

34:1B-252 & 34:1B-253
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2016 **CHAPTER:** 84

NJSA: 34:1B-252 & 34:1B-253 (Establishes "Small Business Bonding Readiness Assistance Program" in EDA to assist certain small businesses meet State or federal contract surety bond requirements.)

BILL NO: S123 (Substituted for A3559)

SPONSOR(S) Pennacchio and others

DATE INTRODUCED: January 12, 2016

COMMITTEE: **ASSEMBLY:** Appropriations
Commerce and Economic Development

 SENATE: Budget and Appropriations
Economic Growth

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** November 21, 2016

SENATE: June 30, 2016

DATE OF APPROVAL: January 4, 2017

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second Reprint enacted)

S123

SPONSOR'S STATEMENT: (Begins on page 8 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Appropriations
Commerce and Econ. Dev.

SENATE: Yes Budget and Appropriations
Economic Growth

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes June 27, 2016

LEGISLATIVE FISCAL ESTIMATE: Yes June 22, 2016
July 1, 2016

A3559

SPONSOR'S STATEMENT: (Begins on page 8 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Appropriations
Commerce and Econ. Dev.

SENATE: No

(continued)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Christie signs small business support bill into law," NJBIZ, January 4, 2017

"Christie signs bill to help small businesses get funding," Associated Press State Wire: New Jersey, January 4, 2017

"Christie begins final year in office by signing bill to aid small businesses," Burlington County Times, January 5, 2017

"Christie signs bill to help small businesses," Star-Ledger, January 5, 2017

RWH/JA

Title 34.
Chapter 1B.
Part XV. (New)
Business
Assistance
§§ 1, 2 -
C.34:1B-252 &
34:1B-253
§3 - Note

P.L.2016, CHAPTER 84, *approved January 4, 2017*
Senate, No. 123 (*Second Reprint*)

1 AN ACT concerning certain small business funding ²**[,]** and²
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.) ²**[and**
3 amending and supplementing P.L.1983, c.303 (C.52:27H-60 et
4 al.)**]**² .

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

8
9 1. ²**[(New section)]²** As used in sections 1 and 2 of P.L. ,
10 c. (C.) (pending before the Legislature as this bill):

11 ¹“Association” means a non-profit business advocacy association
12 whose membership comprises small businesses in need of surety
13 bonding.¹

14 "Authority" shall have the same meaning as provided in section 3
15 of P.L.1974, c.80 (C.34:1B-3).

16 "Fund" means the "Small Business Bonding Readiness
17 Assistance Fund" established pursuant to section 2 of P.L. ,
18 c. (C.) (pending before the Legislature as this bill).

19 "Program" means the "Small Business Bonding Readiness
20 Assistance Program" established pursuant to section 2 of P.L. ,
21 c. (C.) (pending before the Legislature as this bill).

22 "Small business" means a business engaged in the conduct of a
23 trade or business in this State that qualifies as a "small business
24 concern" within the meaning of the federal "Small Business Act,"
25 Pub.L.85-536 (15 U.S.C. s.631 et seq.) for the purpose of the small
26 business's eligibility for performing a contract offered by the
27 federal government or for assistance from the United States Small
28 Business Administration. "Small business" shall also include a
29 small business established in this State that is certified, pursuant to
30 federal law, under the United States Small Business
31 Administration's 8(a) Business Development Program or the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted May 5, 2016.

²Senate floor amendments adopted June 27, 2016.

1 HUBZone Program, or as a Small Disadvantaged Business, or as a
2 Section 3 business concern by the United States Department of
3 Housing and Urban Development.

4
5 2. ²[(New section)]² a. ¹(1)¹ The New Jersey Economic
6 Development Authority shall establish and maintain a program to
7 be known as the “Small Business Bonding Readiness Assistance
8 Program” to provide support services to small businesses and to
9 ¹[help] assist¹ small businesses ¹[qualify for] in securing¹ surety
10 bonding ¹[in order for] so that¹ small businesses ¹[to] may¹ bid on
11 public works projects or perform contracts offered by the State or
12 by the federal government.

13 ¹(2)¹ The authority shall ¹[provide small businesses participating
14 in the program] enter into an agreement¹ with ¹a non-profit
15 business advocacy association concerning the association’s
16 provision of¹ support services and assistance ¹to small businesses
17 seeking surety bonding. The support services and assistance
18 provided shall be¹ designed to increase small businesses’ bonding
19 knowledge and capacity in order ¹for small businesses¹ to qualify
20 for surety bonding. The support services and assistance to small
21 businesses shall focus on improving ¹[their] small businesses¹
22 financial presentation, operational efficiency, profitability, and
23 surety bonding capacity and knowledge through a series of
24 workshops and strategic consulting sessions.

25 b. The authority shall establish the terms and conditions by
26 which a small business may apply for the program.

27 c. The authority shall establish and maintain within the
28 program a special ¹[nonlapsing] non-lapsing¹ revolving fund to be
29 known as the “Small Business Bonding Readiness Assistance Fund”
30 to provide grant funding to small businesses that participate in the
31 program ¹, grant funding to an association that provides small
32 businesses participating in the program with support services and
33 assistance,¹ and to administer the program.

34 d. In administering the program and the fund, the authority
35 shall establish:

- 36 (1) procedures and timelines for applications for the program;
37 (2) criteria for determining grant amounts to be disbursed from
38 the fund to small businesses to meet their surety bond requirement;
39 (3) reporting requirements for small businesses accepted into the
40 program and who receive a grant from the fund; and
41 (4) any other policies deemed necessary by the authority for the
42 administration of the program and the fund. The authority, in its
43 sole discretion, may amend these policies at any time if the policies
44 are established or amended in a manner consistent with the
45 provisions of P.L. , c. (C.) (pending before the Legislature
46 as this bill).

