

52:27D-445

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2001 **CHAPTER:** 34
NJSA: 52:27D-445 ("New Jersey Women's Micro-Business Credit Act")
BILL NO: S510 Substituted for A2279

SPONSOR(S): Turner and Allen

DATE INTRODUCED: Pre-filed

COMMITTEE: **ASSEMBLY:** ----

SENATE: Economic Growth;Budget

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 29, 2000; Re-enacted March 8, 2001

SENATE: June 29, 2000; Re-enacted October 2, 2000

DATE OF APPROVAL: March 16, 2001

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (1st reprint enacted)

(Amendments during passage denoted by superscript numbers)

S510

SPONSORS STATEMENT: (Begins on page 7 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes 5/22/00 (Econ.
Growth)

6/19/00 (Budget)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A2279

SPONSORS STATEMENT: (Begins on page 7 of original bill) Yes

Bill and Sponsors Statement identical to S510

COMMITTEE STATEMENT: (Commerce) **ASSEMBLY:** Yes 5/1/00

6/8/00 (Approp.)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

SENATE, No. 510

STATE OF NEW JERSEY 209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Co-Sponsored by:

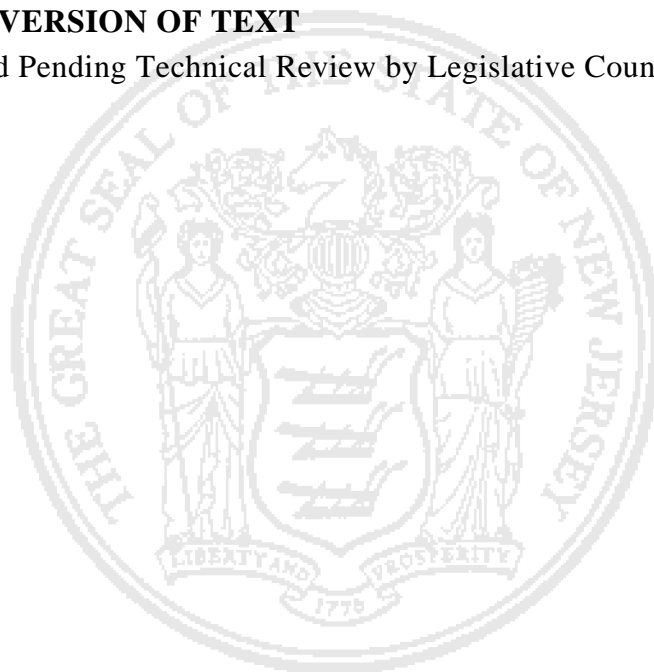
Senators Palaia, Cardinale and Bryant

SYNOPSIS

The "New Jersey Women's Micro-Business Credit Act"; appropriates \$750,000.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning financial assistance to certain businesses,
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.), and making an
3 appropriation.

4

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

7

8 1. This act shall be known and may be cited as the "New Jersey
9 Women's Micro-Business Credit Act."

10

11 2. The Legislature finds and declares that:

12 a. Micro-business loans are usually granted to those business
13 entrepreneurs with prior business experience who operate firms with
14 up to five employees and are granted loans in amounts from \$5,000 to
15 \$25,000, mostly to expand an existing business;

16 b. Experience in numerous other states and in certain urban areas
17 in New Jersey has shown that "micro-lending," or carefully
18 underwriting small loans to individual entrepreneurs with
19 well-developed, realistic business plans, has been successful in helping
20 individuals, without regard to geographical location, to start micro-
21 businesses;

22 c. While the New Jersey Development Authority for Small
23 Businesses, Minorities' and Women's Enterprises has a peer group
24 micro-lending program in place which targets urban areas of the State,
25 it is imperative that we find new and innovative ways to help more
26 unemployed women and underemployed women in all areas of the
27 State to enter or reenter the marketplace;

28 d. Nonprofit community-based development corporations have the
29 experience of providing the training and technical assistance that is
30 necessary for prospective entrepreneurs to establish a viable business;
31 and

32 e. There is a need to create a micro-business credit loan program
33 that would target only those potential female entrepreneurs who have
34 little or no prior business experience, are self-motivated and are willing
35 to undertake an extensive training program and receive other kinds of
36 technical assistance in order to gain the necessary experience to start
37 a successful business through grants given to certified nonprofit
38 community development corporations.

39

40 3. As used in this act:

41 "Authority" means the New Jersey Development Authority for
42 Small Businesses, Minorities' and Women's Enterprises;

43 "Certified corporation" means a nonprofit community development
44 corporation, established prior to or after the effective date of this act,
45 and pursuant to Title 15 of the Revised Statutes, Title 15A of the New
46 Jersey Statutes, or other law of this State, and certified by the

1 authority to receive grants for the purpose of issuing loans and
2 providing training and technical assistance to qualified recipients
3 pursuant to section 6 of this act;

4 "Department" means the Department of Human Services.

5 "Grant" means money given to a certified nonprofit community
6 development corporation by the authority for the purpose of issuing
7 loans or loan guarantees pursuant to section 4 of this act;

8 "Loan" means a loan issued or guaranteed to a qualified recipient
9 under the terms and conditions set forth by a certified corporation;

10 "Program" means the New Jersey Women's Micro-Business Credit
11 Program established pursuant to section 4 of this act; and

12 "Qualified recipient" means one or more women who intend to
13 establish a business enterprise which is to be independently owned and
14 operated solely by the woman or women, as appropriate, who have
15 had little or no prior business experience, and each having a gross
16 annual personal income of an amount less than 125% of the official
17 poverty line, as determined by the Director of the federal Office of
18 Management and Budget. A qualified recipient may conduct a
19 business enterprise on a part-time basis, from a residence, or both.

20

21 4. a. There is created, in the authority, a "New Jersey Women's
22 Micro-Business Credit Program." The program shall be established by
23 the authority in consultation with the department and the New Jersey
24 Economic Development Authority. The program shall consist of 10
25 grants of \$75,000 each to certified corporations for the following
26 purposes:

27 (1) \$35,000 for issuing loans to qualified recipients;

28 (2) \$15,000 for providing training and technical assistance to
29 qualified recipients;

30 (3) \$20,000 for reimbursing the certified corporation for
31 administrative expenses; and

32 (4) \$5,000 for reimbursing the certified corporation for payment of
33 auditing or consulting fees.

34 b. To implement the program, the authority shall, to the greatest
35 extent feasible, cooperate with certified corporations in no less than
36 seven different counties in seeking to involve the resources of local
37 banks and financial institutions in order to leverage funds available for
38 the program. The counties shall be determined by the authority on the
39 basis of: comparative unemployment or underemployment; an
40 economic environment conducive to the establishment of businesses
41 built by qualified recipients; the need for assistance in creating business
42 opportunities for qualified recipients where such activity will enhance
43 a small business economy; and the level of anticipated financial and
44 other participation of county economic development agencies,
45 municipal economic development agencies or business organizations,
46 and county or municipal educational and nonprofit organizations.

1 c. In order to advertise and promote the program, the authority is
2 authorized to organize or participate in the organization of a nonprofit
3 corporation which is exempt from federal taxation under section
4 501(c)(3) of the Internal Revenue Code. Such nonprofit corporation
5 must directly further the statutory mission of the authority and the
6 intent of this act. Expenses incurred by such nonprofit corporations
7 shall be payable from funds raised by the nonprofit corporation, and no
8 liability or obligation, in tort or contract, shall be incurred by the
9 authority for the operation of the nonprofit corporation. The nonprofit
10 corporation shall obtain private counsel and shall not be represented
11 by the authority or indemnified by the authority.

12 d. To implement the program, the authority may utilize moneys as
13 may be available from other sources of financing, in addition to the
14 appropriation authorized by section 10 of this act, including, but not
15 limited to, other assistance programs administered by the authority, the
16 department or by other State agencies or authorities, federal grants or
17 such other moneys as may be made available for the program pursuant
18 to this act.

19

20 5. a. The authority shall use the moneys in the program as
21 established in consultation with the department and the New Jersey
22 Economic Development Authority and for the purposes designated
23 pursuant to section 4 of this act.

24 b. In determining the criteria for making grants to each of the 10
25 certified corporations, the authority shall, in addition to applying its
26 customary underwriting criteria, also consider:

27 (1) the plan and scope of business training and technical assistance
28 to be provided to qualified recipients;

29 (2) the plan and scope of other services to be provided to qualified
30 recipients;

31 (3) geographic representation among the counties chosen, pursuant
32 to subsection b. of section 4 of this act;

33 (4) the ability of the certified corporation, with its plan, to monitor
34 and provide financial oversight of recipients of loans, to administer a
35 revolving loan fund, and to investigate and qualify financing proposals
36 and to service credit accounts;

37 (5) the sources and the sufficiency of operating funds, other than
38 those provided herein, for the certified corporations; and

39 (6) the intent of the certified corporation, as set forth in its plan
40 and written indications of local institutional support, to provide
41 services to qualified recipients in the county within which it is located.

42 c. Loan funds may be used by a certified corporation to:

43 (1) satisfy matching requirements for other State, federal, or
44 private funding only if funding is intended and used for the purpose of
45 providing or enhancing the certified corporation's ability to provide
46 and administer loans, technical assistance, or business training to

1 qualified recipients; and

2 (2) establish a revolving loan fund from which the certified
3 corporation may issue loans to qualified recipients, provided that a
4 single loan amount, as part of a loan agreement, does not exceed
5 \$5,000, or issue additional loans to qualified recipients which have
6 completed payments on an earlier loan, under terms and conditions of
7 the certified corporation.

8 d. Loan funds created by a certified corporation shall not be:

9 (1) loaned for relending or investment in stocks, bonds, or other
10 securities or for property not intended for use in production by the
11 recipient of the loan; or

12 (2) used to refinance a nonperforming loan held by a financial
13 institution or to pay the operating costs of a certified corporation;
14 however, interest income earned from the proceeds of a loan may be
15 used to pay operating expenses.

16 e. Certified corporations are required to contribute cash from
17 other sources to leverage and secure loans from the program.
18 Contributions provided by the certified corporation must be in a ratio
19 of at least \$1 from other sources for each \$3 in loans from the
20 program and at least \$1 from other sources for each \$4 for training,
21 technical assistance and administrative expenses. These contributions
22 may come from a public or private source other than the program and
23 may be in the form of loans or grants.

24 f. Loans made by a certified corporation to a qualified recipient
25 shall be made pursuant to a loan agreement and may be amortization
26 or term loans, bear interest at less than the market rate, be renewable,
27 and contain other terms and conditions considered appropriate by the
28 authority that are consistent with the purposes of this act and with
29 rules and regulations promulgated by the authority to implement this
30 act.

31 g. (1) Unless subject to federal law, rule or regulation, each
32 certified corporation that receives a grant under this act shall undergo
33 an audit, at its own expense, at least once every two years. The
34 authority shall designate an auditor to conduct the audit who shall
35 submit a copy of the audit to the authority.

36 (2) If an audit is performed under a requirement of federal law,
37 rule or regulation, the authority shall waive the audit required in this
38 subsection with respect to all issues addressed by the federal audit
39 report. However, the authority may require an audit of matters that
40 are not, in the authority's judgment, addressed by the federal report
41 including, but not limited to, verification of compliance with
42 requirements specific to the program, such as job-generation standards
43 and reporting.

44

45 6. The authority may certify a nonprofit community development
46 corporation when it determines that the corporation:

1 a. has developed a viable plan for providing training, access to
2 financing, and technical assistance for qualified recipients;

3 b. has demonstrated an ability to successfully provide training and
4 technical assistance to qualified recipients;

5 c. has broad-based community support within a county and has
6 demonstrated support from other regional entities to provide
7 assistance with service delivery and financial aspects; and

8 d. has an adequate source of operating capital.
9

10 7. a. The authority shall have, in addition to the powers
11 enumerated in section 4 of P.L.1985, c.386 (C.34:1B-50), the power
12 to enter into written agreements, including, but not limited to, limited
13 partnership agreements with one or more professional investors or
14 small business investment corporations or with one or more State
15 agencies or authorities for the purposes of establishing a pool of
16 additional moneys which is to be used exclusively for grants to
17 certified corporations for the sole purpose of providing loans to
18 qualified recipients.

