if the qualified applicant has demonstrated to
17 the satisfaction of the authority that the qualified applicant has the
18 ability, reputation, and growth prospects necessary such that,
19 following the end of the economic emergency, the business will be
20 attractive enough to private investors for the authority to easily sell
21 its equity stake without taking a financial loss.

22 d. For any equity stake in any qualified applicant the authority
23 makes pursuant to a matching investment agreement, the authority
24 shall seek to exit its equity investment not less than 12 months and
25 not more than 10 years following the end of the economic
26 emergency. During this 12 month to 10-year period, the authority
27 may exit its position at any time the authority determines to be most
28 financially beneficial to the stabilization fund. The authority may
29 only maintain its investment beyond the 12 month to 10-year
30 period, if all of its opportunities to sell its investment in the first 10
31 years would have been for less than the original investment, and the
32 authority makes the determination that the value of the investment
33 will increase significantly by holding the investment for more than
34 10 years, and that the anticipated increase in value exceeds the
35 public benefit that would accrue from selling the investment and
36 using the proceeds for some other eligible use of the "Economic
37 Recovery Fund."

38 e. All moneys remaining in the stabilization fund starting 12
39 months following the end of the major economic emergency and
40 continuing until all equity investments have been sold shall be
41 credited to and deposited in the "Economic Recovery Fund" for any
42 of the purposes thereof.

43

44 5. (New section) On application to the authority, an applicant
45 for a matching investment agreement shall be required to:

46 a. provide information about the business and its finances on a
47 form or forms as determined to be necessary by the authority in

- 1 order to make a determination about whether to make an equity
- 2 investment in a business;
- 3 b. pay a reasonable application fee, as determined by the
- 4 authority, that is to be used to pay for administrative costs in
- 5 processing applications and administering the program;
- 6 c. provide information about the business's current equity
- 7 financing round, and which shall document that:
- 8 (1) the business has obtained outside funding from investment
- 9 entities including, but not limited to, venture capital funds, angel
- 10 investor funds, investment partnerships, a limited liability
- 11 corporation, or an individual member of an organized investment
- 12 group, provided that none of those investors are business
- 13 employees, related to business employees, or otherwise not
- 14 independent of the business;
- 15 (2) the outside funding raised is equal to at least 100 percent of
- 16 the amount requested to be invested by the authority in the
- 17 application;
- 18 (3) the outside funding was committed within 90 days of the
- 19 date that the application is submitted;
- 20 (4) the funding round has generated at least \$100,000 in outside
- 21 investments prior to any contribution by the authority;
- 22 (5) the terms of other equity investments shall be disclosed to
- 23 the authority to determine that the equity investment made by the
- 24 authority will be on equally or more beneficial terms than those
- 25 granted to other outside investors;
- 26 d. identify the amount of equity investment that it is seeking
- 27 from the authority, provided that the authority shall not make
- 28 investments under a matching investment agreement of less than
- 29 \$100,000 or greater than \$1,000,000, meaning that the amount
- 30 raised from other outside investors during the funding round shall
- 31 be between \$100,000 and \$1,000,000, at a minimum, prior to the
- 32 authority investment, thus ensuring that the authority is not making
- 33 an investment that represents more than 50 percent of the amount
- 34 raised during the financing round and that the total amount of
- 35 equity that the authority holds in the business is never to exceed 25
- 36 percent; and
- 37 e. provide information exhibiting the business's:
- 38 (1) ability to raise capital in the past;
- 39 (2) financial stability and growth prospects prior to the major
- 40 economic emergency;
- 41 (3) plans to utilize funding received during this financing round;
- 42 (4) prospects for recovering from the impacts of the major
- 43 economic emergency and returning to prior levels of financial
- 44 stability or growth; and
- 45 (5) future appeal to investors and the ability for the authority to
- 46 find a purchaser of the authority's equity stake within five years
- 47 after the major economic emergency has concluded.