1 e. ²**[**In addition to the \$250,000 annually received by the
2 authority pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88)
3 and section 4 of P.L. , c. (C.) (pending before the
4 Legislature as this bill), the **]** The² fund may be credited with:

5 (1) moneys made available by the authority for the purpose of
6 the fund; and

7 (2) moneys received by the authority from any public or private
8 donations. The authority is authorized to seek and accept gifts,
9 grants, or donations from private or public sources for deposit in the
10 fund, except that the authority may not accept a gift, grant, or
11 donation that is subject to conditions that are inconsistent with any
12 other law of this State.

13
14 ²**[**3. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
15 read as follows:

16 29. a. (1) There is created an enterprise zone assistance fund to
17 be held by the State Treasurer, which shall be the repository for all
18 moneys required to be deposited therein **[**under **]** pursuant to section
19 21 of P.L.1983, c.303 (C.52:27H-80) or moneys appropriated
20 annually to the assistance fund. All moneys deposited in the
21 assistance fund shall be held and disbursed in the amounts
22 necessary to fulfill the purposes of this section and subject to the
23 requirements hereinafter prescribed. The State Treasurer may
24 invest and reinvest any moneys in the assistance fund, or any
25 portion thereof, in legal obligations of the United States **[**or of **]**, the
26 State, or **[**of **]** any political subdivision thereof. Any income from,
27 interest on, or increment to moneys **[**so **]** invested or reinvested
28 shall be included in the assistance fund.

29 (2) The State Treasurer shall maintain separate accounts for
30 each enterprise zone designated under P.L.1983, c.303 (C.52:27H-
31 60 et al.), and one in the authority's name for the administration of
32 the Urban Enterprise Zone program. The State Treasurer shall
33 credit to each account an amount of **[**the **]** moneys deposited in the
34 assistance fund equal to the amount of revenues collected from the
35 taxation of retail sales made in the zone and appropriated to the
36 enterprise zone assistance fund, or that amount of moneys
37 appropriated to the assistance fund and required to be credited to
38 the enterprise zone account of the qualifying municipality pursuant
39 to section 21 of P.L.1983, c.303 (C.52:27H-80).

40 (3) The State Treasurer shall promulgate **[**the **]** rules and
41 regulations necessary to govern the administration of the assistance
42 fund for the purposes of this section, which shall include, but not be
43 limited to, regulations requiring the establishment of separate bank
44 accounts for funds credited to the enterprise zone account of each
45 qualifying municipality from the enterprise zone assistance fund,
46 commonly known as "first generation funds," **[**and **]** funds
47 generated from **[**the **]** repayments of loans to individuals and

1 businesses from the enterprise zone account of each qualifying
2 municipality and the proceeds from the sale of properties and
3 equipment acquired through the enterprise zone program,
4 commonly known as "second generation funds," and the review,
5 compilation, and monitoring of second generation fund quarterly
6 reports submitted by each enterprise zone.

7 (4) Any individual, including an individual who is not directly
8 employed by a qualifying municipality, with the authority to
9 administer, allocate, or approve the use of enterprise zone
10 assistance funds is subject to the "Local Government Ethics Law,"
11 P.L.1991, c.29 (C.40A:9-22.1 et seq.), unless the individual is a
12 State employee or a special State officer.

13 b. The enterprise zone assistance fund shall be used for the
14 purpose of assisting qualifying municipalities in which enterprise
15 zones are designated in undertaking public improvements,
16 economic development projects, and in upgrading eligible
17 municipal services in designated enterprise zones.

18 c. The governing body of a qualifying municipality in which an
19 enterprise zone is designated and the zone development corporation
20 created or designated by the qualifying municipality for that
21 enterprise zone may, by resolution jointly adopted after public
22 hearing, propose to undertake a project for the public improvement
23 of the enterprise zone or to increase eligible municipal services in
24 the enterprise zone, and to fund that project or increase in eligible
25 municipal services from moneys deposited in the enterprise zone
26 assistance fund and credited to the account maintained by the State
27 Treasurer for the enterprise zone.

28 The proposal **[so]** adopted shall set forth a plan for the project or
29 for the increase in eligible municipal services and shall include:

30 (1) **[A]** a description of the proposed project or of the
31 municipal services to be increased;

32 (2) **[An]** an estimate of the total project costs, or of the total
33 costs of increasing the municipal services, and an estimate of the
34 amounts of funding necessary annually from the enterprise zone
35 account;

36 (3) **[A]** a statement of any other revenue sources to be used to
37 finance the project or to fund the increase in eligible municipal
38 services;

39 (4) **[A]** a statement of the time necessary to complete the
40 project, or of the time during which the increased municipal
41 services are to be maintained;

42 (5) **[A]** a statement of the manner in which the proposed project
43 or increase in municipal services furthers the municipality's policy
44 and intentions for addressing the economic and social conditions
45 existing in the area of the enterprise zone as set forth in the zone
46 development plan approved by the authority; and

1 (6) **[A]** a description of the financial and programmatic controls
2 and reporting mechanisms to be used to guarantee that the funds
3 will be spent in accordance with the plan and that the project or
4 increased municipal service will accomplish its purpose.

