

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 123

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Senate Bill No. 123 (2R).

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

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

As reported, this bill is identical to Assembly Bill No. 3559 (1R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate cost increase to the New Jersey Economic Development Authority (EDA), determined by the EDA need to administer the “Small Business Bonding Readiness Assistance Fund.” That need depends on the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding, pursuant to the terms of an agreement with a non-profit business advocacy association, which is to be provided grant funding for providing those services.

The OLS finds that the EDA will need to provide funding from the assistance fund for providing grant funding to the small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services depends on the number of participating small businesses and the cost of the support services provided under the program.

Although the costs to the EDA in providing support services, and the moneys the EDA makes available and receives from any public or private donations to support the assistance fund are unknown, the OLS expects that the EDA will be able to absorb the administrative expenditures related to the establishment and administration of the program and assistance fund within the EDA's existing resources.