

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3965

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 4, 2020

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3965.

As amended and reported, this bill expands an existing loan program administered by the New Jersey Economic Development Authority (EDA) to include loans to a “small producer or retailer of alcoholic beverages” (small producer or retailer) for qualified operating expenses during a pandemic. As defined in the bill, a small producer or retailer is a business:

1) that has been issued and is operating in compliance with, a limited brewery license, a restricted brewery license, a plenary winery license, a farm winery license, a cidery and meadery license, a limited distillery license, a supplementary limited distillery license, or a craft distillery license; or

2) having 10 or fewer employees that has been issued and is operating in compliance with, a Class C license.

The bill allows the EDA to discontinue providing loans for qualified operating expenses once the Governor has rescinded a declared state of emergency and public health emergency pertaining to a pandemic. These loans may be issued at an interest rate equal to the prime rate or up to three percentage points above the prime rate.

The bill expands the non-emergency loan program to allow the EDA to provide, on a permanent basis, loans to a small producer or retailer to be used for “qualified small producer or retailer capital expenses” just as the current program permits loans to vineyards or wineries for qualified vineyard and winery capital expenses. As defined in the bill, a “qualified small producer or retailer capital expense” is an amount paid by a small producer or retailer for the purchase of plant, machinery, equipment, or other associated item, for the purpose of an expansion of the business model of the small producer or retailer to alleviate the financial burdens or economic hardship imposed by a pandemic and use by the small producer or retailer within the State in the manufacture, sale, or both, of alcoholic beverages. A “qualified small producer or retailer capital expense” includes, but is not to be limited to:

1) amounts actually paid by the small producer or retailer; and

2) amounts promised to be paid under firm purchase contracts actually executed during the tax year; provided, however, that a small producer or retailer is not to claim a qualified small producer or retailer capital expense that was claimed by the small producer or retailer in a prior tax year.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

1) include small retailers of alcoholic beverages in the expansion of the loan program;

2) include in the definition of “small producer or retailer of alcoholic beverages” a business having 10 or fewer employees that has been issued, pursuant to R.S.33:1-12, and is operating in compliance with, a Class C license;

3) require in the definition of “qualified small producer or retailer capital expense” that the amount paid by a small producer or retailer for the purchase of plant, machinery, equipment, or other associated item is to be for the purpose of an expansion of the business model of a small producer or retailer to alleviate the financial burdens or economic hardship imposed by a pandemic and for use by the small producer or retailer within the State in the manufacture, sale, or both, of alcoholic beverages; and

4) make a correction to a subsection referenced in the bill.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.