5 As used in this section, "project" means an activity funded by the
6 zone assistance fund through the qualified municipality and
7 implemented by the zone development corporation, including the
8 purchasing, leasing, condemning, or otherwise acquiring of land or
9 other property, or an interest therein, in the enterprise zone or as
10 necessary for a right-of-way or other easement to or from the
11 enterprise zone; the relocating and moving of persons or businesses
12 displaced by the acquisition of land or property; the rehabilitation
13 and redevelopment of land or property, including demolition,
14 clearance, removal, relocation, renovation, alteration, construction,
15 reconstruction, installation, or repair of land or a building, street,
16 highway, alley, utility, service, or other structure or improvement
17 which will lead to increased economic activity within the zone; the
18 purchase and installation of closed circuit television surveillance
19 systems or other related equipment and those expenses associated
20 with homeland security and domestic preparedness; the acquisition,
21 construction, reconstruction, rehabilitation, or installation of public
22 facilities and improvements, except buildings and facilities for the
23 general conduct of government and schools; the establishment of
24 revolving loan or grant programs for qualified businesses in the
25 zone to encourage private investment and job creation, matching
26 grant programs for the establishment or operation of pedestrian
27 malls, special improvement districts and tax increment districts, or
28 other appropriate entity; marketing, advertising, and special event
29 activities that will lead to increased economic activity or encourage
30 private investment and job creation in the zone, but not including
31 the expenditures therefor which are required to be reported pursuant
32 to "The New Jersey Campaign Contributions and Expenditures
33 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
34 associated therewith including the costs of an administrative
35 appraisal, economic and environmental analyses, environmental
36 remediation, engineering, planning, design, architectural, surveying,
37 or other professional or managerial services.

38 As used in this section, "eligible municipal services" means the
39 hiring of additional policemen or firemen assigned duties in the
40 enterprise zone, or the purchasing or leasing of additional police or
41 fire vehicles, equipment, or apparatus to be used for the provision
42 of augmented or upgraded public safety services in the enterprise
43 zone and its immediate vicinities.

44 d. Upon adoption by the governing body of the qualifying
45 municipality and by the zone development corporation, the proposal
46 shall be sent to the authority for its evaluation and approval. The
47 authority shall approve the proposal if it **[shall find]** finds:

1 (1) **[In]** in the case of a project, that the proposed project
2 furthers the policy and intentions of the zone development plan
3 approved by the authority, and that the estimated annual payments
4 for the project from the enterprise zone account to which the
5 proposal pertains are not likely to result in a deficit in that account;
6 or

7 (2) **[In]** in the case of an increase in eligible municipal services,
8 that the proposal furthers the policy and intentions of the zone
9 development plan approved by the authority; that the qualifying
10 municipality has furnished satisfactory assurances that the
11 additional policemen or firemen to be hired, or the additional
12 vehicles, equipment, or apparatus to be purchased or leased, shall
13 be used to augment or upgrade public safety in the enterprise zone,
14 and shall not be used in other areas of the municipality; that the
15 qualifying municipality shall annually appropriate for the increased
16 eligible municipal services an amount equal to **[20%]** 20 percent of
17 the amount of annual payments for the eligible municipal services
18 from the enterprise zone account and shall not request for the
19 increased eligible municipal services an amount equal to more than
20 **[35%]** 35 percent of the amount of annual payments into the
21 enterprise zone account, unless the municipality and the authority
22 have entered into an agreement **[or agreements]** to the contrary
23 prior to July 1, 1992; and that the estimated annual payments for the
24 eligible municipal services from the enterprise zone account to
25 which the proposal pertains are not likely to result in a deficit in
26 that account.

27 e. If the authority **[shall approve]** approves the proposal, it
28 shall annually, upon its receipt of a written statement from the
29 governing body of the qualifying municipality and the zone
30 development corporation, certify to the State Treasurer the amount
31 to be paid in that year from the enterprise zone account in the
32 enterprise zone assistance fund with respect to each project or
33 increase in eligible municipal services approved. The authority
34 may at any time revoke its approval of a project or an increase in
35 eligible municipal services if it finds that the annual payments made
36 from the enterprise zone assistance fund are not being used as
37 required by this section.

38 f. Upon certification by the authority of the annual amount to
39 be paid to a qualifying enterprise zone with respect to any project or
40 increase in eligible municipal services, the State Treasurer shall pay
41 in each year to the qualifying municipality from the amounts
42 deposited in the enterprise zone assistance fund the amount **[so]**
43 certified, within the limits of the amounts credited to the enterprise
44 zone account of the qualifying municipality.

45 g. (1) An amount not to exceed one-third of the amount
46 deposited in the account created in the name of the authority in the
47 enterprise zone assistance fund shall be used by the authority for the

1 coordination and administration of the program throughout the
 2 State, including, but not limited to, costs for personnel, operating
 3 expenses, and marketing.

4 (2) An amount equal to \$250,000 deposited in the account
 5 created in the name of the authority in the enterprise zone assistance
 6 fund shall annually be credited to the New Jersey Economic
 7 Development Authority for the purposes of the “Small Business
 8 Bonding Readiness Assistance Fund” established pursuant to
 9 section 2 of P.L. , c. (C.) (pending before the Legislature
 10 as this bill).

11 (3) The balance of the remaining amount shall be distributed to
 12 qualifying municipalities in proportion to each municipality's
 13 contribution to the enterprise zone assistance fund for the
 14 coordination and administration of the program within the
 15 municipality, including but not limited to costs for personnel,
 16 operating expenses, and marketing.

17 (cf: P.L.2009, c.25, s.1)]²

18

19 ²[4.(New section) Notwithstanding the provisions of section 11
 20 of P.L.2001, c.347 (C.52:27H-66.6), section 21 of P.L.1983, c.303
 21 (C.52:27H-80), and any other provision of law concerning the
 22 apportionment and distribution by the State of reduced rate
 23 revenues collected by qualified businesses in urban enterprise
 24 zones, there shall be credited \$250,000 annually from the enterprise
 25 zone assistance fund, established pursuant to section 29 of
 26 P.L.1983, c.303 (C.52:27H-88), during State Fiscal Year 2017 and
 27 during each fiscal year thereafter, to the New Jersey Economic
 28 Development Authority for the purposes of the “Small Business
 29 Bonding Readiness Assistance Fund” established pursuant to
 30 section 2 of P.L. , c. (C.) (pending before the Legislature
 31 as this bill).]²

32

33 ²[5.]^{3.2} This act shall take effect immediately but shall
 34 remain inoperative for 30 days following the date of enactment.

