

SENATE, No. 1157

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Establishes Emerging Technology Urban Grant Program in EDA.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/24/2020)

1 AN ACT establishing the Emerging Technology Grant Program and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
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7 1. The Legislature finds, declares, and determines that:

8 a. High-growth start-up technology companies are critical to
9 developing urban areas into vibrant economies that thrive on
10 innovation and entrepreneurship.

11 b. New Jersey should catalyze the transformation of specified
12 urban areas by attracting emerging technology businesses to create
13 high-quality jobs and a sustainable knowledge-based economy
14 through the establishment of an Emerging Technology Urban Grant
15 Program.

16 c. The goal of the Emerging Technology Urban Grant Program
17 is to attract high-growth emerging technology businesses to urban
18 areas, called urban technology zones, through financial incentives
19 for their use of a cloud-based capacity-building technology service,
20 which is a computing service that allows a user to retrieve stored
21 information and resources from the Internet through web-based
22 tools and applications rather than through a direct connection to a
23 server.

24 d. The creation of urban technology zones comprised of high-
25 bandwidth emerging technology businesses that rely on cloud
26 computing services will accelerate the transformation of these urban
27 areas and reconnect them to the larger economy.

28 e. The New Jersey Economic Development Authority, through
29 the Emerging Technology Urban Grant Program, shall seek to
30 consolidate public and private economic development efforts
31 through various funding sources into one targeted program to attract
32 high-growth emerging technology businesses.
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34 2. As used in P.L. , c. (C.) (pending before the
35 Legislature as this bill):

36 "Authority" means the New Jersey Economic Development
37 Authority established pursuant to section 4 of P.L.1974, c.80
38 (C.34:1B-4).

39 "Chief Executive Officer" means the Chief Executive Officer of
40 the New Jersey Economic Development Authority.

41 "Cloud computing service" means a service that enables on-
42 demand self-service network access to a shared pool of configurable
43 computer resources to provide user-based productivity applications,
44 including, but not limited to, data storage, analytics, electronic
45 commerce, streaming services, mobile services, electronic mail, and
46 document sharing and editing, which can be rapidly provided and
47 released with minimal management effort or cloud computing
48 service provider interaction.

1 “Emerging technology business” or “business” means a
2 corporation, partnership, limited liability company, or sole
3 proprietorship that is engaged in the design, development, and
4 introduction of new technology, including, but not limited to,
5 biotechnology, information technology, technology manufacturing,
6 advanced materials, processing engineering or electronic
7 technology products, or innovative manufacturing processes.

8 “Full-time employee” means a person who is employed for
9 consideration for at least 35 hours a week, or who renders any other
10 standard of service generally accepted by custom or practice as full-
11 time employment, whose wages are subject to withholding as
12 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
13 et seq., and who is determined by the authority to be employed in a
14 permanent position according to criteria it develops, or who is a
15 partner of an eligible partnership, who works for the partnership for
16 at least 35 hours a week, or who renders any other standard of
17 service generally accepted by custom or practice as full-time
18 employment, and whose distributive share of income, gain, loss, or
19 deduction, or whose guaranteed payments, or any combination
20 thereof, is subject to the payment of estimated taxes, as provided in
21 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
22 "Full-time employee" shall not include any person who works as an
23 independent contractor or on a consulting basis for the business.

24 “Headquarters” means the single location that serves as the
25 national administrative center of a business, at which the primary
26 office of the chief executive officer or chief operating officer of the
27 business, as well as the offices of the management officials
28 responsible for key business-wide functions such as finance, legal,
29 marketing, and human resources, are located.

30 “Information technology” means software publishing, digital
31 media production, telecommunications, data processing, hosting
32 and related services, custom computer programming services,
33 computer system design, computer facilities management services,
34 other computer-related services, and computer training.

35 “Program” means the Emerging Technology Urban Grant
36 Program, established pursuant to section 3 of P.L. , c. (C.)
37 (pending before the Legislature as this bill).

38 “Urban technology zone” ” means: a city of the first class in
39 which there is located a terminal of an international airport; a city
40 of the second class that is the State capital; a city that qualifies
41 under the “Municipal Rehabilitation and Economic Recovery Act,”
42 P.L.2002, c.43 (C.52:27BBB-1 et al.); and a city of the second
43 class, having a population greater than 54,000 people but less than
44 59,000 according to the latest federal decennial census, in a county
45 of the second class having a population greater than 808,000 people
46 but less than 818,000 people according to the latest federal
47 decennial census.

1 3. a. The authority shall, subject to appropriation, establish an
2 “Emerging Technology Urban Grant Program” within the authority
3 for the purpose of awarding grants to qualifying emerging
4 technology businesses to cover to cost of using cloud computing
5 services in order to encourage the businesses to locate in an urban
6 technology zone, facilitating economic growth and job creation in
7 New Jersey’s urban core. The award of a grant to a qualifying
8 business shall, subject to appropriation, be limited to the amount of
9 the cost of cloud computing services and shall be applied to cover
10 the cost of those services.

11 b. The Chief Executive Officer shall approve for grant
12 eligibility an emerging technology business that:

13 (1) is located in an urban technology zone;

14 (2) commits to maintaining its United States headquarters in an
15 urban technology zone for the duration of the grant term of two years
16 and at least three additional years;

17 (3) employs 100 or less full-time employees; and

18 (4) has experienced a net increase of 20 percent in full-time
19 employees or an increase of 20 percent in gross annual revenue
20 during the twelve-month period preceding the application.