19 b. The authority may also accept grants, donations, and other
20 private and public funds, including payments of interest on loans made
21 by the authority and use such moneys received under this subsection
22 for the purposes of the program.
23

24 8. The authority shall, in conjunction with certified corporations,
25 the department and the New Jersey Economic Development Authority,
26 prepare a report within two years following the effective date of this
27 act, and not later than September 15 of each third year thereafter. The
28 report shall include, but not be limited to: a description of the demand
29 for the program from qualified recipients; the number of qualified
30 recipients the program has assisted; the efforts made by the authority
31 in conjunction with the department and the certified corporations to
32 promote the program; the efforts of the certified corporations to
33 establish a pool of funds from private and public sources; the total
34 amount of loans issued by the certified corporations; and an
35 assessment of the effectiveness of the program in meeting the goals of
36 this act. The authority shall submit its reports to the Governor and the
37 Legislature, along with any recommendations for legislation to
38 improve the effectiveness of the program.
39

40 9. The authority shall adopt, in consultation with the department,
41 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
42 (C.52:14B-1 et seq.), rules and regulations as may be necessary to
43 effectuate the purposes of this act including, but not limited to: the
44 criteria and procedures concerning certification of certified
45 corporations; the criteria and procedures for selecting from competing
46 grant applications and for awarding grants to certified corporations;

1 the criteria and procedures to be followed by certified corporations in
2 administering revolving loan funds supported by the program; the
3 criteria for determining the terms and conditions of loans and loan
4 repayments; the criteria for determining nonperformance and declaring
5 default in the administration of loans; and the criteria and procedures
6 to be followed by certified corporations in providing training and
7 technical assistance to qualified recipients.

8
9 10. There is appropriated from the General Fund to the New
10 Jersey Development Authority for Small Business Minorities' and
11 Women's Enterprises a sum not to exceed \$750,000 to carry out the
12 purposes of this act, subject to the approval of the Director of the
13 Division of Budget and Accounting in the Department of the Treasury
14 and the Joint Budget Oversight Committee or its successor.

15
16 11. This act shall take effect immediately.

17
18
19 STATEMENT

20
21 This bill creates in the New Jersey Development Authority for
22 Small Businesses, Minorities' and Women's Enterprises ("authority"),
23 a "New Jersey Women's Micro-Business Credit Program" ("program")
24 which would target only those female potential entrepreneurs who
25 have little or no prior business experience, are self-motivated and are
26 willing to undertake an extensive training program and receive other
27 kinds of technical assistance in order to gain the necessary experience
28 to start a successful business through grants given to certified
29 nonprofit community development corporations. The bill directs the
30 authority to establish the program in consultation with the Department
31 of Human Services and the New Jersey Economic Development
32 Authority.

33 The program is to consist of 10 grants of \$75,000 each to certified
34 nonprofit community development corporations ("certified
35 corporations") for the following purposes: (1) \$35,000 for issuing
36 loans, loan guarantees, or both, to certain women-owned qualified
37 recipients ("qualified recipients"); (2) \$15,000 for providing training
38 and technical assistance to qualified recipients; (3) \$20,000 for
39 reimbursing the certified corporation for administrative expenses; and
40 (4) \$5,000 for reimbursing the certified corporation for payment of
41 auditing or consulting fees.

42 A qualified recipient must be one or more women who intend to
43 establish a business enterprise which is to be independently owned and
44 operated solely by the woman or women, each having a gross annual
45 personal income of an amount less than 125% of the official poverty
46 line, as determined by the Director of the federal Office of

1 Management and Budget. A qualified recipient may conduct a
2 business enterprise on a part-time basis, from a residence, or both.

3 In determining the criteria for making grants to each of the 10
4 certified corporations, the authority shall, in addition to applying its
5 customary underwriting criteria, also consider: (1) the plan and scope
6 of business training and technical assistance to be provided to qualified
7 recipients; (2) the plan and scope of other services to be provided to
8 qualified recipients; (3) geographic representation among the counties
9 involved (at least seven must be chosen); (4) the ability of the certified
10 corporation, with its plan, to monitor and provide financial oversight
11 of recipients of loans and loan guarantees, to administer a revolving
12 loan fund, and to investigate and qualify financing proposals and to
13 service credit accounts; (5) the sources and the sufficiency of
14 operating funds for the certified corporations; and (6) the intent of the
15 certified corporation, with its plan and written indications of local
16 institutional support, to provide services to qualified recipients in the
17 county within which it is located.

18 Loan funds may be used by a certified corporation to satisfy
19 matching requirements for other State, federal, or private funding only
20 if funding is intended and used for the purpose of providing or
21 enhancing the certified corporation's ability to provide and administer
22 loans, loan guarantees, technical assistance, or business training to
23 qualified recipients; and to establish a revolving loan fund from which
24 the certified corporation may issue loans and loan guarantees to
25 qualified recipients, provided that a single loan or loan guarantee
26 amount, as part of a loan agreement, does not exceed \$5,000, or issue
27 additional loans to qualified recipients which have completed payments
28 on an earlier loan, under terms and conditions of the certified
29 corporation.

30 The bill permits the authority to implement the program using
31 moneys from sources other than the authorized appropriation for the
32 program including, but not limited to, other assistance programs
33 administered by the authority, the department or by other State
34 agencies or authorities, federal grants or other moneys that may be
35 made available.

36 The bill appropriates a sum not to exceed \$750,000 from the
37 General Fund to the New Jersey Development Authority for Small
38 Businesses, Minorities' and Women's Enterprises, subject to the
39 approval of the Director of the Division of Budget and Accounting in
40 the Department of the Treasury and the Joint Budget Oversight
41 Committee, to implement the provisions of the bill.

SENATE ECONOMIC GROWTH, AGRICULTURE AND
TOURISM COMMITTEE

STATEMENT TO

SENATE, No. 510

STATE OF NEW JERSEY

DATED: MAY 22, 2000

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably Senate Bill No. 510.

This bill creates in the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises ("authority"), a "New Jersey Women's Micro-Business Credit Program" ("program") which would target only those potential female entrepreneurs who have little or no prior business experience, are self-motivated and are willing to undertake an extensive training program and receive other kinds of technical assistance in order to gain the necessary experience to start a successful business through grants given to certified nonprofit community development corporations. The bill directs the authority to establish the program in consultation with the Department of Human Services and the New Jersey Economic Development Authority.

The program is to consist of 10 grants of \$75,000 each to certified nonprofit community development corporations ("certified corporations") for the following purposes: (1) \$35,000 for issuing loans, loan guarantees, or both, to certain potential female business owners ("qualified recipients"); (2) \$15,000 for providing training and technical assistance to qualified recipients; (3) \$20,000 for reimbursing the certified corporation for administrative expenses; and (4) \$5,000 for reimbursing the certified corporation for payment of auditing or consulting fees.

A qualified recipient must be one or more women who intend to establish a business enterprise which is to be independently owned and operated solely by the woman or women, each having a gross annual personal income of an amount less than 125% of the official poverty line, as determined by the Director of the federal Office of Management and Budget. A qualified recipient may conduct a business enterprise on a part-time basis, from a residence, or both.

In determining the criteria for making grants to each of the 10 certified corporations, the authority shall, in addition to applying its customary underwriting criteria, also consider: (1) the plan and scope of business training and technical assistance to be provided to qualified recipients; (2) the plan and scope of other services to be provided to

qualified recipients; (3) geographic representation among the counties involved (at least seven must be chosen); (4) the ability of the certified corporation, with its plan, to monitor and provide financial oversight of recipients of loans and loan guarantees, to administer a revolving loan fund, and to investigate and qualify financing proposals and to service credit accounts; (5) the sources and the sufficiency of operating funds for the certified corporations; and (6) the intent of the certified corporation, with its plan and written indications of local institutional support, to provide services to qualified recipients in the county within which it is located.

Loan funds may be used by a certified corporation to satisfy matching requirements for other State, federal, or private funding only if funding is intended and used for the purpose of providing or enhancing the certified corporation's ability to provide and administer loans, loan guarantees, technical assistance, or business training to qualified recipients; and to establish a revolving loan fund from which the certified corporation may issue loans and loan guarantees to qualified recipients, provided that a single loan or loan guarantee amount, as part of a loan agreement, does not exceed \$5,000, or issue additional loans to qualified recipients which have completed payments on an earlier loan, under terms and conditions of the certified corporation.

The bill permits the authority to implement the program using moneys from sources other than the authorized appropriation for the program including, but not limited to, other assistance programs administered by the authority, the department or by other State agencies or authorities, federal grants or other moneys that may be made available.

The bill appropriates a sum not to exceed \$750,000 from the General Fund to the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, subject to the approval of the Director of the Division of Budget and Accounting in the Department of the Treasury and the Joint Budget Oversight Committee, to implement the provisions of the bill.

This bill was prefiled for introduction in the 2000-2001 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 510

STATE OF NEW JERSEY

DATED: JUNE 19, 2000

The Senate Budget and Appropriations Committee reports without recommendation Senate Bill No. 510.

This bill creates in the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises ("authority") a "New Jersey Women's Micro-Business Credit Program" ("program"). The program would target "qualified recipients", i.e., one or more women of low or moderate income and little or no prior business experience interested in establishing a business enterprise to be independently owned and operated by herself or themselves.

The bill directs the authority to establish the program in consultation with the Department of Human Services and the New Jersey Economic Development Authority. The program is to consist of 10 grants of \$75,000 each to certified nonprofit community development corporations ("certified corporations") for the following purposes: (1) \$35,000 for issuing loans, loan guarantees, or both, to qualified recipients; (2) \$15,000 for providing training and technical assistance to qualified recipients; (3) \$20,000 for reimbursing the certified corporation for administrative expenses; and (4) \$5,000 for reimbursing the certified corporation for payment of auditing or consulting fees.

In determining the criteria for making grants to each of the 10 certified corporations, the authority shall, in addition to applying its customary underwriting criteria, also consider: (1) the plan and scope of business training, technical assistance, and other services to be provided to qualified recipients; (2) geographic representation among the counties involved (at least seven must be chosen); (3) the ability of the certified corporation, with its plan, to monitor and provide financial oversight of recipients of loans and loan guarantees, to administer a revolving loan fund, and to investigate and qualify financing proposals and service credit accounts; (4) the sources and sufficiency of operating funds for the certified corporations; and (5) the intent of the certified corporation, as set forth in its plan and written indications of local institutional support, to provide services to qualified recipients in the county within which it is located.

Loan funds may be used by a certified corporation to (a) satisfy matching requirements for other State, federal, or private funding, but only if funding is intended and used for the purpose of providing or

enhancing the certified corporation's ability to provide and administer loans, technical assistance, or business training to qualified recipients; and (b) establish a revolving loan fund from which the corporation may issue loans to qualified recipients (provided that a single loan amount, as part of a loan agreement, does not exceed \$5,000), or issue additional loans to qualified recipients who have completed payments on an earlier loan, under terms and conditions of the corporation.

The bill requires a certified corporation to contribute cash from other sources to leverage and secure loans and other assistance from the program. These contributions must be in a ratio of at least \$1 from other sources for each \$3 in loans from the program and at least \$1 from other sources for each \$4 for training, technical assistance and administrative expenses. These contributions may come from a public or private source other than the program and may be in the form of loans or grants.

The bill provides that, unless subject to federal law, rule or regulation, each certified corporation that receives a grant under the legislation shall undergo an audit, at its own expense, at least once every two years. The authority shall designate an auditor to conduct the audit, who shall submit a copy of the audit to the authority.

The bill permits the authority to implement the program using moneys from sources other than the authorized appropriation for the program including, but not limited to, other assistance programs administered by the authority, the department or other State agencies or authorities, federal grants or other moneys as may be available.

