

ASSEMBLY, No. 2686

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Assemblymen GEIST, CARABALLO, Azzolina, Asselta,
Gibson, Lance, Wolfe, Assemblywoman Heck, Assemblymen
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1 AN ACT to provide incentive grants and loans to assist municipalities
2 and counties in retaining and attracting business and supplementing
3 Title 34 of the Revised Statutes.

4

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

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8 1. This act shall be known and may be cited as the "Local-State
9 Business Incentive Promotion Act."

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11 2. As used in this act:

12 "Act" means the "Local-State Business Incentive Promotion Act."

13 "Applicant" means any county or municipality applying for a
14 development loan or incentive grant pursuant to this act.

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

18 "Business" means a corporation; sole proprietorship; partnership;
19 corporation that has made an election under Subchapter S of Chapter
20 One of Subtitle A of the Internal Revenue Code of 1986, or any other
21 business entity through which income flows as a distributive share to
22 its owners; limited liability company; nonprofit corporation; or any
23 other form of business organization located either within or outside
24 this State.

25 "Commissioner" means the Commissioner of Commerce and
26 Economic Development.

27 "Department" means the Department of Commerce and Economic
28 Development.

29 "Loan" means money loaned to a county or municipality by the
30 authority for the purpose of retaining existing business or attracting
31 new business pursuant to this act.

32 "Incentive grant" or "grant" means money provided by the authority
33 to a county or municipality on a matching fund basis for the purpose
34 of retaining existing business or attracting new business.

35 "Program" means the Local-State Business Incentive Promotion

1 Program established pursuant to section 3 of this act.

2 "Promotion fund" means the Local-State Business Incentive
3 Promotion Fund established pursuant to section 4 of this act.

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5 3. a. There is created, in the authority, a "Local-State Business
6 Incentive Promotion Program." The program shall be established by
7 the authority in consultation with the department. The program shall
8 consist of loans and grants which shall be provided to qualified
9 applicants in order to defray the cost of plans to retain existing
10 business or to attract new business within a county or municipality, as
11 the case may be, including, but not limited to, the development of
12 transportation services, parking facilities or other types of investments
13 needed to assist local business retention and attraction efforts, the
14 promotion of environmental, quality of life and public safety projects
15 to make an area more conducive for existing business to expand and
16 to attract new business to an area, and the acquisition of buildings and
17 real property needed to retain businesses or to attract businesses to
18 locate within the area.

19 b. In designing and implementing the program, the authority shall
20 enter into agreements with local agencies, businesses and non-profit
21 organizations for matching funds in order to leverage its loans and
22 grants with funds from such entities. The terms and conditions of any
23 agreements for matching funds shall be determined by the authority
24 and subject to the approval of the commissioner.

25

26 4. a. To implement the program, the authority shall establish and
27 maintain a special account designated the "Local-State Business
28 Incentive Promotion Fund," into which shall be deposited moneys to
29 be used by the authority for the purposes specified in this act. Moneys
30 deposited into the promotion fund shall include, but not be limited to:

31 (1) such moneys from the "Economic Recovery Fund" established
32 pursuant to section 3 of P.L.1992, c.16 (C.34:1B-7.12), and such
33 other business development fund moneys that the authority determines
34 are available and necessary, in response to the demand for the
35 program, to effectively implement the purposes of this act;

36 (2) moneys that shall be received by the authority from the
37 repayment of development loans and interest thereon;

38 (3) moneys as may be available to the authority from business
39 development programs administered by other State agencies or
40 authorities;

41 (4) appropriations made by the Legislature to effectuate the
42 purposes of this act;

43 (5) fees collected from applicants pursuant to subsection c. of this
44 section; and

45 (6) such other moneys as may be made available including, but not
46 limited to, funds provided by agreement with private investors to

1 effectuate the purposes of this act.

2 b. Moneys in the promotion fund which are determined by the
3 authority not to be needed for current responsibilities of the promotion
4 fund, may be invested by the authority in any direct obligations as to
5 which principal and interest are guaranteed by the United States of
6 America or any other obligation deemed appropriate by the authority.

7 c. The authority may charge fees in connection with the provision
8 of loans and incentive grants from the promotion fund.

9 d. The authority is authorized to disburse moneys in the promotion
10 fund for purposes unrelated to this act if, for a period of at least three
11 years, no moneys are disbursed from the promotion fund for the
12 purposes set forth pursuant to this act.

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14 5. a. The authority shall use the moneys in the promotion fund to
15 provide loans and incentive grants to applicants determined to be
16 qualified by the authority to participate in the program in accordance
17 with the criteria set forth in this section. Moneys received in
18 repayment of loans shall be deposited in the promotion fund. The
19 maximum amount of each loan from the promotion fund that is
20 provided to each qualified applicant shall be determined in accordance
21 with criteria to be adopted jointly by the authority and department
22 pursuant to section 10 of this act.

23 b. In determining the criteria for qualifying applicants for loans and
24 incentive grants, the authority shall consider:

25 (1) the need to provide assistance for retaining and attracting
26 businesses and jobs;

27 (2) the viability of the plan to retain and attract business submitted
28 by an applicant;

29 (3) the level of potential job creation and the longevity of such
30 jobs;

31 (4) the conduciveness of the economic environment for the
32 establishment, expansion or relocation of businesses within the
33 applicant's jurisdiction;

34 (5) the geographic representation of all regions of the State,
35 including both urban and rural municipalities; and

36 (6) the level of financial and other participation by local economic
37 development agencies, county or municipal government entities, non-
38 profit or for-profit organizations and lending institutions.

