

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3795**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: JUNE 8, 2021

**SUMMARY**

**Synopsis:** Establishes Startup Business and Nonprofit Assistance Program in EDA to support new businesses and nonprofit organizations following COVID-19 pandemic; appropriates \$25 million.

**Type of Impact:** Increased State General Fund expenditure

**Agencies Affected:** New Jersey Economic Development Authority

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2022</u></b>
<b>State Cost Increase</b>	Up to \$25 million

- The Office of Legislative Services (OLS) finds that the bill will have a direct State cost of up to \$25 million to support the operations of the Startup Business and Nonprofit Assistance Program established in the Economic Development Authority (EDA) pursuant to the bill. The program is to provide grants to support the creation and development of new businesses and nonprofit organizations following the COVID-19 pandemic.
- The EDA may transfer any uncommitted balance of the \$25 million appropriation to fund programs established pursuant to recently-enacted statutes providing EDA assistance to certain businesses to address business economic disruptions caused by the COVID-19 pandemic, as well as the Sustain and Serve NJ Program, which increases the likelihood that the full amount of the appropriation will be expended.

**BILL DESCRIPTION**

This bill establishes a Startup Business and Nonprofit Assistance Program in the EDA to support the creation and development of new businesses and nonprofit organizations following the COVID-19 pandemic. The bill also appropriates \$25 million from the General Fund to support the program.

Under the program, the EDA would provide grants to businesses and nonprofit organizations that commenced operations after the issuance of Executive Order No. 103 of 2020 (i.e., March 9,

2020), and which employ 50 or fewer full-time employees. Program grants would be awarded according to guidance issued by the EDA. However, the bill requires the EDA to prioritize new businesses and nonprofit organizations that physically occupy commercial properties, such as retail storefronts, that have become vacant or under-utilized during the COVID-19 pandemic.

Additionally, the bill requires the EDA to conduct regular outreach efforts to publicize the availability of financial assistance under the program. The EDA would also be required to submit an annual report to the Governor and the Legislature detailing the expenditure of program funds.

Under the bill, the EDA is permitted to transfer any uncommitted funds to certain other programs administered by the authority to address the impact of the COVID-19 pandemic. If the EDA transfers funds, it is to submit notice to the Joint Budget Oversight Committee no less than five calendar days before the date of the transfer. At a minimum, the notice is to indicate the amount of and purpose for the transferred funds. The bill also allows the EDA to retain a portion of the appropriated funds to defray administrative expenses.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS finds that the bill will have a direct State cost of up to \$25 million to support the operations of the Startup Business and Nonprofit Assistance Program established in the EDA pursuant to the bill. The program is to provide grants to support the creation and development of new businesses and nonprofit organizations following the COVID-19 pandemic. The EDA may transfer the uncommitted balance of the \$25 million to fund programs established pursuant to recently-enacted statutes providing EDA assistance to certain businesses to address business economic disruptions caused by the COVID-19 pandemic, as well as the Sustain and Serve NJ Program, which increases the likelihood that the full amount of the appropriation will be expended.

To the extent that the program is effective and business growth accelerates, the OLS notes the State may realize an increase in revenues through taxes on growth in economic activity, notably the sales and use tax, income taxes, and corporation business taxes.

*Section: Authorities, Utilities, Transportation and Communications*

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Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).