FISCAL IMPACT

The bill appropriates from the General Fund to the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises the sum of \$750,000 to finance the implementation of the legislation. The appropriation would be subject to the approval of the Director of the Division of Budget and Accounting in the Department of the Treasury and the Legislature's Joint Budget Oversight Committee.

SENATE, No. 510

STATE OF NEW JERSEY 209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Co-Sponsored by:

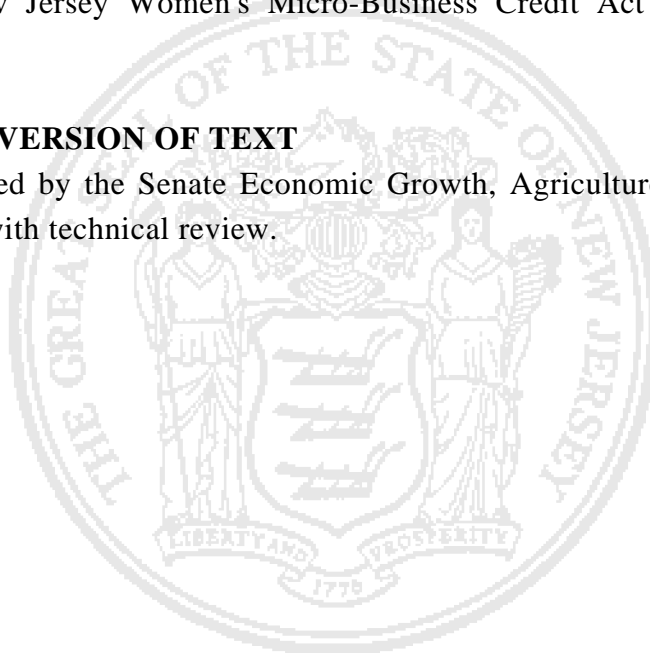
Senators Palaia, Cardinale, Bryant, Matheussen, Baer, Assemblymen Collins, Cohen, Arnone, LeFevre, Assemblywomen Gill, Greenstein, Assemblyman Conaway, Assemblywomen Cruz-Perez, Previte, Watson Coleman and Senator Vitale

SYNOPSIS

The "New Jersey Women's Micro-Business Credit Act"; appropriates \$750,000.

CURRENT VERSION OF TEXT

As reported by the Senate Economic Growth, Agriculture and Tourism Committee with technical review.



(Sponsorship Updated As Of: 9/22/2000)

1 AN ACT concerning financial assistance to certain businesses,
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.), and making an
3 appropriation.

4

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

7

8 1. This act shall be known and may be cited as the "New Jersey
9 Women's Micro-Business Credit Act."

10

11 2. The Legislature finds and declares that:

12 a. Micro-business loans are usually granted to those business
13 entrepreneurs with prior business experience who operate firms with
14 up to five employees and are granted loans in amounts from \$5,000 to
15 \$25,000, mostly to expand an existing business;

16 b. Experience in numerous other states and in certain urban areas
17 in New Jersey has shown that "micro-lending," or carefully
18 underwriting small loans to individual entrepreneurs with
19 well-developed, realistic business plans, has been successful in helping
20 individuals, without regard to geographical location, to start micro-
21 businesses;

22 c. While the New Jersey Development Authority for Small
23 Businesses, Minorities' and Women's Enterprises has a peer group
24 micro-lending program in place which targets urban areas of the State,
25 it is imperative that we find new and innovative ways to help more
26 unemployed women and underemployed women in all areas of the
27 State to enter or reenter the marketplace;

28 d. Nonprofit community-based development corporations have the
29 experience of providing the training and technical assistance that is
30 necessary for prospective entrepreneurs to establish a viable business;
31 and

32 e. There is a need to create a micro-business credit loan program
33 that would target only those potential female entrepreneurs who have
34 little or no prior business experience, are self-motivated and are willing
35 to undertake an extensive training program and receive other kinds of
36 technical assistance in order to gain the necessary experience to start
37 a successful business through grants given to certified nonprofit
38 community development corporations.

39

40 3. As used in this act:

41 "Authority" means the New Jersey Development Authority for
42 Small Businesses, Minorities' and Women's Enterprises;

43 "Certified corporation" means a nonprofit community development
44 corporation, established prior to or after the effective date of this act,
45 and pursuant to Title 15 of the Revised Statutes, Title 15A of the New
46 Jersey Statutes, or other law of this State, and certified by the

1 authority to receive grants for the purpose of issuing loans and
2 providing training and technical assistance to qualified recipients
3 pursuant to section 6 of this act;

4 "Department" means the Department of Human Services.

5 "Grant" means money given to a certified nonprofit community
6 development corporation by the authority for the purpose of issuing
7 loans or loan guarantees pursuant to section 4 of this act;

8 "Loan" means a loan issued or guaranteed to a qualified recipient
9 under the terms and conditions set forth by a certified corporation;

10 "Program" means the New Jersey Women's Micro-Business Credit
11 Program established pursuant to section 4 of this act; and

12 "Qualified recipient" means one or more women who intend to
13 establish a business enterprise which is to be independently owned and
14 operated solely by the woman or women, as appropriate, who have
15 had little or no prior business experience, and each having a gross
16 annual personal income of an amount less than 125% of the official
17 poverty line, as determined by the Director of the federal Office of
18 Management and Budget. A qualified recipient may conduct a
19 business enterprise on a part-time basis, from a residence, or both.
20

21 4. a. There is created, in the authority, a "New Jersey Women's
22 Micro-Business Credit Program." The program shall be established by
23 the authority in consultation with the department and the New Jersey
24 Economic Development Authority. The program shall consist of 10
25 grants of \$75,000 each to certified corporations for the following
26 purposes:

27 (1) \$35,000 for issuing loans to qualified recipients;

28 (2) \$15,000 for providing training and technical assistance to
29 qualified recipients;

30 (3) \$20,000 for reimbursing the certified corporation for
31 administrative expenses; and

32 (4) \$5,000 for reimbursing the certified corporation for payment of
33 auditing or consulting fees.

34 b. To implement the program, the authority shall, to the greatest
35 extent feasible, cooperate with certified corporations in no less than
36 seven different counties in seeking to involve the resources of local
37 banks and financial institutions in order to leverage funds available for
38 the program. The counties shall be determined by the authority on the
39 basis of: comparative unemployment or underemployment; an
40 economic environment conducive to the establishment of businesses
41 built by qualified recipients; the need for assistance in creating business
42 opportunities for qualified recipients where such activity will enhance
43 a small business economy; and the level of anticipated financial and
44 other participation of county economic development agencies,
45 municipal economic development agencies or business organizations,
46 and county or municipal educational and nonprofit organizations.

1 c. In order to advertise and promote the program, the authority is
2 authorized to organize or participate in the organization of a nonprofit
3 corporation which is exempt from federal taxation under section
4 501(c)(3) of the Internal Revenue Code. Such nonprofit corporation
5 must directly further the statutory mission of the authority and the
6 intent of this act. Expenses incurred by such nonprofit corporations
7 shall be payable from funds raised by the nonprofit corporation, and no
8 liability or obligation, in tort or contract, shall be incurred by the
9 authority for the operation of the nonprofit corporation. The nonprofit
10 corporation shall obtain private counsel and shall not be represented
11 by the authority or indemnified by the authority.

12 d. To implement the program, the authority may utilize moneys as
13 may be available from other sources of financing, in addition to the
14 appropriation authorized by section 10 of this act, including, but not
15 limited to, other assistance programs administered by the authority, the
16 department or by other State agencies or authorities, federal grants or
17 such other moneys as may be made available for the program pursuant
18 to this act.

19
20 5. a. The authority shall use the moneys in the program as
21 established in consultation with the department and the New Jersey
22 Economic Development Authority and for the purposes designated
23 pursuant to section 4 of this act.

24 b. In determining the criteria for making grants to each of the 10
25 certified corporations, the authority shall, in addition to applying its
26 customary underwriting criteria, also consider:

27 (1) the plan and scope of business training and technical assistance
28 to be provided to qualified recipients;

29 (2) the plan and scope of other services to be provided to qualified
30 recipients;

31 (3) geographic representation among the counties chosen, pursuant
32 to subsection b. of section 4 of this act;

33 (4) the ability of the certified corporation, with its plan, to monitor
34 and provide financial oversight of recipients of loans, to administer a
35 revolving loan fund, and to investigate and qualify financing proposals
36 and to service credit accounts;

37 (5) the sources and the sufficiency of operating funds, other than
38 those provided herein, for the certified corporations; and

39 (6) the intent of the certified corporation, as set forth in its plan
40 and written indications of local institutional support, to provide
41 services to qualified recipients in the county within which it is located.

42 c. Loan funds may be used by a certified corporation to:

43 (1) satisfy matching requirements for other State, federal, or
44 private funding only if funding is intended and used for the purpose of
45 providing or enhancing the certified corporation's ability to provide
46 and administer loans, technical assistance, or business training to

1 qualified recipients; and

2 (2) establish a revolving loan fund from which the certified
3 corporation may issue loans to qualified recipients, provided that a
4 single loan amount, as part of a loan agreement, does not exceed
5 \$5,000, or issue additional loans to qualified recipients which have
6 completed payments on an earlier loan, under terms and conditions of
7 the certified corporation.

8 d. Loan funds created by a certified corporation shall not be:

9 (1) loaned for relending or investment in stocks, bonds, or other
10 securities or for property not intended for use in production by the
11 recipient of the loan; or

12 (2) used to refinance a nonperforming loan held by a financial
13 institution or to pay the operating costs of a certified corporation;
14 however, interest income earned from the proceeds of a loan may be
15 used to pay operating expenses.

16 e. Certified corporations are required to contribute cash from
17 other sources to leverage and secure loans from the program.
18 Contributions provided by the certified corporation must be in a ratio
19 of at least \$1 from other sources for each \$3 in loans from the
20 program and at least \$1 from other sources for each \$4 for training,
21 technical assistance and administrative expenses. These contributions
22 may come from a public or private source other than the program and
23 may be in the form of loans or grants.

24 f. Loans made by a certified corporation to a qualified recipient
25 shall be made pursuant to a loan agreement and may be amortization
26 or term loans, bear interest at less than the market rate, be renewable,
27 and contain other terms and conditions considered appropriate by the
28 authority that are consistent with the purposes of this act and with
29 rules and regulations promulgated by the authority to implement this
30 act.

31 g. (1) Unless subject to federal law, rule or regulation, each
32 certified corporation that receives a grant under this act shall undergo
33 an audit, at its own expense, at least once every two years. The
34 authority shall designate an auditor to conduct the audit who shall
35 submit a copy of the audit to the authority.

36 (2) If an audit is performed under a requirement of federal law,
37 rule or regulation, the authority shall waive the audit required in this
38 subsection with respect to all issues addressed by the federal audit
39 report. However, the authority may require an audit of matters that
40 are not, in the authority's judgment, addressed by the federal report
41 including, but not limited to, verification of compliance with
42 requirements specific to the program, such as job-generation standards
43 and reporting.

44

45 6. The authority may certify a nonprofit community development
46 corporation when it determines that the corporation:

1 a. has developed a viable plan for providing training, access to
2 financing, and technical assistance for qualified recipients;

3 b. has demonstrated an ability to successfully provide training and
4 technical assistance to qualified recipients;

5 c. has broad-based community support within a county and has
6 demonstrated support from other regional entities to provide
7 assistance with service delivery and financial aspects; and

8 d. has an adequate source of operating capital.
9

10 7. a. The authority shall have, in addition to the powers
11 enumerated in section 4 of P.L.1985, c.386 (C.34:1B-50), the power
12 to enter into written agreements, including, but not limited to, limited
13 partnership agreements with one or more professional investors or
14 small business investment corporations or with one or more State
15 agencies or authorities for the purposes of establishing a pool of
16 additional moneys which is to be used exclusively for grants to
17 certified corporations for the sole purpose of providing loans to
18 qualified recipients.

