

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 123

STATE OF NEW JERSEY

DATED: JUNE 16, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 123 (1R).

This bill requires the New Jersey Economic Development Authority to establish and maintain the “Small Business Bonding Readiness Assistance Program.”

Under the program, the authority is to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or federal government. The bill requires the authority to enter into an agreement with a non-profit business advocacy association concerning the association’s provision of support services and assistance to small businesses seeking surety bonding.

The bill requires the support services and assistance provided by the non-profit business advocacy association to be designed to increase small businesses’ bonding knowledge and capacity for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions.

The bill requires the State Treasurer to annually transfer \$250,000 from the urban enterprise zone assistance fund to the “Small Business Bonding Readiness Assistance Fund,” a special non-lapsing revolving fund established by the bill as part of the program. The bill provides for the assistance fund to be used by the authority to provide grant funding to small businesses that participate in the program, grant funding to an association that provides small businesses participating in the program with support services and assistance, and to administer the program.

In addition to the money annually transferred from the urban enterprise zone assistance fund, the bill permits the assistance fund to be credited with money made available by the authority for the assistance fund and money received by the authority from any public or private donations.

The bill takes effect immediately but remains inoperative for 30 days following the date of enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects this bill will result in an indeterminate recurring increase in State expenditures, but lacks sufficient information to determine the magnitude of the expected increase. In large part, it is not currently known the size and scope of the program that will be implemented and administered by the authority, the extent of the support services and assistance that will be provided by the non-profit association that enters an agreement with the authority, or the number of businesses that will participate in the program following enactment.

The OLS notes that the bill requires the State Treasurer to annually transfer \$250,000 from the urban enterprise zone assistance fund to the “Small Business Bonding Readiness Assistance Fund” established by the bill. This annual transfer of funds will provide a dedicated source of State revenues to support the program, but represents a decrease of revenues that, absent the bill, otherwise would have been available to fund projects and initiatives undertaken by urban enterprise zone municipalities or to support State General Fund programs and services, as is required by existing budget language.