35

36

37

38

39 Establishes “Small Business Bonding Readiness Assistance
 40 Program” in EDA to assist certain small businesses meet State or
 41 federal contract surety bond requirements.

SENATE, No. 123

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

Senator RONALD L. RICE

District 28 (Essex)

SYNOPSIS

Establishes “Small Business Bonding Readiness Assistance Program” in EDA to assist certain small businesses meet State or federal contract surety bond requirements; transfers \$250,000 annually from enterprise zone assistance fund to program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning certain small business funding, supplementing
2 P.L.1974, c.80 (C.34:1B-1 et seq.) and amending and
3 supplementing P.L.1983, c.303 (C.52:27H-60 et al.).
4

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

7
8 1. (New section) As used in sections 1 and 2 of P.L. , c. (C.)
9 (pending before the Legislature as this bill):

10 "Authority" shall have the same meaning as provided in section 3
11 of P.L.1974, c.80 (C.34:1B-3).

12 "Fund" means the "Small Business Bonding Readiness
13 Assistance Fund" established pursuant to section 2 of P.L. ,
14 c. (C.) (pending before the Legislature as this bill).

15 "Program" means the "Small Business Bonding Readiness
16 Assistance Program" established pursuant to section 2 of P.L. ,
17 c. (C.) (pending before the Legislature as this bill).

18 "Small business" means a business engaged in the conduct of a
19 trade or business in this State that qualifies as a "small business
20 concern" within the meaning of the federal "Small Business Act,"
21 Pub.L.85-536 (15 U.S.C. s.631 et seq.) for the purpose of the small
22 business's eligibility for performing a contract offered by the
23 federal government or for assistance from the United States Small
24 Business Administration. "Small business" shall also include a
25 small business established in this State that is certified, pursuant to
26 federal law, under the United States Small Business
27 Administration's 8(a) Business Development Program or the
28 HUBZone Program, or as a Small Disadvantaged Business, or as a
29 Section 3 business concern by the United States Department of
30 Housing and Urban Development.
31

32 2. (New section) a. The New Jersey Economic Development
33 Authority shall establish and maintain a program to be known as the
34 "Small Business Bonding Readiness Assistance Program" to
35 provide support services to small businesses and to help small
36 businesses qualify for surety bonding in order for small businesses
37 to bid on public works projects or perform contracts offered by the
38 State or by the federal government. The authority shall provide
39 small businesses participating in the program with support services
40 and assistance designed to increase small businesses' bonding
41 knowledge and capacity in order to qualify for surety bonding. The
42 support services and assistance to small businesses shall focus on
43 improving their financial presentation, operational efficiency,
44 profitability, and surety bonding capacity and knowledge through a
45 series of workshops and strategic consulting sessions.

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

Matter underlined thus is new matter.

S123 PENNACCHIO, RICE

- 1 b. The authority shall establish the terms and conditions by
2 which a small business may apply for the program.
- 3 c. The authority shall establish and maintain within the
4 program a special nonlapsing revolving fund to be known as the
5 “Small Business Bonding Readiness Assistance Fund” to provide
6 grant funding to small businesses that participate in the program
7 and to administer the program.
- 8 d. In administering the program and the fund, the authority
9 shall establish:
- 10 (1) procedures and timelines for applications for the program;
11 (2) criteria for determining grant amounts to be disbursed from
12 the fund to small businesses to meet their surety bond requirement;
13 (3) reporting requirements for small businesses accepted into the
14 program and who receive a grant from the fund; and
15 (4) any other policies deemed necessary by the authority for the
16 administration of the program and the fund. The authority, in its
17 sole discretion, may amend these policies at any time if the policies
18 are established or amended in a manner consistent with the
19 provisions of P.L. , c. (C.) (pending before the Legislature
20 as this bill).
- 21 e. In addition to the \$250,000 annually received by the
22 authority pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88)
23 and section 4 of P.L. , c. (C.) (pending before the
24 Legislature as this bill), the fund may be credited with:
- 25 (1) moneys made available by the authority for the purpose of
26 the fund; and
27 (2) moneys received by the authority from any public or private
28 donations. The authority is authorized to seek and accept gifts,
29 grants, or donations from private or public sources for deposit in the
30 fund, except that the authority may not accept a gift, grant, or
31 donation that is subject to conditions that are inconsistent with any
32 other law of this State.
- 33
- 34 3. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
35 read as follows:
- 36 29. a. (1) There is created an enterprise zone assistance fund to
37 be held by the State Treasurer, which shall be the repository for all
38 moneys required to be deposited therein **[under]** pursuant to section
39 21 of P.L.1983, c.303 (C.52:27H-80) or moneys appropriated
40 annually to the assistance fund. All moneys deposited in the
41 assistance fund shall be held and disbursed in the amounts
42 necessary to fulfill the purposes of this section and subject to the
43 requirements hereinafter prescribed. The State Treasurer may
44 invest and reinvest any moneys in the assistance fund, or any
45 portion thereof, in legal obligations of the United States **[or of]**, the
46 State, or **[of]** any political subdivision thereof. Any income from,
47 interest on, or increment to moneys **[so]** invested or reinvested
48 shall be included in the assistance fund.