39 c. The authority shall require applicants for incentive grants to
40 contribute cash from other sources to leverage the amount of moneys
41 received from the promotion fund. Contributions provided from other
42 sources shall be in a ratio of at least \$1 from other sources for each \$2
43 from the program. These contributions may come from a public or
44 private source other than the program.

45 d. Loans to stimulate the retention or attraction of business in
46 accordance with this act shall be made by the authority pursuant to a

1 loan agreement and may be amortization or term loans, bear interest
2 at less than the market rate, be renewable, be callable, and contain
3 other terms and conditions considered appropriate by the authority
4 that are consistent with the purposes of this act and with rules and
5 regulations jointly adopted by the authority and the department to
6 implement the program.

7 e. The authority shall require, as a condition of receiving a grant
8 or loan under the program, that a business which the applicant seeks
9 to retain or attract continue operating at a location in New Jersey for
10 at least 1.5 times the number of years of the term of the grant or loan.

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12 6. The authority shall have, in addition to the powers set forth in
13 section 5 of P.L.1974, c.80 (C.34:1B-5), the power to enter into
14 written agreements with one or more private investors, or with one or
15 more State agencies or authorities for the purpose of establishing a
16 pool of moneys to be deposited in the promotion fund and to provide
17 moneys to be used exclusively for loans and grants to stimulate the
18 retention or attraction of business pursuant to this act. The pooled
19 moneys provided as loans by the authority from the promotion fund
20 shall be fixed at an interest rate to be determined by the authority and
21 shall be for a term not exceeding one year.

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23 7. a. The authority, the department and a county or municipality
24 approved for a loan or grant from the program, shall seek to
25 coordinate their efforts and activities, to the greatest extent feasible,
26 to retain or attract businesses in the applicant's jurisdiction.

27 b. The authority shall actively seek the advice of county economic
28 development offices in order to improve the effectiveness of the
29 program.

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31 8. In addition to the duties of the authority required under section
32 4 of P.L.1974, c.80 (C.34:1B-4), the authority shall prepare a report
33 within two years following the effective date of this act, and not later
34 than September 15 of each third year thereafter, which shall describe
35 the demand for the program, the number of applicants assisted by the
36 program, the efforts made by the authority to promote the program
37 and to establish a pool of funds from private and public sources
38 pursuant to section 6 of this act, the total number of loans and
39 incentive grants and the average amount of such loans and grants
40 provided by the authority and an assessment of the effectiveness of the
41 program in meeting the goals of the act. The authority shall submit its
42 report to the Governor and the Legislature, along with any
43 recommendations for legislation to improve the effectiveness of the
44 program.

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46 9. If the applicant receiving a grant or loan fails to meet or comply

1 with a condition or requirement set forth in a grant or loan agreement
2 with the authority or in rules and regulations of the authority, the
3 authority may cancel or rescind the agreement or amend the
4 agreement to reduce the amount of the grant or loan or the term of the
5 grant or loan agreement.

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7 10. The authority and the department shall jointly adopt, pursuant
8 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
9 et seq.), rules and regulations as may be necessary to effectuate the
10 purposes of this act.

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12 11. This act shall take effect on the 180th day following enactment.

13 14 15 STATEMENT

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17 This bill establishes the "Local-State Business Incentive Promotion
18 Program" within the New Jersey Economic Development Authority
19 (EDA) in order to assist counties and municipalities with plans to
20 retain existing businesses or attract new businesses. The plans to be
21 submitted by counties and municipalities to the EDA may be eligible
22 for funding with loans or grants from the "Local-State Business
23 Incentive Promotion Fund," administered by the EDA to assist local
24 governments in their efforts to stimulate new business development
25 and retain existing business.

26 Such plans could include the development of transportation
27 services, parking facilities or other types of investments needed to
28 assist local business retention and development efforts, the promotion
29 of environmental, quality of life and public safety projects to make an
30 area more conducive for existing business to expand and to attract new
31 business to an area, and the acquisition of buildings and real property
32 needed to retain businesses or to attract businesses to locate within the
33 area.

34 The program is intended to complement existing business
35 development programs such as the "Business Employment Incentive
36 Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.) and the "Business
37 Relocation Assistance Act," P.L.1996, c.25 (C.34:1B-112 et seq.).

38 The bill directs the EDA to establish the Local-State Business
39 Incentive Promotion Fund to provide loans and incentive grants to
40 counties and municipalities to implement plans to retain existing
41 business and to attract new business. The incentive grants shall be
42 provided by the authority on a matching fund basis with \$1 coming
43 from outside sources for every \$2 coming from the program.

44 The bill requires the EDA to report to the Governor and the
45 Legislature on the effectiveness of the program within two years
46 following the effective date of the bill and every third year thereafter

1 and to recommend legislation to improve the operation of the
2 program. In that regard, the authority and the department shall seek
3 the input of county economic development offices.

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8 Establishes a Local-State Business Incentive Promotion Program
9 within EDA.