

34:1A-64 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA 34:1A-64 et al. ("New Products, New Job Act of 1980"--provide assistance to inventors and entrepreneurs)

LAWS 1981 CHAPTER 53

Bill No. A482

Sponsor(s) Schwartz

Date Introduced Pre-filed

Committee: Assembly Commerce, Industry and Professions

Senate Labor, Industry and Professions

Amended during passage according to Governor's recommendations Yes ~~No~~ Amendments denoted by asterisks

Date of Passage: Assembly April 21, 1980 Re-enacted 1-22-81

Senate Sept. 29, 1980 Re-enacted 2-9-81

Date of approval March 2, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note ~~Yes~~ No

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

Similar statutes in Connecticut and Massachusetts (as mentioned in Governor's veto):

CONN. GEN. STAT. ANN. §32-1a et seq. (West)  
MASS. GEN. LAWS. ANN. ch 40H (West)

6/21/81

3-2-81

[SECOND OFFICIAL COPY REPRINT]

## ASSEMBLY, No. 482

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblyman SCHWARTZ

AN Act to amend and supplement "An act to promote technical innovation and new enterprise in New Jersey, creating an Office for Promoting Technical Innovation in the Division of Economic Development of the Department of Labor and Industry, defining its purposes, powers, and duties, and making an appropriation therefor," approved February 28, 1978 (P. L. 1977, c. 429).

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

1 1. Section 1 of P. L. 1977, c. 429 (C. 34:1A-6~~4~~) is amended to  
2 read as follows:

3 1. The Legislature hereby finds and declares:

4 a. That there exists in the State a great and growing need to  
5 stimulate manufacturing investment and industrial and commer-  
6 cial development to enhance opportunities for economic growth  
7 and provide and maintain employment and tax revenues;

8 b. That continuing technological progress is a key element in  
9 economic growth and labor productivity and that a climate of  
10 scientific enterprise receptive to new products and processes can  
11 be a significant factor in encouraging manufacturing, industrial,  
12 commercial, and business enterprises to locate, remain, or expand  
13 in this State;

14 c. That New Jersey, by virtue of its wealth of scientific and  
15 technological research facilities, technically sophisticated personnel,  
16 and sources of venture capital, has the capacity not only to  
17 accelerate the pace of technological innovation and progress, but  
18 to promote the transformation of new ideas into commercial  
19 products fabricated in New Jersey;

20 d. That a State office to provide assistance and encouragement  
21 to **[the individual inventor and entrepreneur]** *inventors and en-*  
22 *trepreneurs* would play a vital role in realizing fully the State's

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

23 potential for technical advancement and thus contribute to the  
24 State's economic growth and the welfare of all its citizens.

1 2. Section 4 of P. L. 1977, c. 429 (C. 34:1A-67) is amended to  
2 read as follows:

3 4. The purpose of the Office for Promoting Technical Innovation  
4 shall be to stimulate and encourage the development of new com-  
5 mercial products to be fabricated in New Jersey by providing such  
6 assistance to the individual inventor and small entrepreneur as is  
7 needed to realize the full potential of his invention and to apprise  
8 business and industry leaders of new and prospective technical  
9 advancements which may be of value to them. In order to carry  
10 out this purpose, the office shall have the following powers and  
11 duties:

12 a. Establish communication between inventors, sources of capi-  
13 tal, entrepreneurs, and technical, legal, marketing and managerial  
14 experts for the purpose of selecting and developing new product  
15 enterprises;

16 b. Organize teams of inventors and technical consultants who  
17 will cooperate at all stages in the development of selected inventions  
18 into commercial products, including, but not limited to, the screen-  
19 ing of patents and inventions for their market potential, the under-  
20 taking of feasibility studies, the process of prototype fabrication,  
21 the identification of sources of venture capital, the undertaking of  
22 market studies, and the organization and management of new  
23 enterprises;

24 c. Advocate the interests of promising enterprises before State  
25 and local agencies and authorities and the Division of Economic  
26 Development;

27 d. Inform inventors of available research and development grants  
28 from Federal sources and assist in the preparation of applications  
29 therefor;

