

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 4210

STATE OF NEW JERSEY

DATED: DECEMBER 16, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4210 (1R).

This bill requires the New Jersey Economic Development Authority (authority) to establish and administer a low-interest loan program (loan program) to provide loans to qualified small to medium-sized businesses, with the loan funds being used to pay for the cost of reasonable workplace accommodations for employees with disabilities.

Under the bill, a qualified small to medium-sized business (qualified business) seeking a loan is to apply to the authority, in a form and manner as determined by the authority, and is to include information concerning the proposed accessibility improvements that the loan funds will be used to make, along with any additional information the authority deems necessary for participation in the loan program. The authority is to review completed applications and approve those applications that meet the requirements provided in the bill. In order to receive a loan from the authority, a business is to be deemed by the authority to meet the criteria of a qualified business and meet any other criteria established by the authority for that purpose pursuant to rules and regulations adopted by the authority. A qualified business that applies for a loan under the loan program is not to be disqualified from participating in any other business assistance program administered by the authority or any other State agency by virtue of receiving a loan under the loan program.

The bill requires that a loan to a qualified business is to: (1) be made pursuant to a loan agreement with the authority; (2) bear interest at lower rates and with more flexible repayment terms than are available to businesses from private lenders through conventional business loans, as deemed appropriate by the authority; and (3) contain other terms and conditions considered appropriate by the authority that are consistent with the purposes of the bill and with rules and regulations adopted by the authority.

The authority is to require a qualified business that receives a loan to submit an annual audited financial statement to the authority in order to ensure the continued viability of the qualified business. The financial statement is to be accompanied by a disclosure statement

from the qualified business, on a form and in a manner determined by the authority, showing evidence that: (1) the qualified business purchased and installed equipment that is used to provide a reasonable workplace accommodation to an employee with disabilities; and (2) an employee with disabilities that is being provided with an accommodation is employed by the qualified business on the date of submission of the disclosure statement to the authority.

The authority may, either through the adoption of rules and regulations, or through the terms of the loan agreement, establish terms governing the incidence of default by a qualified business that receives a loan under the loan program.

The authority may participate in, cooperate with, and utilize any program of any agency or instrumentality of the federal government, or of any loan or other program of the authority or any other State agency in the administration of the loan program.

The authority is to publicly advertise the availability of the loans to qualified businesses and other provisions of the loan program in a manner determined by the authority.

FISCAL IMPACT:

The Office of Legislative Services finds that the New Jersey Economic Development Authority (EDA) will incur indeterminate annual increased costs to establish and administer the loan program. The magnitude of the annual cost increases will depend upon the number of loan applications received each year, amounts requested by qualified small to medium-sized businesses, and the source of the loan program funding, which cannot be known at this point.

The EDA will realize indeterminate annual increased revenues in the form of loan repayments from qualified businesses that are issued the low-interest loans, including any fees or other borrowing costs imposed pursuant to the terms of the loan agreements. The amount of the revenue increase will depend upon the interest rates and fees charged to borrowers, the total amount of loans issued, and the eventual loan default rate. None of this information can be projected at this point because the EDA is given discretion to design the loan program as it deems appropriate, with the only significant financial conditions being that the loans bear interest at lower rates and with more flexible repayment terms than are available from private lenders through conventional business loans.