ASSEMBLY, No. 1064

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman AZZOLINA

AN ACT to authorize the Economic Development Authority to provide certain financial assistance for the development and revitalization of businesses.

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

1. This act shall be known and may be cited as the "New Jersey Industry Development and Business Revitalization Assistance Act."

2. The Legislature finds and declares that:

a. The State's economic recovery can best be sustained by identifying industry sectors with good growth potential, and then intensifying and targeting financial assistance to businesses in such sectors;

b. State financial resources are limited and, as such, must be allocated to those businesses that can best assure that the State gets the maximum economic return from its investment; and

c. Long-term and permanent job creation, and the significance of a business to the State's economy are important factors for the authority to consider before committing State financial assistance to a business.

3. As used in this act:

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

"Industry sector network" means clusters of two or more businesses within a key industry working jointly to manufacture, sell or market products, develop technologies or create or disseminate information; and

"Key industry" means an industry that makes or could make an important contribution to the economy of the State which may include, but need not be limited to, health care, pharmaceuticals, chemicals, communications, telecommunications, electronics, software, insurance,

tourism, transportation, construction, agriculture, and biotechnology.

4. The authority may provide financial assistance to businesses and non-profit, business-related groups if the authority determines that :

a. A business to be assisted has substantial long-term job growth potential and that the assistance represents an investment of State funds which offers a high return in the retention, expansion, or creation of jobs;

b. Although a business to be assisted has declined, an analysis of that business by the authority indicates that the decline can be reversed if certain specific investments, based on a revitalization strategy, are made;

c. The recipient is a non-profit group that has organized to assist businesses with the establishment of industry sector networks, start-up services, personnel training, or other services intended to promote long-term job creation; or

d. An industry sector network requires "seed" money for start-up costs and activities associated with development of the network.

As used in this section, "industry sector network" means clusters of two or more businesses that are (1) within an industry that makes or could make an important contribution to the economy of the State, which may include, but need not be limited to, healthcare, pharmaceuticals, chemicals, communications, telecommunications, electronics, software, insurance, tourism, transportation, construction, agriculture, and biotechnology, and (2) working jointly to manufacture, sell or market products, develop technologies or create or disseminate information.

5. Financial assistance provided by the authority pursuant to section 4 of this act may be in the form of loans, or loan guarantees and shall be made from funds available to the authority for economic development.

6. Within 18 months following the effective date of this act, and on or before February 15 of each succeeding year, the authority shall submit a report to the Governor and the Legislature describing the demand for assistance, the efforts made by the authority to promote the development of industry sector networks and the revitalization of businesses with long-term job growth potential, and an assessment of the effectiveness of providing financial assistance in meeting the goals of the act.

7. The commission shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt any rule and regulation necessary to effectuate the purposes of this act.

8. This act shall take effect immediately.

STATEMENT

This bill authorizes the Economic Development Authority to use its financial resources for assistance to: (1) industries with substantial long-term job growth potential and which offer a high return on the State's investment; (2) industries experiencing a decline which, in the EDA's analysis, can be reversed by specific investments in certain strategic areas; (3) non-profit groups organized to assist businesses with the establishment of industry sector networks, start-up services, personnel training, or other services intended to promote long-term job creation; and an industry sector network that requires "seed" money for start-up costs and activities associated with development of the network.

The bill authorizes the EDA to provide financial assistance in the form of loans or loan guarantees. In addition, the bill requires the EDA to submit to the Governor and the Legislature, within 18 months of the bill's effective date, a report describing the demand for assistance, the efforts made by the EDA to promote the development of industry sector networks and the revitalization of businesses with long-term growth potential, and an assessment of the effectiveness of providing financial assistance in meeting the goals of the bill.

Authorizes EDA to provide certain financial assistance to businesses.