1 6. Section 5 of P.L.1974, c.80 (C.34:1B-5) is amended to read
2 as follows:

3 5. The authority shall have the following powers:

4 a. To adopt bylaws for the regulation of its affairs and the
5 conduct of its business;

6 b. To adopt and have a seal and to alter the same at pleasure;

7 c. To sue and be sued;

8 d. To acquire in the name of the authority by purchase or
9 otherwise, on such terms and conditions and such manner as it may
10 deem proper, or by the exercise of the power of eminent domain in
11 the manner provided by the "Eminent Domain Act of 1971,"
12 P.L.1971, c.361 (C.20:3-1 et seq.), any lands or interests therein or
13 other property which it may determine is reasonably necessary for
14 any project; provided, however, that the authority in connection
15 with any project shall not take by exercise of the power of eminent
16 domain any real property except upon consent thereto given by
17 resolution of the governing body of the municipality in which such
18 real property is located; and provided further that the authority shall
19 be limited in its exercise of the power of eminent domain in
20 connection with any project in qualifying municipalities as defined
21 under the provisions of P.L.1978, c.14 (C.52:27D-178 et seq.), or to
22 municipalities which had a population, according to the latest
23 federal decennial census, in excess of 10,000;

24 e. To enter into contracts with a person upon such terms and
25 conditions as the authority shall determine to be reasonable,
26 including, but not limited to, reimbursement for the planning,
27 designing, financing, construction, reconstruction, improvement,
28 equipping, furnishing, operation and maintenance of the project and
29 to pay or compromise any claims arising therefrom;

30 f. To establish and maintain reserve and insurance funds with
31 respect to the financing of the project or the school facilities project
32 and any project financed pursuant to the "Municipal Rehabilitation
33 and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-
34 1 et al.);

35 g. To sell, convey or lease to any person all or any portion of a
36 project for such consideration and upon such terms as the authority
37 may determine to be reasonable;

38 h. To mortgage, pledge or assign or otherwise encumber all or
39 any portion of a project, or revenues, whenever it shall find such
40 action to be in furtherance of the purposes of this act, P.L.2000,
41 c.72 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and
42 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.),
43 P.L.2007, c.137 (C.52:18A-235 et al.), and sections 3 through 18 of
44 P.L.2009, c.90 (C.52:27D-489c et al.);

45 i. To grant options to purchase or renew a lease for any of its
46 projects on such terms as the authority may determine to be
47 reasonable;

1 j. To contract for and to accept any gifts or grants or loans of
2 funds or property or financial or other aid in any form from the
3 United States of America or any agency or instrumentality thereof,
4 or from the State or any agency, instrumentality or political
5 subdivision thereof, or from any other source and to comply,
6 subject to the provisions of P.L.1974, c.80 (C.34:1B-1 et seq.),
7 section 6 of P.L.2001, c.401 (C.34:1B-4.1), P.L.2000, c.72
8 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and Economic
9 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), and
10 P.L.2007, c.137 (C.52:18A-235 et al.), with the terms and
11 conditions thereof;

12 k. In connection with any action undertaken by the authority in
13 the performance of its duties and any application for assistance or
14 commitments therefor and modifications thereof, to require and
15 collect such fees and charges as the authority shall determine to be
16 reasonable, including but not limited to fees and charges for the
17 authority's administrative, organizational, insurance, operating,
18 legal, and other expenses;

19 l. To adopt, amend and repeal regulations to carry out the
20 provisions of P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of
21 P.L.2001, c.401 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.),
22 the "Municipal Rehabilitation and Economic Recovery Act,"
23 P.L.2002, c.43 (C.52:27BBB-1 et al.), and P.L.2007, c.137
24 (C.52:18A-235 et al.);

25 m. To acquire, purchase, manage and operate, hold and dispose
26 of real and personal property or interests therein, take assignments
27 of rentals and leases and make and enter into all contracts, leases,
28 agreements and arrangements necessary or incidental to the
29 performance of its duties;

30 n. To purchase, acquire and take assignments of notes,
31 mortgages and other forms of security and evidences of
32 indebtedness;

33 o. To purchase, acquire, attach, seize, accept or take title to any
34 project or school facilities project by conveyance or by foreclosure,
35 and sell, lease, manage or operate any project or school facilities
36 project for a use specified in this act, P.L.2000, c.72 (C.18A:7G-
37 1 et al.), the "Municipal Rehabilitation and Economic Recovery
38 Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), P.L.2007, c.137
39 (C.52:18A-235 et al.), and sections 3 through 18 of P.L.2009, c.90
40 (C.52:27D-489c et al.);