1 (2) The State Treasurer shall maintain separate accounts for
2 each enterprise zone designated under P.L.1983, c.303 (C.52:27H-
3 60 et al.), and one in the authority's name for the administration of
4 the Urban Enterprise Zone program. The State Treasurer shall
5 credit to each account an amount of **【the】** moneys deposited in the
6 assistance fund equal to the amount of revenues collected from the
7 taxation of retail sales made in the zone and appropriated to the
8 enterprise zone assistance fund, or that amount of moneys
9 appropriated to the assistance fund and required to be credited to
10 the enterprise zone account of the qualifying municipality pursuant
11 to section 21 of P.L.1983, c.303 (C.52:27H-80).

12 (3) The State Treasurer shall promulgate **【the】** rules and
13 regulations necessary to govern the administration of the assistance
14 fund for the purposes of this section, which shall include, but not be
15 limited to, regulations requiring the establishment of separate bank
16 accounts for funds credited to the enterprise zone account of each
17 qualifying municipality from the enterprise zone assistance fund,
18 commonly known as "first generation funds," **【and】** funds
19 generated from **【the】** repayments of loans to individuals and
20 businesses from the enterprise zone account of each qualifying
21 municipality and the proceeds from the sale of properties and
22 equipment acquired through the enterprise zone program,
23 commonly known as "second generation funds," and the review,
24 compilation, and monitoring of second generation fund quarterly
25 reports submitted by each enterprise zone.

26 (4) Any individual, including an individual who is not directly
27 employed by a qualifying municipality, with the authority to
28 administer, allocate, or approve the use of enterprise zone
29 assistance funds is subject to the "Local Government Ethics Law,"
30 P.L.1991, c.29 (C.40A:9-22.1 et seq.), unless the individual is a
31 State employee or a special State officer.

32 b. The enterprise zone assistance fund shall be used for the
33 purpose of assisting qualifying municipalities in which enterprise
34 zones are designated in undertaking public improvements,
35 economic development projects, and in upgrading eligible
36 municipal services in designated enterprise zones.

37 c. The governing body of a qualifying municipality in which an
38 enterprise zone is designated and the zone development corporation
39 created or designated by the qualifying municipality for that
40 enterprise zone may, by resolution jointly adopted after public
41 hearing, propose to undertake a project for the public improvement
42 of the enterprise zone or to increase eligible municipal services in
43 the enterprise zone, and to fund that project or increase in eligible
44 municipal services from moneys deposited in the enterprise zone
45 assistance fund and credited to the account maintained by the State
46 Treasurer for the enterprise zone.

1 The proposal **【so】** adopted shall set forth a plan for the project or
2 for the increase in eligible municipal services and shall include:

3 (1) **【A】** a description of the proposed project or of the
4 municipal services to be increased;

5 (2) **【An】** an estimate of the total project costs, or of the total
6 costs of increasing the municipal services, and an estimate of the
7 amounts of funding necessary annually from the enterprise zone
8 account;

9 (3) **【A】** a statement of any other revenue sources to be used to
10 finance the project or to fund the increase in eligible municipal
11 services;

12 (4) **【A】** a statement of the time necessary to complete the
13 project, or of the time during which the increased municipal
14 services are to be maintained;

15 (5) **【A】** a statement of the manner in which the proposed project
16 or increase in municipal services furthers the municipality's policy
17 and intentions for addressing the economic and social conditions
18 existing in the area of the enterprise zone as set forth in the zone
19 development plan approved by the authority; and

20 (6) **【A】** a description of the financial and programmatic controls
21 and reporting mechanisms to be used to guarantee that the funds
22 will be spent in accordance with the plan and that the project or
23 increased municipal service will accomplish its purpose.

24 As used in this section, "project" means an activity funded by the
25 zone assistance fund through the qualified municipality and
26 implemented by the zone development corporation, including the
27 purchasing, leasing, condemning, or otherwise acquiring of land or
28 other property, or an interest therein, in the enterprise zone or as
29 necessary for a right-of-way or other easement to or from the
30 enterprise zone; the relocating and moving of persons or businesses
31 displaced by the acquisition of land or property; the rehabilitation
32 and redevelopment of land or property, including demolition,
33 clearance, removal, relocation, renovation, alteration, construction,
34 reconstruction, installation, or repair of land or a building, street,
35 highway, alley, utility, service, or other structure or improvement
36 which will lead to increased economic activity within the zone; the
37 purchase and installation of closed circuit television surveillance
38 systems or other related equipment and those expenses associated
39 with homeland security and domestic preparedness; the acquisition,
40 construction, reconstruction, rehabilitation, or installation of public
41 facilities and improvements, except buildings and facilities for the
42 general conduct of government and schools; the establishment of
43 revolving loan or grant programs for qualified businesses in the
44 zone to encourage private investment and job creation, matching
45 grant programs for the establishment or operation of pedestrian
46 malls, special improvement districts and tax increment districts, or
47 other appropriate entity; marketing, advertising, and special event

1 activities that will lead to increased economic activity or encourage
2 private investment and job creation in the zone, but not including
3 the expenditures therefor which are required to be reported pursuant
4 to "The New Jersey Campaign Contributions and Expenditures
5 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
6 associated therewith including the costs of an administrative
7 appraisal, economic and environmental analyses, environmental
8 remediation, engineering, planning, design, architectural, surveying,
9 or other professional or managerial services.

10 As used in this section, "eligible municipal services" means the
11 hiring of additional policemen or firemen assigned duties in the
12 enterprise zone, or the purchasing or leasing of additional police or
13 fire vehicles, equipment, or apparatus to be used for the provision
14 of augmented or upgraded public safety services in the enterprise
15 zone and its immediate vicinities.