19 b. The authority may also accept grants, donations, and other
20 private and public funds, including payments of interest on loans made
21 by the authority and use such moneys received under this subsection
22 for the purposes of the program.
23

24 8. The authority shall, in conjunction with certified corporations,
25 the department and the New Jersey Economic Development Authority,
26 prepare a report within two years following the effective date of this
27 act, and not later than September 15 of each third year thereafter. The
28 report shall include, but not be limited to: a description of the demand
29 for the program from qualified recipients; the number of qualified
30 recipients the program has assisted; the efforts made by the authority
31 in conjunction with the department and the certified corporations to
32 promote the program; the efforts of the certified corporations to
33 establish a pool of funds from private and public sources; the total
34 amount of loans issued by the certified corporations; and an
35 assessment of the effectiveness of the program in meeting the goals of
36 this act. The authority shall submit its reports to the Governor and the
37 Legislature, along with any recommendations for legislation to
38 improve the effectiveness of the program.
39

40 9. The authority shall adopt, in consultation with the department,
41 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
42 (C.52:14B-1 et seq.), rules and regulations as may be necessary to
43 effectuate the purposes of this act including, but not limited to: the
44 criteria and procedures concerning certification of certified
45 corporations; the criteria and procedures for selecting from competing
46 grant applications and for awarding grants to certified corporations;

S510 TURNER, ALLEN

7

1 the criteria and procedures to be followed by certified corporations in
2 administering revolving loan funds supported by the program; the
3 criteria for determining the terms and conditions of loans and loan
4 repayments; the criteria for determining nonperformance and declaring
5 default in the administration of loans; and the criteria and procedures
6 to be followed by certified corporations in providing training and
7 technical assistance to qualified recipients.

8

9 10. There is appropriated from the General Fund to the New
10 Jersey Development Authority for Small Businesses, Minorities' and
11 Women's Enterprises a sum not to exceed \$750,000 to carry out the
12 purposes of this act, subject to the approval of the Director of the
13 Division of Budget and Accounting in the Department of the Treasury
14 and the Joint Budget Oversight Committee or its successor.

15

16 11. This act shall take effect immediately.

[First Reprint]

SENATE, No. 510

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Co-Sponsored by:

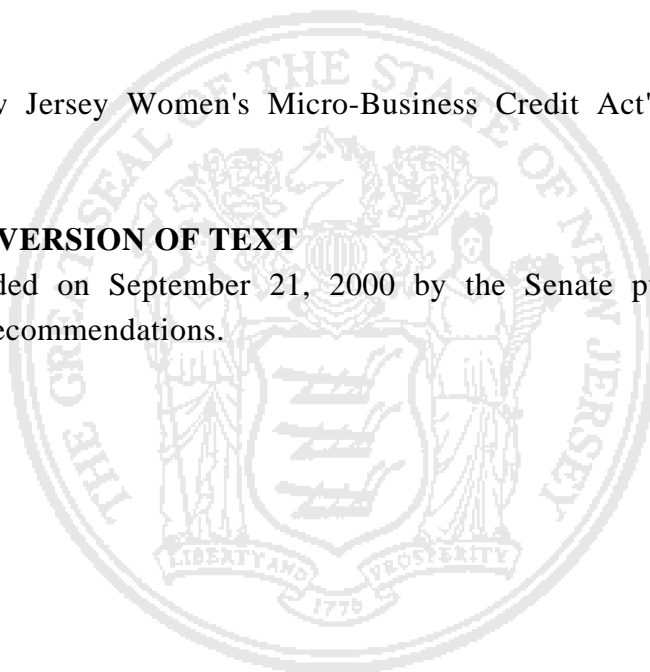
Senators Palaia, Cardinale, Bryant, Matheussen, Baer, Assemblymen Collins, Cohen, Arnone, LeFevre, Assemblywomen Gill, Greenstein, Assemblyman Conaway, Assemblywomen Cruz-Perez, Previte, Watson Coleman and Senator Vitale

SYNOPSIS

The "New Jersey Women's Micro-Business Credit Act"; appropriates \$750,000.

CURRENT VERSION OF TEXT

As amended on September 21, 2000 by the Senate pursuant to the Governor's recommendations.



(Sponsorship Updated As Of: 9/22/2000)

1 AN ACT concerning financial assistance to certain businesses,
2 ¹[supplementing P.L.1974, c.80 (C.34:1B-1 et seq.), and making
3 an appropriation] amending P.L.1999, c.239¹.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 ¹[1. This act shall be known and may be cited as the "New Jersey
9 Women's Micro-Business Credit Act."]¹

10

11 ¹[2. The Legislature finds and declares that:

12 a. Micro-business loans are usually granted to those business
13 entrepreneurs with prior business experience who operate firms with
14 up to five employees and are granted loans in amounts from \$5,000 to
15 \$25,000, mostly to expand an existing business;

16 b. Experience in numerous other states and in certain urban areas
17 in New Jersey has shown that "micro-lending," or carefully
18 underwriting small loans to individual entrepreneurs with
19 well-developed, realistic business plans, has been successful in helping
20 individuals, without regard to geographical location, to start micro-
21 businesses;

22 c. While the New Jersey Development Authority for Small
23 Businesses, Minorities' and Women's Enterprises has a peer group
24 micro-lending program in place which targets urban areas of the State,
25 it is imperative that we find new and innovative ways to help more
26 unemployed women and underemployed women in all areas of the
27 State to enter or reenter the marketplace;

28 d. Nonprofit community-based development corporations have the
29 experience of providing the training and technical assistance that is
30 necessary for prospective entrepreneurs to establish a viable business;
31 and

32 e. There is a need to create a micro-business credit loan program
33 that would target only those potential female entrepreneurs who have
34 little or no prior business experience, are self-motivated and are willing
35 to undertake an extensive training program and receive other kinds of
36 technical assistance in order to gain the necessary experience to start
37 a successful business through grants given to certified nonprofit
38 community development corporations.]¹

39

40 ¹[3. As used in this act:

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations September 21, 2000.

1 "Authority" means the New Jersey Development Authority for
2 Small Businesses, Minorities' and Women's Enterprises;

3 "Certified corporation" means a nonprofit community development
4 corporation, established prior to or after the effective date of this act,
5 and pursuant to Title 15 of the Revised Statutes, Title 15A of the New
6 Jersey Statutes, or other law of this State, and certified by the
7 authority to receive grants for the purpose of issuing loans and
8 providing training and technical assistance to qualified recipients
9 pursuant to section 6 of this act;

10 "Department" means the Department of Human Services.

11 "Grant" means money given to a certified nonprofit community
12 development corporation by the authority for the purpose of issuing
13 loans or loan guarantees pursuant to section 4 of this act;

14 "Loan" means a loan issued or guaranteed to a qualified recipient
15 under the terms and conditions set forth by a certified corporation;

16 "Program" means the New Jersey Women's Micro-Business Credit
17 Program established pursuant to section 4 of this act; and

18 "Qualified recipient" means one or more women who intend to
19 establish a business enterprise which is to be independently owned and
20 operated solely by the woman or women, as appropriate, who have
21 had little or no prior business experience, and each having a gross
22 annual personal income of an amount less than 125% of the official
23 poverty line, as determined by the Director of the federal Office of
24 Management and Budget. A qualified recipient may conduct a
25 business enterprise on a part-time basis, from a residence, or both.]¹
26

27 ¹[4. a. There is created, in the authority, a "New Jersey Women's
28 Micro-Business Credit Program." The program shall be established by
29 the authority in consultation with the department and the New Jersey
30 Economic Development Authority. The program shall consist of 10
31 grants of \$75,000 each to certified corporations for the following
32 purposes:

33 (1) \$35,000 for issuing loans to qualified recipients;

34 (2) \$15,000 for providing training and technical assistance to
35 qualified recipients;

36 (3) \$20,000 for reimbursing the certified corporation for
37 administrative expenses; and

38 (4) \$5,000 for reimbursing the certified corporation for payment of
39 auditing or consulting fees.

40 b. To implement the program, the authority shall, to the greatest
41 extent feasible, cooperate with certified corporations in no less than
42 seven different counties in seeking to involve the resources of local
43 banks and financial institutions in order to leverage funds available for
44 the program. The counties shall be determined by the authority on the
45 basis of: comparative unemployment or underemployment; an
46 economic environment conducive to the establishment of businesses

1 built by qualified recipients; the need for assistance in creating business
2 opportunities for qualified recipients where such activity will enhance
3 a small business economy; and the level of anticipated financial and
4 other participation of county economic development agencies,
5 municipal economic development agencies or business organizations,
6 and county or municipal educational and nonprofit organizations.

7 c. In order to advertise and promote the program, the authority is
8 authorized to organize or participate in the organization of a nonprofit
9 corporation which is exempt from federal taxation under section
10 501(c)(3) of the Internal Revenue Code. Such nonprofit corporation
11 must directly further the statutory mission of the authority and the
12 intent of this act. Expenses incurred by such nonprofit corporations
13 shall be payable from funds raised by the nonprofit corporation, and no
14 liability or obligation, in tort or contract, shall be incurred by the
15 authority for the operation of the nonprofit corporation. The nonprofit
16 corporation shall obtain private counsel and shall not be represented
17 by the authority or indemnified by the authority.

18 d. To implement the program, the authority may utilize moneys as
19 may be available from other sources of financing, in addition to the
20 appropriation authorized by section 10 of this act, including, but not
21 limited to, other assistance programs administered by the authority, the
22 department or by other State agencies or authorities, federal grants or
23 such other moneys as may be made available for the program pursuant
24 to this act.]¹

25
26 ¹[5. a. The authority shall use the moneys in the program as
27 established in consultation with the department and the New Jersey
28 Economic Development Authority and for the purposes designated
29 pursuant to section 4 of this act.

30 b. In determining the criteria for making grants to each of the 10
31 certified corporations, the authority shall, in addition to applying its
32 customary underwriting criteria, also consider:

33 (1) the plan and scope of business training and technical assistance
34 to be provided to qualified recipients;

35 (2) the plan and scope of other services to be provided to qualified
36 recipients;

37 (3) geographic representation among the counties chosen, pursuant
38 to subsection b. of section 4 of this act;

39 (4) the ability of the certified corporation, with its plan, to monitor
40 and provide financial oversight of recipients of loans, to administer a
41 revolving loan fund, and to investigate and qualify financing proposals
42 and to service credit accounts;

43 (5) the sources and the sufficiency of operating funds, other than
44 those provided herein, for the certified corporations; and

45 (6) the intent of the certified corporation, as set forth in its plan
46 and written indications of local institutional support, to provide

1 services to qualified recipients in the county within which it is located.

2 c. Loan funds may be used by a certified corporation to:

3 (1) satisfy matching requirements for other State, federal, or
4 private funding only if funding is intended and used for the purpose of
5 providing or enhancing the certified corporation's ability to provide
6 and administer loans, technical assistance, or business training to
7 qualified recipients; and

8 (2) establish a revolving loan fund from which the certified
9 corporation may issue loans to qualified recipients, provided that a
10 single loan amount, as part of a loan agreement, does not exceed
11 \$5,000, or issue additional loans to qualified recipients which have
12 completed payments on an earlier loan, under terms and conditions of
13 the certified corporation.

14 d. Loan funds created by a certified corporation shall not be:

15 (1) loaned for relending or investment in stocks, bonds, or other
16 securities or for property not intended for use in production by the
17 recipient of the loan; or

18 (2) used to refinance a nonperforming loan held by a financial
19 institution or to pay the operating costs of a certified corporation;
20 however, interest income earned from the proceeds of a loan may be
21 used to pay operating expenses.

22 e. Certified corporations are required to contribute cash from
23 other sources to leverage and secure loans from the program.
24 Contributions provided by the certified corporation must be in a ratio
25 of at least \$1 from other sources for each \$3 in loans from the
26 program and at least \$1 from other sources for each \$4 for training,
27 technical assistance and administrative expenses. These contributions
28 may come from a public or private source other than the program and
29 may be in the form of loans or grants.

