

ASSEMBLY COMMERCE AND MILITARY AND VETERANS'
AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2687

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 3, 1997

The Assembly Commerce and Military and Veterans' Affairs Committee reports favorably Assembly Bill No. 2687, with committee amendments.

As amended, this bill provides for the availability of seed capital which will be used to leverage private monies for the purposes of the "Export Financing Opportunities Act" and the "New Capital Sources Partnership Act."

Specifically, the legislation makes an appropriation of \$10 million from the State General Fund, from amounts required to be transferred to that fund from the "Unclaimed Personal Property Trust Fund," to be used by the New Jersey Economic Development Authority (EDA) for the purposes of: 1) purchasing stock or an interest in the proposed export financing company, established pursuant to the "Export Financing Opportunities Act," and 2) investing in the "New Capital Sources Partnership," a private partnership program to finance business growth and expansion, established pursuant to the "New Capital Sources Partnership Act." These monies will leverage private monies.

The bill provides that \$5 million of the \$10 million appropriation shall be for the purpose of investing in an export financing company organized pursuant to P.L.1995, c.209 (C.34:1B-93 et seq.) and \$5 million of the \$10 million appropriation shall be applied to the pooling of funds to be created by the New Capital Sources Partnership Board pursuant to P.L.1995, c.293 (C.34:1B-107 et seq.).

The bill further provides that within a reasonable time following the sale or disposition of the authority's share of ownership or interest in the export financing company, the proceeds of the sale shall be transferred to the General Fund for use for general State purposes. The bill also provides that within 60 days of the incorporation of the New Capital Sources Partnership, the authority shall pay over the funds to the partnership.

The source of funds directed to the EDA for investment in the export financing company and the New Capital Sources Partnership

represent a very small portion of the unclaimed bank accounts, securities and other property held in the "Unclaimed Personal Property Trust Fund" for a certain period of time and then transferred to the General Fund, as specified under the "Uniform Unclaimed Property Act." Approximately \$50 million is transferred to the State every year from the Trust Fund.

The Assembly Task Force on Business Retention, Expansion and Export Opportunities recommended the establishment of a private, for-profit, State-sponsored export financing company to finance export transactions on the basis of the merits of an export project, not the collateral of small or medium-sized firms in their developing stages, thereby making the process more user friendly. The Task Force also recommended the creation of the New Capital Sources Partnership to act as a source of equity capital for business start-ups and small business growth and expansion. This partnership will supplement other ongoing efforts with similar purposes.

The amendments adopted by the committee provided that within a reasonable time following the sale or disposition of the authority's share of ownership or interest in the export financing company, the proceeds of the sale or disposition shall be transferred to the General Fund for general State purposes. In addition, the amendments reduced the amount appropriated in the bill for purposes of investment in an export financing company from \$6 million to \$5 million.