41 p. To borrow money and to issue bonds of the authority and to
42 provide for the rights of the holders thereof, as provided in
43 P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401
44 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal
45 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
46 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and
47 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.);

1 q. To extend credit or make loans to any person for the
2 planning, designing, acquiring, constructing, reconstructing,
3 improving, equipping and furnishing of a project or school facilities
4 project, which credits or loans may be secured by loan and security
5 agreements, mortgages, leases and any other instruments, upon such
6 terms and conditions as the authority shall deem reasonable,
7 including provision for the establishment and maintenance of
8 reserve and insurance funds, and to require the inclusion in any
9 mortgage, lease, contract, loan and security agreement or other
10 instrument, of such provisions for the construction, use, operation
11 and maintenance and financing of a project or school facilities
12 project as the authority may deem necessary or desirable;

13 r. To guarantee up to 90% of the amount of a loan to a person,
14 if the proceeds of the loan are to be applied to the purchase and
15 installation, in a building devoted to industrial or commercial
16 purposes, or in an office building, of an energy improvement
17 system;

18 s. To employ consulting engineers, architects, attorneys, real
19 estate counselors, appraisers, and such other consultants and
20 employees as may be required in the judgment of the redevelopment
21 utility to carry out the purposes of P.L.1974, c.80 (C.34:1B-
22 1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-4.1), P.L.2000,
23 c.72 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and
24 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.),
25 P.L.2007, c.137 (C.52:18A-235 et al.), and sections 3 through 18 of
26 P.L.2009, c.90 (C.52:27D-489c et al.), and to fix and pay their
27 compensation from funds available to the redevelopment utility
28 therefor, all without regard to the provisions of Title 11A of the
29 New Jersey Statutes;

30 t. To do and perform any acts and things authorized by
31 P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401
32 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal
33 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
34 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and
35 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.),
36 under, through or by means of its own officers, agents and
37 employees, or by contract with any person;

38 u. To procure insurance against any losses in connection with
39 its property, operations or assets in such amounts and from such
40 insurers as it deems desirable;

41 v. To do any and all things necessary or convenient to carry out
42 its purposes and exercise the powers given and granted in P.L.1974,
43 c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-
44 4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal
45 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
46 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and
47 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.);

1 w. To construct, reconstruct, rehabilitate, improve, alter, equip,
2 maintain or repair or provide for the construction, reconstruction,
3 improvement, alteration, equipping or maintenance or repair of any
4 development property and lot, award and enter into construction
5 contracts, purchase orders and other contracts with respect thereto,
6 upon such terms and conditions as the authority shall determine to
7 be reasonable, including, but not limited to, reimbursement for the
8 planning, designing, financing, construction, reconstruction,
9 improvement, equipping, furnishing, operation and maintenance of
10 any such development property and the settlement of any claims
11 arising therefrom and the establishment and maintenance of reserve
12 funds with respect to the financing of such development property;

13 x. When authorized by the governing body of a municipality
14 exercising jurisdiction over an urban growth zone, to construct,
15 cause to be constructed or to provide financial assistance to projects
16 in an urban growth zone which shall be exempt from the terms and
17 requirements of the land use ordinances and regulations, including,
18 but not limited to, the master plan and zoning ordinances, of such
19 municipality;

20 y. To enter into business employment incentive agreements as
21 provided in the "Business Employment Incentive Program Act,"
22 P.L.1996, c.26 (C.34:1B-124 et al.);

23 z. To enter into agreements or contracts, execute instruments,
24 and do and perform all acts or things necessary, convenient or
25 desirable for the purposes of the redevelopment utility to carry out
26 any power expressly provided pursuant to P.L.1974, c.80 (C.34:1B-
27 1 et seq.), P.L.2000, c.72 (C.18A:7G-1 et al.), and P.L.2007, c.137
28 (C.52:18A-235 et al.), including, but not limited to, entering into
29 contracts with the State Treasurer, the Commissioner of Education,
30 districts, the New Jersey Schools Development Authority, and any
31 other entity which may be required in order to carry out the
32 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.2007, c.137
33 (C.52:18A-235 et al.), and sections 3 through 18 of P.L.2009, c.90
34 (C.52:27D-489c et al.);

35 aa. (Deleted by amendment, P.L.2007, c.137);