30 f. Loans made by a certified corporation to a qualified recipient
31 shall be made pursuant to a loan agreement and may be amortization
32 or term loans, bear interest at less than the market rate, be renewable,
33 and contain other terms and conditions considered appropriate by the
34 authority that are consistent with the purposes of this act and with
35 rules and regulations promulgated by the authority to implement this
36 act.

37 g. (1) Unless subject to federal law, rule or regulation, each
38 certified corporation that receives a grant under this act shall undergo
39 an audit, at its own expense, at least once every two years. The
40 authority shall designate an auditor to conduct the audit who shall
41 submit a copy of the audit to the authority.

42 (2) If an audit is performed under a requirement of federal law,
43 rule or regulation, the authority shall waive the audit required in this
44 subsection with respect to all issues addressed by the federal audit
45 report. However, the authority may require an audit of matters that
46 are not, in the authority's judgment, addressed by the federal report

1 including, but not limited to, verification of compliance with
2 requirements specific to the program, such as job-generation standards
3 and reporting.]]¹

4
5 ¹[6. The authority may certify a nonprofit community
6 development corporation when it determines that the corporation:

7 a. has developed a viable plan for providing training, access to
8 financing, and technical assistance for qualified recipients;

9 b. has demonstrated an ability to successfully provide training and
10 technical assistance to qualified recipients;

11 c. has broad-based community support within a county and has
12 demonstrated support from other regional entities to provide
13 assistance with service delivery and financial aspects; and

14 d. has an adequate source of operating capital.]]¹

15
16 ¹[7. a. The authority shall have, in addition to the powers
17 enumerated in section 4 of P.L.1985, c.386 (C.34:1B-50), the power
18 to enter into written agreements, including, but not limited to, limited
19 partnership agreements with one or more professional investors or
20 small business investment corporations or with one or more State
21 agencies or authorities for the purposes of establishing a pool of
22 additional moneys which is to be used exclusively for grants to
23 certified corporations for the sole purpose of providing loans to
24 qualified recipients.

25 b. The authority may also accept grants, donations, and other
26 private and public funds, including payments of interest on loans made
27 by the authority and use such moneys received under this subsection
28 for the purposes of the program.]]¹

29
30 ¹[8. The authority shall, in conjunction with certified
31 corporations, the department and the New Jersey Economic
32 Development Authority, prepare a report within two years following
33 the effective date of this act, and not later than September 15 of each
34 third year thereafter. The report shall include, but not be limited to:
35 a description of the demand for the program from qualified recipients;
36 the number of qualified recipients the program has assisted; the efforts
37 made by the authority in conjunction with the department and the
38 certified corporations to promote the program; the efforts of the
39 certified corporations to establish a pool of funds from private and
40 public sources; the total amount of loans issued by the certified
41 corporations; and an assessment of the effectiveness of the program in
42 meeting the goals of this act. The authority shall submit its reports to
43 the Governor and the Legislature, along with any recommendations for
44 legislation to improve the effectiveness of the program.]]¹

45
46 ¹[9. The authority shall adopt, in consultation with the

1 department, pursuant to the "Administrative Procedure Act,"
2 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations as may be
3 necessary to effectuate the purposes of this act including, but not
4 limited to: the criteria and procedures concerning certification of
5 certified corporations; the criteria and procedures for selecting from
6 competing grant applications and for awarding grants to certified
7 corporations; the criteria and procedures to be followed by certified
8 corporations in administering revolving loan funds supported by the
9 program; the criteria for determining the terms and conditions of loans
10 and loan repayments; the criteria for determining nonperformance and
11 declaring default in the administration of loans; and the criteria and
12 procedures to be followed by certified corporations in providing
13 training and technical assistance to qualified recipients.]]¹

14

15 ¹[10. There is appropriated from the General Fund to the New
16 Jersey Development Authority for Small Businesses, Minorities' and
17 Women's Enterprises a sum not to exceed \$750,000 to carry out the
18 purposes of this act, subject to the approval of the Director of the
19 Division of Budget and Accounting in the Department of the Treasury
20 and the Joint Budget Oversight Committee or its successor.]]¹

21

22 ¹1. Section 3 of P.L.1999, c.239 (52:27D-445) is amended to read
23 as follows:

24 3. As used in this act:

25 "Act" means the "New Jersey Women's Micro-Business Assistance
26 Act."

27 "Certified nonprofit community development corporation" or
28 "certified corporation" means a nonprofit community development
29 corporation, established pursuant to Title 15 of the Revised Statutes,
30 Title 15A of the New Jersey Statutes, or other law of this State, and
31 certified by the department pursuant to section 6 of this act to receive
32 funds for the purpose of issuing loans to qualified women-owned
33 business;

34 "Commissioner" means the Commissioner of Community Affairs.

35 "Department" means the Department of Community Affairs;

36 "Development loan" means money loaned to a certified corporation
37 by the department for the purpose of making micro-credit loans to
38 qualified recipients;

39 "Micro-credit loan" or "loan" means a loan made or guaranteed to
40 a qualified woman-owned home-based business under the terms and
41 conditions set forth by a certified nonprofit community development
42 corporation established pursuant to Title 15 of the Revised Statutes,
43 Title 15A of the New Jersey Statutes, or other law of this State to
44 provide training, technical assistance, and access to capital for the
45 startup of qualified woman-owned businesses, including businesses
46 conducted from a residence;

1 "Program" or "pilot program" means the New Jersey Women's
2 Micro-Business Pilot Program established pursuant to section 4 of this
3 act; and

4 "Qualified recipient" means one or more women who intend to
5 establish a business enterprise which is to be independently owned and
6 operated solely by the woman or women, as appropriate, [having a
7 level of prior business experience and gross annual personal income
8 determined to be appropriate by the commissioner, provided that the
9 commissioner shall make, to the greatest extent feasible, every effort
10 to include women having] who have little or no prior business
11 experience and each having a gross annual personal income of an
12 amount less than 125% of the official poverty line, as determined by
13 the Director of the federal Office of Management and Budget. A
14 qualified recipient may conduct a business enterprise on a part-time
15 basis, from a residence, or both.¹

16 (cf: P.L.1999, c.239, s.3)

17

18 ¹[11.] 2.¹ This act shall take effect immediately.

ASSEMBLY, No. 2279

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MARCH 20, 2000

Sponsored by:

Assemblyman JACK COLLINS

District 3 (Salem, Cumberland and Gloucester)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

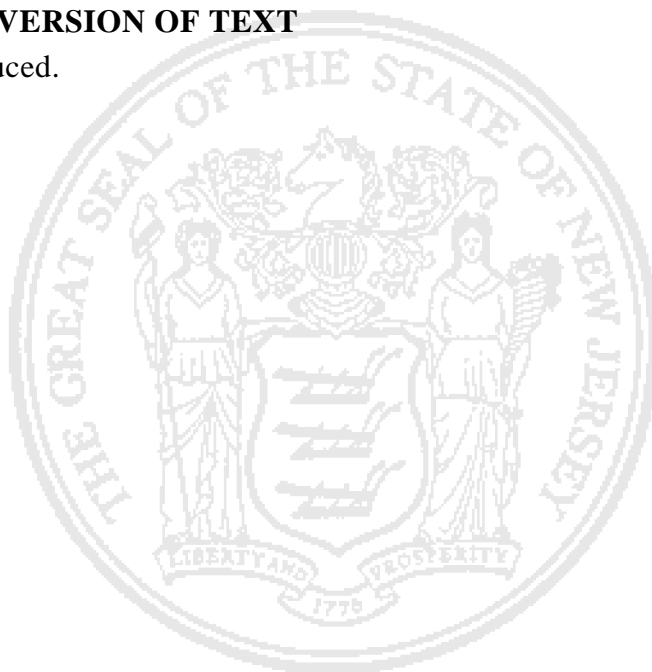
**Assemblymen Arnone, LeFevre, Assemblywomen Gill, Greenstein,
Assemblyman Conaway, Assemblywomen Cruz-Perez, Previte and Watson
Coleman**

SYNOPSIS

The "New Jersey Women's Micro-Business Credit Act"; appropriates \$750,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/30/2000)

1 AN ACT concerning financial assistance to certain businesses,
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.), and making an
3 appropriation.

4

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

7

8 1. This act shall be known and may be cited as the "New Jersey
9 Women's Micro-Business Credit Act."

10

11 2. The Legislature finds and declares that:

12 a. Micro-business loans are usually granted to those business
13 entrepreneurs with prior business experience who operate firms with
14 up to five employees and are granted loans in amounts from \$5,000 to
15 \$25,000, mostly to expand an existing business;

16 b. Experience in numerous other states and in certain urban areas
17 in New Jersey has shown that "micro-lending," or carefully
18 underwriting small loans to individual entrepreneurs with
19 well-developed, realistic business plans, has been successful in helping
20 individuals, without regard to geographical location, to start micro-
21 businesses;

22 c. While the New Jersey Development Authority for Small
23 Businesses, Minorities' and Women's Enterprises has a peer group
24 micro-lending program in place which targets urban areas of the State,
25 it is imperative that we find new and innovative ways to help more
26 unemployed women and underemployed women in all areas of the
27 State to enter or reenter the marketplace;

28 d. Nonprofit community-based development corporations have the
29 experience of providing the training and technical assistance that is
30 necessary for prospective entrepreneurs to establish a viable business;
31 and

32 e. There is a need to create a micro-business credit loan program
33 that would target only those potential female entrepreneurs who have
34 little or no prior business experience, are self-motivated and are willing
35 to undertake an extensive training program and receive other kinds of
36 technical assistance in order to gain the necessary experience to start
37 a successful business through grants given to certified nonprofit
38 community development corporations.

39

40 3. As used in this act:

41 "Authority" means the New Jersey Development Authority for
42 Small Businesses, Minorities' and Women's Enterprises;

43 "Certified corporation" means a nonprofit community development
44 corporation, established prior to or after the effective date of this act,
45 and pursuant to Title 15 of the Revised Statutes, Title 15A of the New
46 Jersey Statutes, or other law of this State, and certified by the

1 authority to receive grants for the purpose of issuing loans and
2 providing training and technical assistance to qualified recipients
3 pursuant to section 6 of this act;

4 "Department" means the Department of Human Services.

5 "Grant" means money given to a certified nonprofit community
6 development corporation by the authority for the purpose of issuing
7 loans or loan guarantees pursuant to section 4 of this act;

8 "Loan" means a loan issued or guaranteed to a qualified recipient
9 under the terms and conditions set forth by a certified corporation;

10 "Program" means the New Jersey Women's Micro-Business Credit
11 Program established pursuant to section 4 of this act; and

12 "Qualified recipient" means one or more women who intend to
13 establish a business enterprise which is to be independently owned and
14 operated solely by the woman or women, as appropriate, who have
15 had little or no prior business experience, and each having a gross
16 annual personal income of an amount less than 125% of the official
17 poverty line, as determined by the Director of the federal Office of
18 Management and Budget. A qualified recipient may conduct a
19 business enterprise on a part-time basis, from a residence, or both.
20

21 4. a. There is created, in the authority, a "New Jersey Women's
22 Micro-Business Credit Program." The program shall be established by
23 the authority in consultation with the department and the New Jersey
24 Economic Development Authority. The program shall consist of 10
25 grants of \$75,000 each to certified corporations for the following
26 purposes:

27 (1) \$35,000 for issuing loans to qualified recipients;

28 (2) \$15,000 for providing training and technical assistance to
29 qualified recipients;

30 (3) \$20,000 for reimbursing the certified corporation for
31 administrative expenses; and

32 (4) \$5,000 for reimbursing the certified corporation for payment
33 of auditing or consulting fees.

34 b. To implement the program, the authority shall, to the greatest
35 extent feasible, cooperate with certified corporations in no less than
36 seven different counties in seeking to involve the resources of local
37 banks and financial institutions in order to leverage funds available for
38 the program. The counties shall be determined by the authority on the
39 basis of: comparative unemployment or underemployment; an
40 economic environment conducive to the establishment of businesses
41 built by qualified recipients; the need for assistance in creating business
42 opportunities for qualified recipients where such activity will enhance
43 a small business economy; and the level of anticipated financial and
44 other participation of county economic development agencies,
45 municipal economic development agencies or business organizations,
46 and county or municipal educational and nonprofit organizations.