16 d. Upon adoption by the governing body of the qualifying
17 municipality and by the zone development corporation, the proposal
18 shall be sent to the authority for its evaluation and approval. The
19 authority shall approve the proposal if it **【shall find】** finds:

20 (1) **【In】** in the case of a project, that the proposed project
21 furthers the policy and intentions of the zone development plan
22 approved by the authority, and that the estimated annual payments
23 for the project from the enterprise zone account to which the
24 proposal pertains are not likely to result in a deficit in that account;
25 or

26 (2) **【In】** in the case of an increase in eligible municipal services,
27 that the proposal furthers the policy and intentions of the zone
28 development plan approved by the authority; that the qualifying
29 municipality has furnished satisfactory assurances that the
30 additional policemen or firemen to be hired, or the additional
31 vehicles, equipment, or apparatus to be purchased or leased, shall
32 be used to augment or upgrade public safety in the enterprise zone,
33 and shall not be used in other areas of the municipality; that the
34 qualifying municipality shall annually appropriate for the increased
35 eligible municipal services an amount equal to **【20%】** 20 percent
36 of the amount of annual payments for the eligible municipal services
37 from the enterprise zone account and shall not request for the
38 increased eligible municipal services an amount equal to more than
39 **【35%】** 35 percent of the amount of annual payments into the
40 enterprise zone account, unless the municipality and the authority
41 have entered into an agreement **【or agreements】** to the contrary
42 prior to July 1, 1992; and that the estimated annual payments for the
43 eligible municipal services from the enterprise zone account to
44 which the proposal pertains are not likely to result in a deficit in
45 that account.

46 e. If the authority **【shall approve】** approves the proposal, it
47 shall annually, upon its receipt of a written statement from the

1 governing body of the qualifying municipality and the zone
2 development corporation, certify to the State Treasurer the amount
3 to be paid in that year from the enterprise zone account in the
4 enterprise zone assistance fund with respect to each project or
5 increase in eligible municipal services approved. The authority
6 may at any time revoke its approval of a project or an increase in
7 eligible municipal services if it finds that the annual payments made
8 from the enterprise zone assistance fund are not being used as
9 required by this section.

10 f. Upon certification by the authority of the annual amount to
11 be paid to a qualifying enterprise zone with respect to any project or
12 increase in eligible municipal services, the State Treasurer shall pay
13 in each year to the qualifying municipality from the amounts
14 deposited in the enterprise zone assistance fund the amount **[so]**
15 certified, within the limits of the amounts credited to the enterprise
16 zone account of the qualifying municipality.

17 g. (1) An amount not to exceed one-third of the amount
18 deposited in the account created in the name of the authority in the
19 enterprise zone assistance fund shall be used by the authority for the
20 coordination and administration of the program throughout the
21 State, including, but not limited to, costs for personnel, operating
22 expenses, and marketing.

23 (2) An amount equal to \$250,000 deposited in the account
24 created in the name of the authority in the enterprise zone assistance
25 fund shall annually be credited to the New Jersey Economic
26 Development Authority for the purposes of the “Small Business
27 Bonding Readiness Assistance Fund” established pursuant to
28 section 2 of P.L. , c. (C.) (pending before the Legislature
29 as this bill).

30 (3) The balance of the remaining amount shall be distributed to
31 qualifying municipalities in proportion to each municipality's
32 contribution to the enterprise zone assistance fund for the
33 coordination and administration of the program within the
34 municipality, including but not limited to costs for personnel,
35 operating expenses, and marketing.

36 (cf: P.L.2009, c.25, s.1)

37

38 4. (New section) Notwithstanding the provisions of section 11
39 of P.L.2001, c.347 (C.52:27H-66.6), section 21 of P.L.1983, c.303
40 (C.52:27H-80), and any other provision of law concerning the
41 apportionment and distribution by the State of reduced rate
42 revenues collected by qualified businesses in urban enterprise
43 zones, there shall be credited \$250,000 annually from the enterprise
44 zone assistance fund, established pursuant to section 29 of
45 P.L.1983, c.303 (C.52:27H-88), during State Fiscal Year 2016 and
46 during each fiscal year thereafter, to the New Jersey Economic
47 Development Authority for the purposes of the “Small Business
48 Bonding Readiness Assistance Fund” established pursuant to

1 section 2 of P.L. , c. (C.) (pending before the Legislature
2 as this bill).

3

4 5. This act shall take effect immediately but shall remain
5 inoperative for 30 days following the date of enactment.

6

7

8

STATEMENT

9

10 This bill requires the New Jersey Economic Development
11 Authority (authority) to establish and maintain the “Small Business
12 Bonding Readiness Assistance Program” (program). Under the
13 program, the authority is to provide support services to small
14 businesses and to help small businesses meet surety bonding
15 requirements in order for them to bid on public works projects or
16 perform contracts offered by the State or by the federal government.
17 The authority is to provide small businesses participating in the
18 program with support services and assistance designed to increase
19 their bonding knowledge and capacity in order for them to qualify
20 for surety bonding. The support services and assistance to small
21 businesses are to focus on improving their financial presentation,
22 operational efficiency, profitability, and surety bonding capacity
23 and knowledge through a series of workshops and strategic
24 consulting sessions. The bill defines “small business” as a business
25 in this State that qualifies as a “small business concern” under the
26 federal "Small Business Act" for the purpose of the small business’s
27 eligibility for a contract offered by the federal government or for
28 assistance from the United States Small Business Administration.