36 bb. To make and contract to make loans to local units to finance
37 the cost of school facilities projects and to acquire and contract to
38 acquire bonds, notes or other obligations issued or to be issued by
39 local units to evidence the loans, all in accordance with the
40 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), and P.L.2007,
41 c.137 (C.52:18A-235 et al.);

42 cc. Subject to any agreement with holders of its bonds issued to
43 finance a project or school facilities project, obtain as security or to
44 provide liquidity for payment of all or any part of the principal of
45 and interest and premium on the bonds of the authority or for the
46 purchase upon tender or otherwise of the bonds, lines of credit,
47 letters of credit, reimbursement agreements, interest rate exchange
48 agreements, currency exchange agreements, interest rate floors or

1 caps, options, puts or calls to hedge payment, currency, rate, spread
2 or similar exposure or similar agreements, float agreements,
3 forward agreements, insurance contract, surety bond, commitment
4 to purchase or sell bonds, purchase or sale agreement, or
5 commitments or other contracts or agreements, and other security
6 agreements or instruments in any amounts and upon any terms as
7 the authority may determine and pay any fees and expenses required
8 in connection therewith;

9 dd. To charge to and collect from local units, the State and any
10 other person, any fees and charges in connection with the
11 authority's actions undertaken with respect to school facilities
12 projects, including, but not limited to, fees and charges for the
13 authority's administrative, organization, insurance, operating and
14 other expenses incident to the financing of school facilities projects;

15 ee. To make loans to refinance solid waste facility bonds
16 through the issuance of bonds or other obligations and the execution
17 of any agreements with counties or public authorities to effect the
18 refunding or rescheduling of solid waste facility bonds, or otherwise
19 provide for the payment of all or a portion of any series of solid
20 waste facility bonds. Any county or public authority refunding or
21 rescheduling its solid waste facility bonds pursuant to this
22 subsection shall provide for the payment of not less than fifty
23 percent of the aggregate debt service for the refunded or
24 rescheduled debt of the particular county or public authority for the
25 duration of the loan; except that, whenever the solid waste facility
26 bonds to be refinanced were issued by a public authority and the
27 county solid waste facility was utilized as a regional county solid
28 waste facility, as designated in the respective adopted district solid
29 waste management plans of the participating counties as approved
30 by the department prior to November 10, 1997, and the utilization
31 of the facility was established pursuant to tonnage obligations set
32 forth in their respective interdistrict agreements, the public
33 authority refunding or rescheduling its solid waste facility bonds
34 pursuant to this subsection shall provide for the payment of a
35 percentage of the aggregate debt service for the refunded or
36 rescheduled debt of the public authority not to exceed the
37 percentage of the specified tonnage obligation of the host county for
38 the duration of the loan. Whenever the solid waste facility bonds
39 are the obligation of a public authority, the relevant county shall
40 execute a deficiency agreement with the authority, which shall
41 provide that the county pledges to cover any shortfall and to pay
42 deficiencies in scheduled repayment obligations of the public
43 authority. All costs associated with the issuance of bonds pursuant
44 to this subsection may be paid by the authority from the proceeds of
45 these bonds. Any county or public authority is hereby authorized to
46 enter into any agreement with the authority necessary, desirable or
47 convenient to effectuate the provisions of this subsection.

1 The authority shall not issue bonds or other obligations to effect
2 the refunding or rescheduling of solid waste facility bonds after
3 December 31, 2002. The authority may refund its own bonds issued
4 for the purposes herein at any time;

5 ff. To pool loans for any local government units that are
6 refunding bonds and do and perform any and all acts or things
7 necessary, convenient or desirable for the purpose of the authority
8 to achieve more favorable interest rates and terms for those local
9 governmental units;

10 gg. To finance projects approved by the board, provide staff
11 support to the board, oversee and monitor progress on the part of
12 the board in carrying out the revitalization, economic development
13 and restoration projects authorized pursuant to the "Municipal
14 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
15 (C.52:27BBB-1 et al.) and otherwise fulfilling its responsibilities
16 pursuant thereto;

17 hh. To offer financial assistance to qualified film production
18 businesses as provided in the "New Jersey Film Production
19 Assistance Act," P.L.2003, c.182 (C.34:1B-178 et al.);