1 c. In order to advertise and promote the program, the authority is
2 authorized to organize or participate in the organization of a nonprofit
3 corporation which is exempt from federal taxation under section
4 501(c)(3) of the Internal Revenue Code. Such nonprofit corporation
5 must directly further the statutory mission of the authority and the
6 intent of this act. Expenses incurred by such nonprofit corporations
7 shall be payable from funds raised by the nonprofit corporation, and no
8 liability or obligation, in tort or contract, shall be incurred by the
9 authority for the operation of the nonprofit corporation. The nonprofit
10 corporation shall obtain private counsel and shall not be represented
11 by the authority or indemnified by the authority.

12 d. To implement the program, the authority may utilize moneys as
13 may be available from other sources of financing, in addition to the
14 appropriation authorized by section 10 of this act, including, but not
15 limited to, other assistance programs administered by the authority, the
16 department or by other State agencies or authorities, federal grants or
17 such other moneys as may be made available for the program pursuant
18 to this act.

19
20 5. a. The authority shall use the moneys in the program as
21 established in consultation with the department and the New Jersey
22 Economic Development Authority and for the purposes designated
23 pursuant to section 4 of this act.

24 b. In determining the criteria for making grants to each of the 10
25 certified corporations, the authority shall, in addition to applying its
26 customary underwriting criteria, also consider:

27 (1) the plan and scope of business training and technical assistance
28 to be provided to qualified recipients;

29 (2) the plan and scope of other services to be provided to qualified
30 recipients;

31 (3) geographic representation among the counties chosen, pursuant
32 to subsection b. of section 4 of this act;

33 (4) the ability of the certified corporation, with its plan, to monitor
34 and provide financial oversight of recipients of loans, to administer a
35 revolving loan fund, and to investigate and qualify financing proposals
36 and to service credit accounts;

37 (5) the sources and the sufficiency of operating funds, other than
38 those provided herein, for the certified corporations; and

39 (6) the intent of the certified corporation, as set forth in its plan
40 and written indications of local institutional support, to provide
41 services to qualified recipients in the county within which it is located.

42 c. Loan funds may be used by a certified corporation to:

43 (1) satisfy matching requirements for other State, federal, or
44 private funding only if funding is intended and used for the purpose of
45 providing or enhancing the certified corporation's ability to provide
46 and administer loans, technical assistance, or business training to

1 qualified recipients; and

2 (2) establish a revolving loan fund from which the certified
3 corporation may issue loans to qualified recipients, provided that a
4 single loan amount, as part of a loan agreement, does not exceed
5 \$5,000, or issue additional loans to qualified recipients which have
6 completed payments on an earlier loan, under terms and conditions of
7 the certified corporation.

8 d. Loan funds created by a certified corporation shall not be:

9 (1) loaned for relending or investment in stocks, bonds, or other
10 securities or for property not intended for use in production by the
11 recipient of the loan; or

12 (2) used to refinance a nonperforming loan held by a financial
13 institution or to pay the operating costs of a certified corporation;
14 however, interest income earned from the proceeds of a loan may be
15 used to pay operating expenses.

16 e. Certified corporations are required to contribute cash from
17 other sources to leverage and secure loans from the program.
18 Contributions provided by the certified corporation must be in a ratio
19 of at least \$1 from other sources for each \$3 in loans from the
20 program and at least \$1 from other sources for each \$4 for training,
21 technical assistance and administrative expenses. These contributions
22 may come from a public or private source other than the program and
23 may be in the form of loans or grants.

24 f. Loans made by a certified corporation to a qualified recipient
25 shall be made pursuant to a loan agreement and may be amortization
26 or term loans, bear interest at less than the market rate, be renewable,
27 and contain other terms and conditions considered appropriate by the
28 authority that are consistent with the purposes of this act and with
29 rules and regulations promulgated by the authority to implement this
30 act.

31 g. (1) Unless subject to federal law, rule or regulation, each
32 certified corporation that receives a grant under this act shall undergo
33 an audit, at its own expense, at least once every two years. The
34 authority shall designate an auditor to conduct the audit who shall
35 submit a copy of the audit to the authority.

36 (2) If an audit is performed under a requirement of federal law,
37 rule or regulation, the authority shall waive the audit required in this
38 subsection with respect to all issues addressed by the federal audit
39 report. However, the authority may require an audit of matters that
40 are not, in the authority's judgment, addressed by the federal report
41 including, but not limited to, verification of compliance with
42 requirements specific to the program, such as job-generation standards
43 and reporting.

44

45 6. The authority may certify a nonprofit community development
46 corporation when it determines that the corporation:

1 a. has developed a viable plan for providing training, access to
2 financing, and technical assistance for qualified recipients;

3 b. has demonstrated an ability to successfully provide training and
4 technical assistance to qualified recipients;

5 c. has broad-based community support within a county and has
6 demonstrated support from other regional entities to provide
7 assistance with service delivery and financial aspects; and

8 d. has an adequate source of operating capital.
9

10 7. a. The authority shall have, in addition to the powers
11 enumerated in section 4 of P.L.1985, c.386 (C.34:1B-50), the power
12 to enter into written agreements, including, but not limited to, limited
13 partnership agreements with one or more professional investors or
14 small business investment corporations or with one or more State
15 agencies or authorities for the purposes of establishing a pool of
16 additional moneys which is to be used exclusively for grants to
17 certified corporations for the sole purpose of providing loans to
18 qualified recipients.

19 b. The authority may also accept grants, donations, and other
20 private and public funds, including payments of interest on loans made
21 by the authority and use such moneys received under this subsection
22 for the purposes of the program.
23

24 8. The authority shall, in conjunction with certified corporations,
25 the department and the New Jersey Economic Development Authority,
26 prepare a report within two years following the effective date of this
27 act, and not later than September 15 of each third year thereafter. The
28 report shall include, but not be limited to: a description of the demand
29 for the program from qualified recipients; the number of qualified
30 recipients the program has assisted; the efforts made by the authority
31 in conjunction with the department and the certified corporations to
32 promote the program; the efforts of the certified corporations to
33 establish a pool of funds from private and public sources; the total
34 amount of loans issued by the certified corporations; and an
35 assessment of the effectiveness of the program in meeting the goals of
36 this act. The authority shall submit its reports to the Governor and the
37 Legislature, along with any recommendations for legislation to
38 improve the effectiveness of the program.
39

40 9. The authority shall adopt, in consultation with the department,
41 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
42 (C.52:14B-1 et seq.), rules and regulations as may be necessary to
43 effectuate the purposes of this act including, but not limited to: the
44 criteria and procedures concerning certification of certified
45 corporations; the criteria and procedures for selecting from competing
46 grant applications and for awarding grants to certified corporations;

1 the criteria and procedures to be followed by certified corporations in
2 administering revolving loan funds supported by the program; the
3 criteria for determining the terms and conditions of loans and loan
4 repayments; the criteria for determining nonperformance and declaring
5 default in the administration of loans; and the criteria and procedures
6 to be followed by certified corporations in providing training and
7 technical assistance to qualified recipients.

8
9 10. There is appropriated from the General Fund to the New
10 Jersey Development Authority for Small Business Minorities' and
11 Women's Enterprises a sum not to exceed \$750,000 to carry out the
12 purposes of this act, subject to the approval of the Director of the
13 Division of Budget and Accounting in the Department of the Treasury
14 and the Joint Budget Oversight Committee or its successor.

15
16 11. This act shall take effect immediately.

17
18
19 STATEMENT

20
21 This bill creates in the New Jersey Development Authority for
22 Small Businesses, Minorities' and Women's Enterprises ("authority"),
23 a "New Jersey Women's Micro-Business Credit Program" ("program")
24 which would target only those female potential entrepreneurs who
25 have little or no prior business experience, are self-motivated and are
26 willing to undertake an extensive training program and receive other
27 kinds of technical assistance in order to gain the necessary experience
28 to start a successful business through grants given to certified
29 nonprofit community development corporations. The bill directs the
30 authority to establish the program in consultation with the Department
31 of Human Services and the New Jersey Economic Development
32 Authority.

33 The program is to consist of 10 grants of \$75,000 each to certified
34 nonprofit community development corporations ("certified
35 corporations") for the following purposes: (1) \$35,000 for issuing
36 loans, loan guarantees, or both, to certain women-owned qualified
37 recipients ("qualified recipients"); (2) \$15,000 for providing training
38 and technical assistance to qualified recipients; (3) \$20,000 for
39 reimbursing the certified corporation for administrative expenses; and
40 (4) \$5,000 for reimbursing the certified corporation for payment of
41 auditing or consulting fees.

42 A qualified recipient must be one or more women who intend to
43 establish a business enterprise which is to be independently owned and
44 operated solely by the woman or women, each having a gross annual
45 personal income of an amount less than 125% of the official poverty
46 line, as determined by the Director of the federal Office of

1 Management and Budget. A qualified recipient may conduct a
2 business enterprise on a part-time basis, from a residence, or both.

3 In determining the criteria for making grants to each of the 10
4 certified corporations, the authority shall, in addition to applying its
5 customary underwriting criteria, also consider: (1) the plan and scope
6 of business training and technical assistance to be provided to qualified
7 recipients; (2) the plan and scope of other services to be provided to
8 qualified recipients; (3) geographic representation among the counties
9 involved (at least seven must be chosen); (4) the ability of the certified
10 corporation, with its plan, to monitor and provide financial oversight
11 of recipients of loans and loan guarantees, to administer a revolving
12 loan fund, and to investigate and qualify financing proposals and to
13 service credit accounts; (5) the sources and the sufficiency of
14 operating funds for the certified corporations; and (6) the intent of the
15 certified corporation, with its plan and written indications of local
16 institutional support, to provide services to qualified recipients in the
17 county within which it is located.

18 Loan funds may be used by a certified corporation to satisfy
19 matching requirements for other State, federal, or private funding only
20 if funding is intended and used for the purpose of providing or
21 enhancing the certified corporation's ability to provide and administer
22 loans, loan guarantees, technical assistance, or business training to
23 qualified recipients; and to establish a revolving loan fund from which
24 the certified corporation may issue loans and loan guarantees to
25 qualified recipients, provided that a single loan or loan guarantee
26 amount, as part of a loan agreement, does not exceed \$5,000, or issue
27 additional loans to qualified recipients which have completed payments
28 on an earlier loan, under terms and conditions of the certified
29 corporation.

30 The bill permits the authority to implement the program using
31 moneys from sources other than the authorized appropriation for the
32 program including, but not limited to, other assistance programs
33 administered by the authority, the department or by other State
34 agencies or authorities, federal grants or other moneys that may be
35 made available.

36 The bill appropriates a sum not to exceed \$750,000 from the
37 General Fund to the New Jersey Development Authority for Small
38 Businesses, Minorities' and Women's Enterprises, subject to the
39 approval of the Director of the Division of Budget and Accounting in
40 the Department of the Treasury and the Joint Budget Oversight
41 Committee, to implement the provisions of the bill.

ASSEMBLY COMMERCE, TOURISM, GAMING AND
MILITARY AND VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2279

STATE OF NEW JERSEY

DATED: MAY 1, 2000

The Assembly Commerce, Tourism, Gaming and Military and Veterans' Affairs Committee reports favorably Assembly Bill No. 2279.

This bill creates in the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, a "New Jersey Women's Micro-Business Credit Program" which would target only those female potential entrepreneurs who have little or no prior business experience, are self-motivated and are willing to undertake an extensive training program and receive other kinds of technical assistance in order to gain the necessary experience to start a successful business through grants given to certified nonprofit community development corporations. The bill directs the authority to establish the program in consultation with the Department of Human Services and the New Jersey Economic Development Authority.