30 e. Grant or guarantee low interest loans, within the limits of  
31 revenues available in the Technical Innovation Financing Fund, to  
32 inventors and product developers for projects whose benefit to the  
33 State in terms of future applications, employment potential, and  
34 tax revenues and ratables can be clearly demonstrated but for  
35 which no private or other public sources of financial assistance are  
36 available;

37 f. Maintain liaison with the Federal Intergovernmental Science,  
38 Engineering and Technology Advisory Panel established by  
39 P. L. 94-282 and represent the State's interests to Federal agencies;

40 g. Propose legislation aimed at promoting technical progress;

41 h. Publish and promote its services and activities to the public  
42 at large;

- 43 i. Seek and accept financial assistance in the form of contribu-  
 44 tions, gifts, grants, or matching funds from the Federal Government  
 45 and any other public or private sources to carry out its program;
- 46 j. Submit to the Governor and the Legislature an annual report  
 47 regarding its activities and setting forth recommendations of  
 48 methods which might be utilized to more efficiently and effectively  
 49 carry out the purposes of this act;
- 50 k. Collect, and serve as clearinghouse of, technical information  
 51 and resource materials; provided, however, that any information  
 52 collected which, in the opinion of the board and the executive  
 53 director, may constitute a trade secret shall be so designated and  
 54 shall thereby be exempt from the requirements of P. L. 1963, c. 73  
 55 (C. 47:1A-1 et seq.)**[.]** ;
- 56 l. Adopt and promulgate rules and regulations necessary to  
 57 carry out the purposes of this act, including, but not limited to,  
 58 codes of behavior and regulations to preserve the confidentiality of  
 59 inventions and the integrity of all who may be involved in new  
 60 product development**[.]**;
- 61 m. *Enter into **\*\*[\*limited\* joint venture]\*\*** agreements with*  
 62 *persons or firms doing business in New Jersey upon such terms and*  
 63 *on such conditions as are consistent with the purposes of this act,*  
 64 ***\*\*[\*but in no case assuming an equity position in any corporation***  
 65 *or a majority interest in any product,**]\*\*\*** for the advancement of*  
 66 *financial aid to persons or firms for the development of specific in-*  
 67 *ventions or products, to be developed and produced in this State;*  
 68 *condition such agreements upon contractual assurances that the*  
 69 *benefits of increased employment and tax revenues shall remain in*  
 70 *this State and shall accrue to it; accept**\*\*[**, with the advice of the*  
 71 *State Treasurer,**]\*\*** contract rights, royalties, funds, **\*\*[stocks,***  
 72 *bonds,**]\*\*** options or other payments for the Technical Innovation*  
 72A *Financing Fund in connection with these **\*\*[venture]\*\*** agree-*  
 72B *ments **\*\*provided that in no case shall it maintain an ownership***  
 72C *interest in a corporation, partnership, firm or company that is a*  
 72D *party to such agreements**\*\***;*
- 73 n. *Hold a divided, assigned interest in patents, copyrights,*  
 74 *trademarks or any other evidence of protection or exclusivity with*  
 74A *any such persons or firms as to any inventions or products issued*  
 75 *under the Laws of the United States or any state or any nation*  
 76 *and**\*\*[**, with the advice of the State Treasurer,**]\*\*** to accept con-*  
 77 *tract rights, royalties, funds, **\*\*[stocks, bonds,]\*\*** options or other*  
 78 *payments for the Technical Innovation Financing Fund in connec-*  
 79 *tion with such holdings.*

1     **\*\*3.** *(New section) The State, its offices, departments, divisions,*  
 2 *bureaus, boards, commissions and agencies, including the Office for*  
 3 *Promoting Technical Innovation, as well as the employees thereof,*  
 4 *shall not be liable in tort, contract, or implied warranty for any*  
 5 *injury caused by a product or invention, or its development that in*  
 6 *any way was fostered or advanced pursuant to the provisions of*  
 7 *P. L. 1977, c. 429.*

1     4. *(New section) The State, its offices, departments, divisions,*  
 2 *bureaus, boards, commissions, and agencies, including the Office*  
 3 *for Promoting Technical Innovation, as well as the employees*  
 4 *thereof, shall not be liable for any debts, claims, obligations or*  
 5 *judgments incurred by or asserted against a party to agreements*  
 6 *entered into pursuant to this act.\*\**