29 In order to provide funding for the program, the bill requires the
30 State Treasurer to annually transfer \$250,000 from the urban
31 enterprise zone assistance fund (UEZ fund) to the “Small Business
32 Bonding Readiness Assistance Fund” (assistance fund), a special
33 nonlapsing revolving fund created by the authority as part of the
34 program. The assistance fund is to be used by the authority to
35 provide grant funding to small businesses that participate in the
36 program and to administer the program. In addition to the moneys
37 received by the authority from the UEZ fund, the assistance fund
38 may be credited with moneys made available by the authority for
39 the assistance fund and moneys received by the authority from any
40 public or private donations.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 123

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Senate Bill No. 123 (2R).

This bill requires the New Jersey Economic Development Authority to establish and maintain the “Small Business Bonding Readiness Assistance Program.”

The bill directs the authority to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or federal government. The bill requires the authority to enter into an agreement with a non-profit business advocacy association concerning the association’s provision of support services and assistance to small businesses seeking surety bonding.

The bill requires the support services and assistance provided by the non-profit business advocacy association to be designed to increase small businesses’ bonding knowledge and capacity for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions.

The bill takes effect immediately but remains inoperative for 30 days following the date of enactment.

As reported, this bill is identical to Assembly Bill No. 3559 (1R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate cost increase to the New Jersey Economic Development Authority (EDA), determined by the EDA need to administer the “Small Business Bonding Readiness Assistance Fund.” That need depends on the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding, pursuant to the terms of an agreement with a non-profit business advocacy association, which is to be provided grant funding for providing those services.

The OLS finds that the EDA will need to provide funding from the assistance fund for providing grant funding to the small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services depends on the number of participating small businesses and the cost of the support services provided under the program.

Although the costs to the EDA in providing support services, and the moneys the EDA makes available and receives from any public or private donations to support the assistance fund are unknown, the OLS expects that the EDA will be able to absorb the administrative expenditures related to the establishment and administration of the program and assistance fund within the EDA's existing resources.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 123

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 2016

The Assembly Commerce and Economic Development Committee reports favorably Senate Bill No. 123(2R).

This bill requires the New Jersey Economic Development Authority (EDA) to establish and maintain the “Small Business Bonding Readiness Assistance Program.” Under the program, the EDA would provide support services to small businesses and assist small businesses in securing surety bonding so they may bid on public works projects and other public contracts.

Under the bill, the EDA would enter into an agreement with a non-profit business advocacy association which would require the association to provide support services and assistance to small businesses seeking surety bonding. The support services and assistance would be designed to increase the knowledge and capacity for small businesses to qualify for surety bonding.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 123

STATE OF NEW JERSEY

DATED: JUNE 16, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 123 (1R).

This bill requires the New Jersey Economic Development Authority to establish and maintain the “Small Business Bonding Readiness Assistance Program.”

Under the program, the authority is to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or federal government. The bill requires the authority to enter into an agreement with a non-profit business advocacy association concerning the association’s provision of support services and assistance to small businesses seeking surety bonding.

The bill requires the support services and assistance provided by the non-profit business advocacy association to be designed to increase small businesses’ bonding knowledge and capacity for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions.

The bill requires the State Treasurer to annually transfer \$250,000 from the urban enterprise zone assistance fund to the “Small Business Bonding Readiness Assistance Fund,” a special non-lapsing revolving fund established by the bill as part of the program. The bill provides for the assistance fund to be used by the authority to provide grant funding to small businesses that participate in the program, grant funding to an association that provides small businesses participating in the program with support services and assistance, and to administer the program.

In addition to the money annually transferred from the urban enterprise zone assistance fund, the bill permits the assistance fund to be credited with money made available by the authority for the assistance fund and money received by the authority from any public or private donations.

The bill takes effect immediately but remains inoperative for 30 days following the date of enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects this bill will result in an indeterminate recurring increase in State expenditures, but lacks sufficient information to determine the magnitude of the expected increase. In large part, it is not currently known the size and scope of the program that will be implemented and administered by the authority, the extent of the support services and assistance that will be provided by the non-profit association that enters an agreement with the authority, or the number of businesses that will participate in the program following enactment.

The OLS notes that the bill requires the State Treasurer to annually transfer \$250,000 from the urban enterprise zone assistance fund to the “Small Business Bonding Readiness Assistance Fund” established by the bill. This annual transfer of funds will provide a dedicated source of State revenues to support the program, but represents a decrease of revenues that, absent the bill, otherwise would have been available to fund projects and initiatives undertaken by urban enterprise zone municipalities or to support State General Fund programs and services, as is required by existing budget language.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 123

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 5, 2016

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 123.

As amended and reported, this bill requires the New Jersey Economic Development Authority (authority) to establish and maintain the “Small Business Bonding Readiness Assistance Program” (program). Under the program, the authority is to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or by the federal government. The authority is to enter into an agreement with a non-profit business advocacy association (association) concerning the association’s provision of support services and assistance to small businesses seeking surety bonding. The support services and assistance provided are to be designed to increase small businesses’ bonding knowledge and capacity in order for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions. The bill defines “small business” as a business in this State that qualifies as a “small business concern” under the federal "Small Business Act" for the purpose of the small business’s eligibility for a contract offered by the federal government or for assistance from the United States Small Business Administration.

In order to provide funding for the program, the bill requires the State Treasurer to annually transfer \$250,000 from the urban enterprise zone assistance fund (UEZ fund) to the “Small Business Bonding Readiness Assistance Fund” (assistance fund), a special non-lapsing revolving fund created by the authority as part of the program. The assistance fund is to be used by the authority to provide grant funding to small businesses that participate in the program, grant funding to an association that provides small businesses participating in the program with support services and assistance, and to administer the program. In addition to the moneys received by the authority from the UEZ fund, the assistance fund may be credited with moneys made available

by the authority for the assistance fund and moneys received by the authority from any public or private donations.