The program is to consist of 10 grants of \$75,000 each to certified nonprofit community development corporations for the following purposes: (1) \$35,000 for issuing loans, loan guarantees, or both, to certain qualified recipients; (2) \$15,000 for providing training and technical assistance to qualified recipients; (3) \$20,000 for reimbursing the certified corporation for administrative expenses; and (4) \$5,000 for reimbursing the certified corporation for payment of auditing or consulting fees.

A qualified recipient must be one or more women who intend to establish a business enterprise which is to be independently owned and operated solely by the woman or women, each having a gross annual personal income of an amount less than 125% of the poverty line, as issued by the federal Department of Health and Human Services (in 2000, 125% of the poverty line for a family of four is approximately \$21,300). A qualified recipient may conduct a business enterprise on a part-time basis, from a residence, or both.

In determining the criteria for making grants to each of the 10 certified nonprofit community development corporations, the bill directs the authority to consider: (1) the plan and scope of business

training and technical assistance to be provided to qualified recipients; (2) the plan and scope of other services to be provided to qualified recipients; (3) geographic representation among the counties involved (at least seven must be chosen); (4) the ability of the certified corporation, with its plan, to monitor and provide financial oversight of recipients of loans and loan guarantees, to administer a revolving loan fund, and to investigate and qualify financing proposals and to service credit accounts; (5) the sources and the sufficiency of operating funds for the certified corporations; and (6) the intent of the certified corporation, with its plan and written indications of local institutional support, to provide services to qualified recipients in the county within which it is located.

The bill permits the authority to implement the program using moneys from sources other than the authorized appropriation for the program including, but not limited to, other assistance programs administered by the authority, the department or by other State agencies or authorities, federal grants or other moneys that may be made available.

The bill appropriates a sum not to exceed \$750,000 from the General Fund to the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, subject to the approval of the Director of the Division of Budget and Accounting in the Department of the Treasury and the Joint Budget Oversight Committee, to implement the provisions of the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2279

STATE OF NEW JERSEY

DATED: JUNE 8, 2000

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2279.

Assembly Bill No. 2279 creates in the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, a "New Jersey Women's Micro-Business Credit Program" which would target only those female potential entrepreneurs who have little or no prior business experience, are self-motivated and are willing to undertake an extensive training program and receive other kinds of technical assistance in order to gain the necessary experience to start a successful business through grants given to certified nonprofit community development corporations. The bill directs the authority to establish the program in consultation with the Department of Human Services and the New Jersey Economic Development Authority.

FISCAL IMPACT:

The bill appropriates a sum not to exceed \$750,000 from the General Fund to the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, subject to approval by the Director of Budget and Accounting and the Joint Budget Oversight Committee.

The program is to consist of 10 grants of \$75,000 each to certified nonprofit community development corporations for the following purposes: (1) \$35,000 for issuing loans, loan guarantees, or both, to certain qualified recipients; (2) \$15,000 for providing training and technical assistance to qualified recipients; (3) \$20,000 for reimbursing the certified corporation for administrative expenses; and (4) \$5,000 for reimbursing the certified corporation for payment of auditing or consulting fees.

SENATE BILL NO. 510

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 510 with my recommendations for reconsideration.

A. Summary of Bill

The bill would create a New Jersey Women's Micro-Business Credit Program within the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises. The program would target low-income potential female entrepreneurs who have little or no prior business experience and are looking to start a business. The bill appropriates a total of \$750,000 to the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises to award grants of \$75,000 to ten certified nonprofit community development corporations that would in turn issue loans to individual women entrepreneurs.

B. Recommended Action

This bill has the important goal to encourage low-income women with little or no prior business experience, who might not otherwise start their own businesses, to become entrepreneurs. Programs such as this can encourage unemployed and underemployed women to enter the marketplace, and provide women with economic independence. I commend the sponsors of this bill and the Legislature for their commitment to this issue.

Indeed, this bill shares many of the same features and objectives as a bill that I signed into law in October 1999, the New Jersey Women's Micro-Business Assistance Act. That law established a program in the Department of Community Affairs ("DCA") to provide loans to potential female entrepreneurs who have little or no prior business experience and who are looking to start a business. The Fiscal Year 2001 Budget includes \$750,000 that I recommended to fund implementation of the 1999 law. Under the existing program, \$750,000 will be provided this year to community development corporations in three communities to issue micro-business loans to potential female entrepreneurs. The DCA will provide a report to the Legislature and me by October 2001, evaluating the program and recommending whether it should be expanded.

Senate Bill No. 510 would establish a parallel program within the New Jersey Economic Development Authority ("EDA") with many of the same features and objectives as the existing program. I am concerned about the inefficiency of administering parallel programs in two different State agencies.

One of the primary purposes of Senate Bill No. 510 is to ensure that, through loan eligibility criteria, the micro-business loans are available to women with little or no prior business experience and annual incomes below 125 per cent of the poverty line. The 1999 law encourages the DCA, to the greatest extent possible, to include women who meet these criteria as loan recipients, but does not include these criteria as specific eligibility requirements.

I believe it is appropriate that micro-business loans be specifically targeted toward women with little or no prior business experience who have low annual incomes. In order to achieve this purpose without creating a separate program in the EDA, I recommend that the 1999 law be amended to replace the loan eligibility criteria contained in the definition of "Qualified Recipient" with the definition set forth in Senate Bill No. 510. The remaining provisions of Senate Bill No. 510 should be deleted.

Therefore, I herewith return Senate Bill No. 510 and recommend that it be amended as follows:

Page 2, Title, Line 2:

Delete "supplementing P.L. 1974, c. 80 (C.34:1B-1 et seq.), and making an appropriation", and add "amending P.L. 1999, c. 239 (C.52:27-443 et seq.)"

Pages 2-7, Sections 1-10:

Delete in their entirety, and replace with "Section 3 of P.L.1999, c.239 (C.52:27D-445) is amended to read as follows:

3. As used in this act:

"Act" means the "New Jersey Women's Micro-Business Assistance Act."

"Certified nonprofit community development corporation" or "certified corporation" means a nonprofit community development corporation, established pursuant to Title 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other law of this State, and certified by the department pursuant to section 6 of this act to receive funds for the purpose of issuing loans to qualified women-owned business;

“Commissioner” means the Commissioner of Community Affairs;

“Department” means the Department of Community Affairs;

“Development loan” means money loaned to a certified corporation by the department for the purpose of making micro-credit loans to qualified recipients;

“Micro-credit loan” or “loan” means a loan made or guaranteed to a qualified woman-owned, home-based business under the terms and conditions set forth by a certified nonprofit community development corporation established pursuant to Title 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other law of this State to provide training, technical assistance, and access to capital for the startup of qualified woman-owned businesses, including businesses conducted from a residence;

“Program” or “pilot program” means the New Jersey Women’s Micro-Business Pilot Program established pursuant to section 4 of this act; and

“Qualified recipient” means one or more women who intend to establish a business enterprise which is to be independently owned and operated solely by the woman or women, as appropriate, [having a level of prior business experience and gross annual personal income determined to be appropriate by the commissioner, provided that the commissioner shall make, to the greatest extent feasible, every effort to include women having] who have little or no prior business experience and each having a gross annual personal income of an amount less than 125% of the official poverty line, as determined by the Director of the federal Office of Management and Budget. A qualified recipient may

conduct a business enterprise on a part-time basis, from a residence, or both.

Page 7, Section 11, Line 16:

Delete "11" and insert "2"

Respectfully,

/s/ Christine Todd Whitman

Governor

[seal]

Attest:

/s/ Robert E. Fabricant

Chief Counsel to the Governor

P.L. 2001, CHAPTER 34, *approved March 16, 2001*
Senate, No. 510 (*First Reprint*)

1 AN ACT concerning financial assistance to certain businesses,
2 ¹[supplementing P.L.1974, c.80 (C.34:1B-1 et seq.), and making
3 an appropriation] amending P.L.1999, c.239¹.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 ¹[1. This act shall be known and may be cited as the "New Jersey
9 Women's Micro-Business Credit Act."]¹

10

11 ¹[2. The Legislature finds and declares that:

12 a. Micro-business loans are usually granted to those business
13 entrepreneurs with prior business experience who operate firms with
14 up to five employees and are granted loans in amounts from \$5,000 to
15 \$25,000, mostly to expand an existing business;

16 b. Experience in numerous other states and in certain urban areas
17 in New Jersey has shown that "micro-lending," or carefully
18 underwriting small loans to individual entrepreneurs with
19 well-developed, realistic business plans, has been successful in helping
20 individuals, without regard to geographical location, to start micro-
21 businesses;

22 c. While the New Jersey Development Authority for Small
23 Businesses, Minorities' and Women's Enterprises has a peer group
24 micro-lending program in place which targets urban areas of the State,
25 it is imperative that we find new and innovative ways to help more
26 unemployed women and underemployed women in all areas of the
27 State to enter or reenter the marketplace;

28 d. Nonprofit community-based development corporations have the
29 experience of providing the training and technical assistance that is
30 necessary for prospective entrepreneurs to establish a viable business;
31 and

32 e. There is a need to create a micro-business credit loan program
33 that would target only those potential female entrepreneurs who have
34 little or no prior business experience, are self-motivated and are willing
35 to undertake an extensive training program and receive other kinds of
36 technical assistance in order to gain the necessary experience to start
37 a successful business through grants given to certified nonprofit
38 community development corporations.]¹

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations September 21, 2000.

1 ¹[3. As used in this act:

2 "Authority" means the New Jersey Development Authority for
3 Small Businesses, Minorities' and Women's Enterprises;

4 "Certified corporation" means a nonprofit community development
5 corporation, established prior to or after the effective date of this act,
6 and pursuant to Title 15 of the Revised Statutes, Title 15A of the New
7 Jersey Statutes, or other law of this State, and certified by the
8 authority to receive grants for the purpose of issuing loans and
9 providing training and technical assistance to qualified recipients
10 pursuant to section 6 of this act;

11 "Department" means the Department of Human Services.

12 "Grant" means money given to a certified nonprofit community
13 development corporation by the authority for the purpose of issuing
14 loans or loan guarantees pursuant to section 4 of this act;

15 "Loan" means a loan issued or guaranteed to a qualified recipient
16 under the terms and conditions set forth by a certified corporation;

17 "Program" means the New Jersey Women's Micro-Business Credit
18 Program established pursuant to section 4 of this act; and

19 "Qualified recipient" means one or more women who intend to
20 establish a business enterprise which is to be independently owned and
21 operated solely by the woman or women, as appropriate, who have
22 had little or no prior business experience, and each having a gross
23 annual personal income of an amount less than 125% of the official
24 poverty line, as determined by the Director of the federal Office of
25 Management and Budget. A qualified recipient may conduct a
26 business enterprise on a part-time basis, from a residence, or both.]¹
27

28 ¹[4. a. There is created, in the authority, a "New Jersey Women's
29 Micro-Business Credit Program." The program shall be established by
30 the authority in consultation with the department and the New Jersey
31 Economic Development Authority. The program shall consist of 10
32 grants of \$75,000 each to certified corporations for the following
33 purposes:

34 (1) \$35,000 for issuing loans to qualified recipients;

35 (2) \$15,000 for providing training and technical assistance to
36 qualified recipients;

37 (3) \$20,000 for reimbursing the certified corporation for
38 administrative expenses; and

39 (4) \$5,000 for reimbursing the certified corporation for payment of
40 auditing or consulting fees.

41 b. To implement the program, the authority shall, to the greatest
42 extent feasible, cooperate with certified corporations in no less than
43 seven different counties in seeking to involve the resources of local
44 banks and financial institutions in order to leverage funds available for
45 the program. The counties shall be determined by the authority on the
46 basis of: comparative unemployment or underemployment; an

1 economic environment conducive to the establishment of businesses
2 built by qualified recipients; the need for assistance in creating business
3 opportunities for qualified recipients where such activity will enhance
4 a small business economy; and the level of anticipated financial and
5 other participation of county economic development agencies,
6 municipal economic development agencies or business organizations,
7 and county or municipal educational and nonprofit organizations.