21 c. An emerging technology business seeking to participate in
22 the program shall submit an application in a form determined by the
23 Chief Executive Officer. The application shall include information
24 that the Chief Executive Officer determines is necessary to
25 administer the program. All applications shall be submitted prior to
26 June 30, 2022 and shall be reviewed by the authority by December
27 31, 2022.

28 d. The Chief Executive Officer shall award the grant upon the
29 submission of proof by an approved emerging technology business
30 that the business has fulfilled the eligibility requirements pursuant
31 to subsection b. of this section and any other requirements
32 determined by the authority. The submission of proof shall be
33 subject to review and audit by the authority in consultation with the
34 Department of Labor and Workforce Development.

35 e. The value of a grant made under the program shall be no
36 more than \$125,000 per quarter for two years, provided that the
37 grantee shall not receive more than \$1,000,000 in grants pursuant to
38 this section over the duration of the program. The sum of grants
39 awarded under the program shall not exceed \$80,000,000, with not
40 more than \$20,000,000 granted to businesses in each urban
41 technology zone.

42 f. The Chief Executive Officer shall release grant funds to
43 grantees quarterly upon the business’s submission of proof of
44 payment for cloud computing services and usage reports for the
45 relevant three months, submission of proof that the business has
46 continued to experience a net increase of 20 percent in full-time
47 employment or an increase of 20 percent in annual gross revenue
48 during the preceding twelve-months, and any other requirements
49 determined by the authority. The submission of proof shall be

1 subject to review and audit by the authority in consultation with the
2 Department of Labor and Workforce Development.

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4 4. The authority shall, subject to appropriation, develop a
5 marketing program in conjunction with local officials from each
6 urban technology zone to promote and attract emerging technology
7 businesses to the urban technology zones.

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9 5. The authority shall, subject to appropriation, engage with
10 providers of cloud computing services to ensure that the maximum
11 amount of credits and discounts for cloud computing services are
12 being provided to emerging technology businesses located in urban
13 technology zones in addition to grants awarded under the program.

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15 6. The authority shall review the performance of the Emerging
16 Technology Urban Grant Program and shall report to the
17 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
18 19.1), on the performance and economic impact of the program
19 within two years of the date of enactment.

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21 7. The authority may adopt rules and regulations, pursuant to
22 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
23 et seq.), necessary for the implementation of P.L. , c. (C.)
24 (pending before the Legislature as this bill), which may include, but
25 not be limited to, a procedure for recapturing grants awarded
26 pursuant to P.L. , c. (C.) (pending before the Legislature as
27 this bill) in cases in which the authority determines that the
28 emerging technology business receiving the grant award fails to
29 meet any condition or requirement established by the authority and
30 attached to the receipt of the grant award or included in rules and
31 regulations adopted by the authority governing the implementation
32 of the program.

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34 8. In addition to any monies appropriated to the authority to
35 effectuate the purposes of P.L. , c. (C.) (pending before the
36 Legislature as this bill), the program shall also be credited with:

37 a. any additional monies made available by the authority for
38 the purposes of the program; and

39 b. monies received by the authority from any public or private
40 source for the purposes of the program, the coordination and
41 consolidation of which shall enhance efforts to attract emerging
42 technology businesses to accelerate the development of urban
43 technology zones.

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45 9. This act shall take effect on the 60th day following the date
46 of enactment, except the authority may take any anticipatory
47 administrative action in advance as shall be necessary for the
48 implementation of this act.

STATEMENT

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This bill establishes, subject to appropriation, the Emerging Technology Urban Grant Program (program) in the New Jersey Economic Development Authority (EDA) for the purpose of awarding grants to qualifying emerging technology businesses in order to encourage the businesses to locate in one of four urban technology zones to acquire cloud computing services that will facilitate the business's growth and creation of full-time employment. The award of a grant to a qualifying business, subject to appropriation, is to be applied to covering the cost of using cloud computing services.

The bill establishes an urban technology zone in Newark, Trenton, Camden, and New Brunswick.

The Chief Executive Officer of the EDA is to approve for grant eligibility an emerging technology business that:

- 1) is located in an urban technology zone;
- 2) commits to maintaining its United States headquarters in an urban technology zone for the duration of the grant term of two years and at least three additional years;
- 3) employs no more than 100 full-time employees; and
- 4) has experienced a net increase of 20 percent in full-time employment or an increase of 20 percent in annual gross revenue during the twelve-month period preceding the application.

The Chief Executive Officer is to issue payment of the grant upon the submission of proof by an approved emerging technology business that the business has fulfilled the eligibility requirements established pursuant to the bill, has maintained required increases in full-time employment or revenue growth, and any other requirements determined by the EDA. The submission of proof is to be subject to review and audit by the EDA and the Department of Labor and Workforce Development.

This bill provides that the value of the grant is to be up to \$125,000 per quarter for two years, provided that no grantee receives more than \$1,000,000 in grants over the duration of the program, and that the sum of grants awarded under the program is not to exceed \$80,000,000, with no more than \$20,000,000 granted to businesses in each urban technology zone.

The bill provides that, in addition to any monies appropriated to the EDA to effectuate the purposes of bill, the program is to also be credited with any additional monies made available by the EDA for the purposes of the program and monies received by the EDA from any public or private source for the purposes of the program, the coordination and consolidation of which is to enhance efforts to attract emerging technology businesses to accelerate the development of urban technology zones.