

ASSEMBLY, No. 92

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ROONEY

1 AN ACT to establish a program in the New Jersey Economic  
2 Development Authority to provide assistance to owners of dry  
3 cleaning businesses for the purchase and installation of certain  
4 equipment used for control and abatement of certain toxic  
5 emissions and supplementing chapter 1B of Title 34 of the Revised  
6 Statutes.

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8 **BE IT ENACTED** by the Senate and General Assembly of the State  
9 of New Jersey:

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11 1. This act shall be known and may be cited as the "New Jersey  
12 Dry Cleaning Business Assistance Act of 1994."

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14 2. The Legislature finds and declares that: it is in the public interest  
15 for the State to establish a loan fund and guarantee program for  
16 owners of dry cleaning businesses who require financial assistance to  
17 purchase and install "Generation 4 dry cleaning equipment" in order to  
18 comply with State and federal limits on perchloroethylene emissions  
19 caused by the operation of such machinery; while "Generation 4 dry  
20 cleaning equipment" incorporates several advanced features that  
21 substantially reduce the amount of such releases, the cost of  
22 purchasing and installing this equipment makes it impractical for many  
23 small business owners to finance the purchase and installation thereof  
24 without financial assistance; the funding of a financial assistance  
25 program by the New Jersey Economic Development Authority is an  
26 appropriate use of monies available to the authority; such a program  
27 will assist ongoing efforts to reduce the levels of perchloroethylene  
28 emissions in the State and to meet national standards promulgated by  
29 the United States Environmental Protection Agency for hazardous  
30 waste generated by dry cleaning businesses.

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32 3. As used in this act:

33 "Area source cleaner" means any perchloroethylene dry cleaning  
34 facility including, but not limited to, facilities with owner-operated dry

1 cleaning machines or coin-operated dry cleaning machines operated by  
2 customers,

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

6 "Department" means the New Jersey Department of Commerce and  
7 Economic Development;

8 "Dry cleaning" means the process of cleaning clothing, garments,  
9 textiles, fabrics, leather goods, and the like, using perchloroethylene;

10 "Dry cleaning business" means a sole proprietorship, partnership or  
11 corporation that operates an area source dry cleaner;

12 "Dry-to-dry machine" means a one-machine dry cleaning operation  
13 in which washing and drying are performed in the same machine;

14 "Generation 4 dry cleaning equipment" means dry-to-dry machines  
15 with a stage of carbon absorbers or equivalent apparatus that reduces  
16 the level of perchloroethylene left in the drum of the machine to 300  
17 parts per million or less;

18 "Perchloroethylene emissions" means any gaseous or vaporous  
19 releases of perchloroethylene, tetrachloroethylene or its chemical  
20 equivalent, whether released into the indoor environment or outdoor  
21 environment;

22 "Program" means the "New Jersey Dry Cleaning Business  
23 Assistance Program" to be established by the authority pursuant to  
24 section 4 of P.L. , c. (C. )(now before the Legislature as this bill).

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26 4. There is established within the authority, the New Jersey Dry  
27 Cleaning Business Assistance Program. The purpose of the program  
28 shall be to provide financial assistance to owners of dry cleaning  
29 businesses for the purchase and installation of generation 4 dry  
30 cleaning equipment which reduces perchloroethylene emissions. The  
31 program shall be administered by the authority in consultation with the  
32 department. The purpose and activity of the program shall be deemed  
33 to be supplementary to, and not in lieu of, the powers of the authority.  
34

35 5. a. In order to effectuate the purpose of the program, the  
36 authority shall establish and maintain a special, revolving account to  
37 be known as the "New Jersey Dry Cleaning Business Assistance  
38 Account," hereinafter the "assistance account," which shall be credited  
39 with:

40 (1) an amount from the Economic Recovery Fund established pursuant  
41 to section 4 of P.L.1992, c.16 (C.34:1B-7.13) which the authority  
42 determines is necessary to effectively implement the program, within  
43 the limits of funding available from the Economic Recovery Fund, and  
44 based upon the response to the program by owners of dry cleaning  
45 businesses and by participating banks; (2) any moneys that shall be  
46 received by the authority from the repayment of the moneys in the

1 assistance account used to provide direct loans or loan guarantees  
2 pursuant to this section and interest thereon; and (3) other moneys of  
3 the authority, including but not limited to, any moneys available from  
4 other business loan programs administered by the authority which it  
5 determines to deposit therein.

6 b. The authority may use the moneys in the assistance account  
7 established pursuant to this section for:

8 (1) funding direct loans, the amounts of which shall be determined  
9 by the authority in consultation with the department, to assist eligible  
10 dry cleaning businesses with the purchase and installation of  
11 generation 4 dry cleaning equipment, and guaranteeing up to 25% of  
12 the amounts of loans to be provided by participating banks in  
13 accordance with section 7 of P.L. , c. (C. )(now before the  
14 Legislature as this bill);

15 (2) making payments in fulfillment of the terms of any direct loans,  
16 or guarantee agreements, entered into pursuant to section 7 of  
17 P.L. , c. (C. )(now before the Legislature as this bill); and

18 (3) defraying the administrative costs of the authority in carrying  
19 out the purposes and provisions of P.L. , c. (C. )(now before the  
20 Legislature as this bill).