1     **\*\*[3.]\*\* \*\*5.\*\*** *(New section) This act shall be known and may*  
 2 *be cited as the "New Products, New Jobs Act of 1980."*

1     **\*\*[4.]\*\* \*\*6.\*\*** *This act shall take effect immediately.*

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## STATEMENT

It is the purpose of this legislation to further stimulate new product development-related job opportunities in New Jersey by expanding the powers and duties of the State's newly-organized Office for Promoting Technical Innovation. The recommended new provisions are designed to bring the office into an active partnership with inventors and entrepreneurs through joint venture agreements which will bring the State a share of their successes.

The bill will enable the office to provide a fuller set of services to those promising inventors whose requests for venture capital and professional evaluative and marketing assistance have not been met in the past.

A 482 (1981)

ASSEMBLY COMMERCE, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 482

STATE OF NEW JERSEY

DATED: MARCH 10, 1980

Assembly Bill No. 482 authorizes the Office for Promoting Technical Innovation in the Division of Economic Development (Department of Labor and Industry), to enter into joint venture agreements with persons or firms for the purpose of developing selected inventions (patents) or products for commercial manufacture and sales. The essential function of the office is the development of new inventions into commercial products, with the objective of promoting the State's "technical advancement . . . economic growth and welfare . . .". Among other things, the office is currently authorized to grant or guarantee low interest loans to inventors and product developers, within the limits of funds made available therefor.

The provisions of this bill permit the office to enter into a joint venture with any person or firm doing business in the State, by providing financial aid to such venture; to hold a divided, assigned interest in the firm's patents, copyrights or trademarks; and to accept contract rights, royalties, stocks, bonds, options or other payments on behalf of the Technical Innovation Financing Fund.

In return for providing venture capital, the Office may require contractual assurances "that the benefits of increased employment and tax revenues shall remain in this State . . .".

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 482

STATE OF NEW JERSEY

DATED: JUNE 23, 1980

This bill would amend P. L. 1977, c. 429 (N. J. S. A. 34:1A-64 et seq.) to permit the Office for Promoting Technical Innovation to enter joint venture agreements with persons or firms doing business in New Jersey to provide financial aid for the development of inventions or new products to be produced in the State, subject to assurances that the resulting increased employment and tax revenues remain in the State, in exchange for contract rights, royalties, funds, stocks, bonds, options or other payments to the Technical Innovation Financing Fund.

The bill would also permit the office to hold a divided, assigned interest in patents, copyrights or trademarks.

P. L. 1977, c. 429 created an Office for Promoting Technical Innovation in the Division of Economic Development in the Department of Labor and Industry, to promote the transformation of new ideas into commercial products fabricated in New Jersey. Technological progress, it was felt, would play a key role in New Jersey's economic growth, providing increased employment and tax revenues.

The Senate Labor, Industry and Professions Committee amended the bill to insure that only limited joint venture agreements be entered into. The Office for Promoting Technical Innovation would in no case assume an equity position in any corporation or a majority interest in any product.

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STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

December 8, 1980

ASSEMBLY BILL NO. 482 (OCR)

To the General Assembly:

Pursuant to Article V, Section 1, Paragraph 14(b) of the Constitution, I herewith return Assembly Bill No. 482 (OCR) with my objections, for re-consideration.

This bill would amend the law creating the Office for Promoting Technical Innovation (OPTI) in the Department of Labor & Industry to provide OPTI with specific authority to enter into "limited joint venture agreements" with New Jersey firms for the development of technical innovations, inventions and products.

In return for its contributions to such ventures, OPTI is empowered to accept, with the advice of the State Treasurer, royalties, options, contract rights, stocks, bonds and other forms of remuneration. OPTI may hold a divided, assigned interest in patents, copyrights, or trademarks of products. The bill provides, however, that the State shall not assume an ownership interest in an aided firm.