20 ii. To finance or develop private or public parking facilities or
21 structures, which may include the use of solar photovoltaic
22 equipment, in municipalities qualified to receive State aid pursuant
23 to the provisions of P.L.1978, c.14 (C.52:27D-178 et seq.) and
24 municipalities that contain areas designated pursuant to P.L.1985,
25 c.398 (C.52:18A-196 et al.) as Planning Area 1 (Metropolitan),
26 Planning Area 2 (Suburban), or a town center, and to provide
27 appropriate assistance, including but not limited to, extensions of
28 credit, loans, and guarantees, to municipalities qualified to receive
29 State aid pursuant to the provisions of P.L.1978, c.14 (C.52:27D-
30 178 et seq.) and municipalities that contain areas designated
31 pursuant to P.L.1985, c.398 (C.52:18A-196 et seq.) as Planning
32 Area 1 (Metropolitan), Planning Area 2 (Suburban), or a town
33 center, and their agencies and instrumentalities or to private entities
34 whose projects are located in those municipalities, in order to
35 facilitate the financing and development of parking facilities or
36 structures in such municipalities. The authority may serve as the
37 issuing agent of bonds to finance the undertaking of a project for
38 the purposes of this subsection; **and**

39 jj. To make grants for the planning, designing, acquiring,
40 constructing, reconstructing, improving, equipping, and furnishing
41 of a project, including, but not limited to, grants for working capital
42 and meeting payroll requirements, upon such terms and conditions
43 as the authority shall deem reasonable, during periods of emergency
44 declared by the Governor and for the duration of economic
45 disruptions due to the emergency; and

46 kk. To make equity investments in businesses requiring capital
47 investment during major economic emergencies, that are otherwise
48 financially healthy businesses pursuant to the terms of "Economic

1 Emergency Investment Stabilization Act” established pursuant to
2 P.L. , c. (C.) (pending before the Legislature as this bill).
3 (cf: P.L.2020, c.8, s.1)

4
5 7. This act shall take effect immediately.

6
7
8 STATEMENT

9
10 This bill, entitled the “Economic Emergency Investment
11 Stabilization Act,” creates the “Economic Emergency Investment
12 Stabilization Program” (program) to allow the New Jersey
13 Economic Development Authority (authority) to make direct equity
14 investments in businesses that have been financially harmed by a
15 “major economic emergency,” as defined in the bill.

16 Under the bill, the authority is limited to making investments of
17 between \$100,000 and \$1,000,000 and can only make an investment
18 in a business during a period from the time that the economic
19 emergency is declared to six months after the major economic
20 emergency has ended. The authority is to utilize: 1) amounts from
21 the “Economic Recovery Fund”; 2) moneys received by the
22 authority from the prior sale of equity stakes in businesses under
23 this program; and 3) other moneys of the authority, including but
24 not limited to, any moneys available from other business assistance
25 programs administered by the authority which it is authorized and
26 determines to deposit therein.

27 A business seeking the investment is to have identified at least
28 \$1 of new outside investment in the last 90 days for each \$1 of
29 investment that the business seeks from the authority. While the
30 authority may provide up to 50 percent of the investments, up to \$1
31 million, made during a funding round, its total investment in the
32 business is limited to a 25 percent equity stake overall. Any equity
33 investment made by the authority is to be on equal or better terms,
34 for the authority, than those made by any of the outside investors.
35 The authority is only to make an investment if it determines that the
36 potential equity investment will be a material factor in the financial
37 success or failure of the business during the major economic
38 emergency, and that the business is likely, at the conclusion of the
39 economic emergency, to return to a level of financial viability that
40 will allow the authority to exit its equity stake without taking a loss
41 on its investment. The authority is only to maintain its investment
42 for a period of one to 10 years after the end of the major economic
43 emergency, and can only maintain its investment for a longer period
44 of time if it was unable to sell the investment during the first 10
45 years without taking a loss, and the anticipated increase in value by
46 holding the investment for more than 10 years exceeds the public
47 benefit that would accrue from selling the investment and using the
48 proceeds for some other eligible use of the “Economic Recovery

1 Fund.” Once 12 months have passed from the end of the major
2 economic emergency, the authority is to take all funds in the
3 pandemic investment stabilization fund and transfer them into the
4 “Economic Recovery Fund,” as well as any future receipts from the
5 sale of equity investments that were made under the major
6 economic emergency.