8 c. In order to advertise and promote the program, the authority is
9 authorized to organize or participate in the organization of a nonprofit
10 corporation which is exempt from federal taxation under section
11 501(c)(3) of the Internal Revenue Code. Such nonprofit corporation
12 must directly further the statutory mission of the authority and the
13 intent of this act. Expenses incurred by such nonprofit corporations
14 shall be payable from funds raised by the nonprofit corporation, and no
15 liability or obligation, in tort or contract, shall be incurred by the
16 authority for the operation of the nonprofit corporation. The nonprofit
17 corporation shall obtain private counsel and shall not be represented
18 by the authority or indemnified by the authority.

19 d. To implement the program, the authority may utilize moneys as
20 may be available from other sources of financing, in addition to the
21 appropriation authorized by section 10 of this act, including, but not
22 limited to, other assistance programs administered by the authority, the
23 department or by other State agencies or authorities, federal grants or
24 such other moneys as may be made available for the program pursuant
25 to this act.]¹

26

27 ¹[5. a. The authority shall use the moneys in the program as
28 established in consultation with the department and the New Jersey
29 Economic Development Authority and for the purposes designated
30 pursuant to section 4 of this act.

31 b. In determining the criteria for making grants to each of the 10
32 certified corporations, the authority shall, in addition to applying its
33 customary underwriting criteria, also consider:

34 (1) the plan and scope of business training and technical assistance
35 to be provided to qualified recipients;

36 (2) the plan and scope of other services to be provided to qualified
37 recipients;

38 (3) geographic representation among the counties chosen, pursuant
39 to subsection b. of section 4 of this act;

40 (4) the ability of the certified corporation, with its plan, to monitor
41 and provide financial oversight of recipients of loans, to administer a
42 revolving loan fund, and to investigate and qualify financing proposals
43 and to service credit accounts;

44 (5) the sources and the sufficiency of operating funds, other than
45 those provided herein, for the certified corporations; and

46 (6) the intent of the certified corporation, as set forth in its plan

1 and written indications of local institutional support, to provide
2 services to qualified recipients in the county within which it is located.

3 c. Loan funds may be used by a certified corporation to:

4 (1) satisfy matching requirements for other State, federal, or
5 private funding only if funding is intended and used for the purpose of
6 providing or enhancing the certified corporation's ability to provide
7 and administer loans, technical assistance, or business training to
8 qualified recipients; and

9 (2) establish a revolving loan fund from which the certified
10 corporation may issue loans to qualified recipients, provided that a
11 single loan amount, as part of a loan agreement, does not exceed
12 \$5,000, or issue additional loans to qualified recipients which have
13 completed payments on an earlier loan, under terms and conditions of
14 the certified corporation.

15 d. Loan funds created by a certified corporation shall not be:

16 (1) loaned for relending or investment in stocks, bonds, or other
17 securities or for property not intended for use in production by the
18 recipient of the loan; or

19 (2) used to refinance a nonperforming loan held by a financial
20 institution or to pay the operating costs of a certified corporation;
21 however, interest income earned from the proceeds of a loan may be
22 used to pay operating expenses.

23 e. Certified corporations are required to contribute cash from
24 other sources to leverage and secure loans from the program.
25 Contributions provided by the certified corporation must be in a ratio
26 of at least \$1 from other sources for each \$3 in loans from the
27 program and at least \$1 from other sources for each \$4 for training,
28 technical assistance and administrative expenses. These contributions
29 may come from a public or private source other than the program and
30 may be in the form of loans or grants.

31 f. Loans made by a certified corporation to a qualified recipient
32 shall be made pursuant to a loan agreement and may be amortization
33 or term loans, bear interest at less than the market rate, be renewable,
34 and contain other terms and conditions considered appropriate by the
35 authority that are consistent with the purposes of this act and with
36 rules and regulations promulgated by the authority to implement this
37 act.

38 g. (1) Unless subject to federal law, rule or regulation, each
39 certified corporation that receives a grant under this act shall undergo
40 an audit, at its own expense, at least once every two years. The
41 authority shall designate an auditor to conduct the audit who shall
42 submit a copy of the audit to the authority.

43 (2) If an audit is performed under a requirement of federal law,
44 rule or regulation, the authority shall waive the audit required in this
45 subsection with respect to all issues addressed by the federal audit
46 report. However, the authority may require an audit of matters that

1 are not, in the authority's judgment, addressed by the federal report
2 including, but not limited to, verification of compliance with
3 requirements specific to the program, such as job-generation standards
4 and reporting.]¹

5
6 ¹[6. The authority may certify a nonprofit community
7 development corporation when it determines that the corporation:

8 a. has developed a viable plan for providing training, access to
9 financing, and technical assistance for qualified recipients;

10 b. has demonstrated an ability to successfully provide training and
11 technical assistance to qualified recipients;

12 c. has broad-based community support within a county and has
13 demonstrated support from other regional entities to provide
14 assistance with service delivery and financial aspects; and

15 d. has an adequate source of operating capital.]¹

16
17 ¹[7. a. The authority shall have, in addition to the powers
18 enumerated in section 4 of P.L.1985, c.386 (C.34:1B-50), the power
19 to enter into written agreements, including, but not limited to, limited
20 partnership agreements with one or more professional investors or
21 small business investment corporations or with one or more State
22 agencies or authorities for the purposes of establishing a pool of
23 additional moneys which is to be used exclusively for grants to
24 certified corporations for the sole purpose of providing loans to
25 qualified recipients.

26 b. The authority may also accept grants, donations, and other
27 private and public funds, including payments of interest on loans made
28 by the authority and use such moneys received under this subsection
29 for the purposes of the program.]¹

30
31 ¹[8. The authority shall, in conjunction with certified
32 corporations, the department and the New Jersey Economic
33 Development Authority, prepare a report within two years following
34 the effective date of this act, and not later than September 15 of each
35 third year thereafter. The report shall include, but not be limited to:
36 a description of the demand for the program from qualified recipients;
37 the number of qualified recipients the program has assisted; the efforts
38 made by the authority in conjunction with the department and the
39 certified corporations to promote the program; the efforts of the
40 certified corporations to establish a pool of funds from private and
41 public sources; the total amount of loans issued by the certified
42 corporations; and an assessment of the effectiveness of the program in
43 meeting the goals of this act. The authority shall submit its reports to
44 the Governor and the Legislature, along with any recommendations for
45 legislation to improve the effectiveness of the program.]¹

1 ¹[9. The authority shall adopt, in consultation with the
2 department, pursuant to the "Administrative Procedure Act,"
3 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations as may be
4 necessary to effectuate the purposes of this act including, but not
5 limited to: the criteria and procedures concerning certification of
6 certified corporations; the criteria and procedures for selecting from
7 competing grant applications and for awarding grants to certified
8 corporations; the criteria and procedures to be followed by certified
9 corporations in administering revolving loan funds supported by the
10 program; the criteria for determining the terms and conditions of loans
11 and loan repayments; the criteria for determining nonperformance and
12 declaring default in the administration of loans; and the criteria and
13 procedures to be followed by certified corporations in providing
14 training and technical assistance to qualified recipients.]¹

15

16 ¹[10. There is appropriated from the General Fund to the New
17 Jersey Development Authority for Small Businesses, Minorities' and
18 Women's Enterprises a sum not to exceed \$750,000 to carry out the
19 purposes of this act, subject to the approval of the Director of the
20 Division of Budget and Accounting in the Department of the Treasury
21 and the Joint Budget Oversight Committee or its successor.]¹

22

23 ¹1. Section 3 of P.L.1999, c.239 (52:27D-445) is amended to read
24 as follows:

25 3. As used in this act:

26 "Act" means the "New Jersey Women's Micro-Business Assistance
27 Act."

28 "Certified nonprofit community development corporation" or
29 "certified corporation" means a nonprofit community development
30 corporation, established pursuant to Title 15 of the Revised Statutes,
31 Title 15A of the New Jersey Statutes, or other law of this State, and
32 certified by the department pursuant to section 6 of this act to receive
33 funds for the purpose of issuing loans to qualified women-owned
34 business;

35 "Commissioner" means the Commissioner of Community Affairs.

36 "Department" means the Department of Community Affairs;

37 "Development loan" means money loaned to a certified corporation
38 by the department for the purpose of making micro-credit loans to
39 qualified recipients;

40 "Micro-credit loan" or "loan" means a loan made or guaranteed to
41 a qualified woman-owned home-based business under the terms and
42 conditions set forth by a certified nonprofit community development
43 corporation established pursuant to Title 15 of the Revised Statutes,
44 Title 15A of the New Jersey Statutes, or other law of this State to
45 provide training, technical assistance, and access to capital for the
46 startup of qualified woman-owned businesses, including businesses

1 conducted from a residence;

2 "Program" or "pilot program" means the New Jersey Women's
3 Micro-Business Pilot Program established pursuant to section 4 of this
4 act; and

5 "Qualified recipient" means one or more women who intend to
6 establish a business enterprise which is to be independently owned and
7 operated solely by the woman or women, as appropriate, [having a
8 level of prior business experience and gross annual personal income
9 determined to be appropriate by the commissioner, provided that the
10 commissioner shall make, to the greatest extent feasible, every effort
11 to include women having] who have little or no prior business
12 experience and each having a gross annual personal income of an
13 amount less than 125% of the official poverty line, as determined by
14 the Director of the federal Office of Management and Budget. A
15 qualified recipient may conduct a business enterprise on a part-time
16 basis, from a residence, or both.¹

17 (cf: P.L.1999, c.239, s.3)

18

19 ¹[11.] 2.¹ This act shall take effect immediately.

20

21

22

23

24 The "New Jersey Women's Micro-Business Credit Act"; appropriates
25 \$750,000.

CHAPTER 34

AN ACT concerning financial assistance to certain businesses, amending P.L.1999, c.239.

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

1. Section 3 of P.L.1999, c.239 (C.52:27D-445) is amended to read as follows:

C.52:27D-445 Definitions relative to financial assistance to certain women's businesses.

3. As used in this act:

"Act" means the "New Jersey Women's Micro-Business Assistance Act."

"Certified nonprofit community development corporation" or "certified corporation" means a nonprofit community development corporation, established pursuant to Title 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other law of this State, and certified by the department pursuant to section 6 of this act to receive funds for the purpose of issuing loans to qualified women-owned businesses;

"Commissioner" means the Commissioner of Community Affairs;

"Department" means the Department of Community Affairs;

"Development loan" means money loaned to a certified corporation by the department for the purpose of making micro-credit loans to qualified recipients;

"Micro-credit loan" or "loan" means a loan made or guaranteed to a qualified woman-owned home-based business under the terms and conditions set forth by a certified nonprofit community development corporation established pursuant to Title 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other law of this State to provide training, technical assistance, and access to capital for the startup of qualified woman-owned businesses, including businesses conducted from a residence;

"Program" or "pilot program" means the New Jersey Women's Micro-Business Pilot Program established pursuant to section 4 of this act; and

"Qualified recipient" means one or more women who intend to establish a business enterprise which is to be independently owned and operated solely by the woman or women, as appropriate, who have little or no prior business experience and each having a gross annual personal income of an amount less than 125% of the official poverty line, as determined by the Director of the federal Office of Management and Budget. A qualified recipient may conduct a business enterprise on a part-time basis, from a residence, or both.

2. This act shall take effect immediately.

Approved March 16, 2001.

Office of the Governor
NEWS RELEASE

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RELEASE: March 16 , 2001

Acting Governor DiFrancesco has signed the following legislation:

S-510, sponsored by Senators Shirley Turner (D-Mercer) and Diane Allen (R-Burlington), ensures that micro-business loans issued under the New Jersey Women's Micro-Business Assistance Act (1999) are available to women with little or no prior business experience and annual incomes below 125 percent of the poverty line. The law encourages the Department of Community Affairs to include women who meet these criteria as loan recipients. The bill was conditionally vetoed by former Governor Whitman, and amended in the Senate to conform with the Governor's recommendations to amend the 1999 law to replace the loan eligibility criteria with the definition set forth in this legislation.