The products or inventions supported by OPTI must be developed or produced in New Jersey, and OPTI may condition agreements upon assurances that the benefits of increased employment and tax revenues shall inure to the State. The bill is inspired by similar economic development activities in Massachusetts and Connecticut. The bill does not require any additional appropriations. Given the authority to accept royalties and other forms of remuneration, OPTI contemplates that it would be selfsustaining within five years and could aid a broader range of economic development projects than it can under the current law, and current appropriations.

I believe that the bill provides OPTI and the State with an important tool for promoting economic development in New Jersey. I approve of its general intent.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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I am concerned, however, that the State, through OPTI, may be held liable in tort or implied warranty for the faulty design of a product whose development the State has supported and whose patent the State holds in whole or in part. The State also may risk vicarious liability for the debts and obligations of parties to its agreements. The State would not be in a suitable position to manage and avoid these risks. Accordingly, I recommend that the Legislature add provisions that the State shall not be held liable for injuries caused by products whose development the State has aided under the act, and shall not be responsible for any debts or obligations of parties to its agreements. Also, the word "agreements" should be substituted for "limited joint venture agreements."

Moreover, I do not believe it is necessary for OPTI to obtain the advice of the State Treasurer before entering any royalty agreement. Given the limited resources of Treasury, and the technical expertise of OPTI, general fiscal oversight by Treasury should be sufficient.

Lastly, there are several flaws in the drafting of A-482 that need to be cured. The bill provides that the State shall not assume an "equity position in any corporation or majority interest in any product." As the term "equity position" may not be clear, and as OPTI may aid firms that are not incorporated, the bill should simply state the OPTI shall not obtain an ownership interest in any corporation, firm, or company aided under its provisions. Also included among the forms of consideration the State may accept are stocks and bonds. This, obviously, clashes with the restriction on ownership and should be deleted.

Accordingly, I respectfully recommend the following changes in Assembly Bill No. 482:

Page 3, line 61: Delete "limited joint venture".

Page 3, lines 63-65: Delete "but in no case assuming an equity position in any corporation or a majority interest in any product,"

STATE OF NEW JERSEY  
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Page 3, lines 70 and 76: Delete the words ",with the advice of the State Treasurer,"

Page 3, lines 71 and 77: Delete the words "stocks, bonds"

Page 3, line 72A: Delete "venture", and, after "agreements;" insert "provided that in no case shall it maintain an ownership interest in a corporation, partnership, firm or company that is a party to such agreements;"

Page 3, line 79: Insert new sections as follows:

"3. (New Section) The State, its offices, departments, divisions, bureaus, boards, commissions and agencies, including the Office for Promoting Technical Innovation, as well as the employees thereof, shall not be liable in tort, contract, or implied warranty for any injury caused by a product or invention, or its development that in any way was fostered or advanced pursuant to the provisions of P.L. 1977, c. 429, as amended.

4. (New Section) The State, its offices, departments, divisions, bureaus, boards, commissions, and agencies, including the Office for Promoting Technical Innovation, as well as the employees thereof, shall not be liable for any debts, claims, obligations or judgments incurred by or asserted against a party to agreements entered into pursuant to this act."

Page 3, lines 1 and 1: Renumber sections 3 and 4 as sections 5 and 6.

Respectfully,

/s/ Brendan Byrne

GOVERNOR

[seal]

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, SECRETARY

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

MARCH 2, 1981

FOR FURTHER INFORMATION

PAT SWEENEY

Governor Brendan Byrne today signed A-422, sponsored by Assemblyman David C. Schwartz (D-Middlesex), which amends the law creating the Office for Promoting Technical Innovation in the Department of Labor and Industry, providing the Office with specific authority to enter into agreements with New Jersey firms for the development of technical innovations, inventions and products.

In return for its contributions to such ventures, the Office for Promoting Technical Innovation is empowered to accept royalties, contract rights, stocks, bonds and other payments.

The bill stipulates that the State shall not assume "an equity position in any corporation or a majority interest in any product." The products or inventions must be developed or produced in New Jersey.

The bill provides that the State shall not be held liable for injuries caused by products whose development the State has aided under the act, and shall not be responsible for any debts or obligations of parties to its agreements.

The bill does not require any additional appropriations.

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