21 c. The portion of the direct loans provided by participating banks  
22 may be guaranteed by the authority pursuant to section 7 of P.L. ,  
23 c. (C. )(now before the Legislature as this bill) if the owner of the  
24 dry cleaning business has qualified therefor by demonstrating to the  
25 satisfaction of the authority that the funds needed to purchase the  
26 generation 4 dry cleaning equipment would not otherwise be available  
27 to the business.

28 d. The maximum amount and term of a loan or guarantee made  
29 pursuant to P.L. , c. (c. )(now before the Legislature as this bill)  
30 shall be determined by the authority.

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32 6. (New section) The authority shall establish sufficient reserves  
33 and liquid reserves, aside from those moneys required to provide a  
34 sufficient and actuarially sound basis for its pledges contained in any  
35 loan, or guarantee agreement entered into pursuant to P.L. , c.  
36 (c. ) (now before the Legislature as this bill).

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38 7. (New section) The authority shall enter into agreements with  
39 participating banks to use the moneys from the assistance account to  
40 provide up to 25% of the direct loans to enable owners of dry cleaning  
41 businesses to purchase and install generation 4 dry cleaning equipment.

42 The agreements shall further provide that the balance of the loans  
43 for financing the purchase of such systems for eligible dry cleaning  
44 businesses shall come from participating banks. The authority may  
45 also use moneys from the assistance account to guarantee up to 25%  
46 of the portion of the loans to be provided by the participating banks in

1 those cases where the authority determines that such a guarantee is  
2 necessary for an agreement authorized by this section. The  
3 agreements shall also provide for any other terms or conditions which  
4 the authority and the participating banks stipulate to as being  
5 necessary or desirable to make loans, to guarantee loans and to  
6 otherwise effectuate the purpose of the program.

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8 8. (New section) In addition to the duties of the authority required  
9 under section 6 of P.L.1983, c.303 (C.52:27H-65), the authority shall,  
10 in consultation with the department, prepare a report within one year  
11 following the effective date of P.L. , c. (C. )(now before the  
12 Legislature as this bill). The report shall include, but not be limited to,  
13 a description of the demand for the program from eligible dry cleaning  
14 businesses and participating banks, the efforts made by the authority  
15 to promote the program, the total amount of loans, or guarantees  
16 issued by the authority pursuant to the program and an assessment of  
17 the effectiveness of the program in meeting the goals of P.L. , c.  
18 (C. )(now before the Legislature as this bill). The authority shall  
19 submit its report to the Governor and the Legislature, along with any  
20 recommendations for legislation to improve the effectiveness of the  
21 program.

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23 9. (New section) The authority and the department shall jointly  
24 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,  
25 c.410 (C.52:14B-1 et seq.), rules and regulations as may be necessary  
26 to effectuate the purposes of P.L. , c. (C. )(now before the  
27 Legislature as this bill) including, but not limited to, the making of  
28 loans, and the issuance of guarantees pursuant to P.L. , c.  
29 (C. )(now before the Legislature as this bill).

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31 10. This act shall take effect immediately, but shall remain  
32 inoperative until the enactment into law of P.L. , c. (C. )(now  
33 before the Legislature as Assembly Bill No. 1917 of 1994) or  
34 legislation of substantially similar effect.

#### 35 36 37 STATEMENT

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39 This bill establishes a "New Jersey Dry Cleaning Business  
40 Assistance Program" in the New Jersey Economic Development  
41 Authority to assist owners of dry cleaning businesses in purchasing and  
42 installing state-of-the-art dry-cleaning equipment which reduces the  
43 amount of perchloroethylene released as part of the dry cleaning  
44 process. The program is intended to provide access to funding which  
45 might otherwise not be available to these businesses by directing the  
46 authority to make direct loans and to give loan guarantees, in

1 conjunction with a consortium of participating banks, to eligible  
2 businesses for the purchase of more technologically advanced dry  
3 cleaning equipment.

4 The program will be administered by the authority in consultation  
5 with the Department of Commerce and Economic Development.

6 The bill establishes a special, revolving account to be known as the  
7 "New Jersey Dry Cleaning Business Assistance Account" (the  
8 assistance account), which shall be credited with such amount from the  
9 Economic Recovery Fund, established pursuant to section 4 of  
10 P.L.1992, c.16 (C.34:1B-7.13), as the authority shall determine is  
11 necessary to effectively implement the program based upon demand  
12 from eligible dry-cleaning businesses, and participating banks. The  
13 assistance account shall also be credited with other available moneys  
14 including, but not limited to, moneys in the business loan programs  
15 administered by the authority, which the authority determines to  
16 deposit therein.

17 The bill establishes a means to leverage the moneys in the assistance  
18 account through a public/private partnership between the Economic  
19 Development Authority and participating banks whereby up to 25% of  
20 the loan needed for the purchase of new dry cleaning equipment would  
21 be provided by the account with the balance of the loan to be provided  
22 by participating banks.

23 Rules and regulations to administer the program would be adopted  
24 jointly by the authority and the Department of Commerce and  
25 Economic Development.

26 The bill requires the authority, in consultation with the department,  
27 to report back to the Governor and the Legislature within one year  
28 following the effective date of the bill on the status of the program and  
29 any recommendations for legislation to better effectuate the goals of  
30 the program.

31 The bill would remain inoperative until the enactment of legislation  
32 setting forth standards and requirements for state-of-the-art dry  
33 cleaning equipment.

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37 The "New Jersey Dry Cleaning Business Assistance Act."