The committee amended the bill to: 1) require the authority to enter into an agreement with an association, whose membership comprises small businesses needing surety bonding, to provide surety bonding assistance services to those eligible small businesses; 2) provide that the association is to receive grant funding from the assistance fund for providing those support services and assistance; and 3) to make grammatical corrections.

This bill was pre-filed for introduction in the 2016-2017 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

STATEMENT TO

[First Reprint]

SENATE, No. 123

with Senate Floor Amendments
(Proposed by Senator PENNACCHIO)

ADOPTED: JUNE 27, 2016

These Senate floor amendments delete the provisions in the bill transferring \$250,000 annually from enterprise zone assistance fund to the New Jersey Economic Development Authority to support the Small Business Bonding Readiness Assistance Fund.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 123

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JUNE 22, 2016

SUMMARY

- Synopsis:** Establishes "Small Business Bonding Readiness Assistance Program" in EDA to assist certain small businesses meet State or federal contract surety bond requirements; transfers \$250,000 annually from enterprise zone assistance fund to program.
- Type of Impact:** Annual loss of revenue from the Enterprise Zone Assistance Fund.
- Agencies Affected:** New Jersey Economic Development Authority (EDA); Department of Community Affairs; New Jersey Urban Enterprise Zone Authority (UEZ Authority); urban enterprise zone (UEZ) municipalities

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Net State Cost	Indeterminate – See comments below		
State and Local Revenue	-\$250,000 – See comments below		

- The Office of Legislative Services (OLS) finds that the bill will result in an annual loss of revenue of \$250,000 from the Enterprise Zone Assistance Fund (UEZ Fund). The EDA will realize an increase in State revenue equivalent to the \$250,000 annual appropriation from the UEZ Fund to the "Small Business Bonding Readiness Assistance Fund" (assistance fund), a special non-lapsing revolving fund created by the New Jersey Economic Development Authority (EDA) under the bill. The OLS finds the annual \$250,000 reduction in funding from the UEZ Fund will have an indeterminate impact on the separate subaccounts of the UEZ Authority and the municipalities where UEZs are located.
- The EDA will realize \$250,000 in annual funding to the assistance fund for the expenses incurred by the EDA to fund the costs of the "Small Business Bonding Readiness Assistance Program" (program) created by bill. Under an agreement with a non-profit business advocacy association (association), the EDA is to provide grant funding to the association for the cost of providing support services to participating small businesses and for assisting those

small businesses in securing surety bonding. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services are not known since the amount transferred to subsidize the program may be excessive or inadequate depending on the number of participating small businesses and the cost of the assistance services provided under the program.

- Given the annual transfer of \$250,000 from the UEZ Fund to the assistance fund, the UEZA and UEZ municipalities collectively will incur an annual revenue loss of that amount, but the distribution of the revenue loss will depend on the allocation of the remaining revenues in the UEZ Fund. The impact of the revenue loss is indeterminate given the amount of 3.5 percent sales tax revenue collections in UEZs, which is the source of funding for the UEZ Fund, in future years, is not known.

BILL DESCRIPTION

Senate Bill No. 123 (1R) of 2016 requires the EDA to establish and maintain the “Small Business Bonding Readiness Assistance Program” (program). Under the program, the EDA is to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or by the federal government. The EDA is to enter into an agreement with an association concerning the association’s provision of support services and assistance to small businesses seeking surety bonding. The support services and assistance provided are to be designed to increase small businesses’ bonding knowledge and capacity in order for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions. The bill defines “small business” as a business in this State that qualifies as a “small business concern” under the federal "Small Business Act" for the purpose of the small business’s eligibility for a contract offered by the federal government or for assistance from the United States Small Business Administration.

In order to provide funding for the program, the bill requires the State Treasurer to annually transfer \$250,000 from the UEZ Fund to the assistance fund, a special non-lapsing revolving fund created by the EDA as part of the program. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. In addition to the moneys received by the EDA from the UEZ Fund, the assistance fund may be credited with moneys made available by the EDA for the assistance fund and moneys received by the EDA from any public or private donations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds the bill to have annual loss of revenue of \$250,000 from the UEZ Fund. The EDA will realize a gain in State revenue equivalent to the \$250,000 annual appropriation from the UEZ Fund to the assistance fund created by the EDA under the bill and an offsetting indeterminate increase in costs to administer the program. The Office of Legislative Services finds the resulting annual \$250,000 reduction in funding from the UEZ Fund will have an indeterminate impact on the UEZ Authority and the UEZ municipalities.

The OLS finds that the EDA will realize \$250,000 in annual funding for the expenses incurred by the EDA to fund the costs of the program, from the assistance fund. Under an agreement with a non-profit business advocacy association, the EDA is to provide grant funding to the association for the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services are not known since the amount transferred to subsidize the program may be excessive or inadequate depending on the number of participating small businesses and the cost of the assistance services provided under the program.

Current budget language directs all reduced sales tax revenues collected in UEZs to the General Fund. If that language persists in future budgets, there will be no funding source for the program and it is unknown whether the EDA will have the resources to administer the program.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Kevin Donahue
Lead Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

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

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 123

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JULY 1, 2016

SUMMARY

- Synopsis:** Establishes "Small Business Bonding Readiness Assistance Program" in EDA to assist certain small businesses meet State or federal contract surety bond requirements.
- Type of Impact:** Undetermined cost increase to the New Jersey Economic Development Authority.
- Agencies Affected:** New Jersey Economic Development Authority (EDA)

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate – See comments below		

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate cost increase to the New Jersey Economic Development Authority (EDA). The cost increase to the EDA will be determined by their need to provide adequate funding to administer the "Small Business Bonding Readiness Assistance Fund" (assistance fund) as a funding source under the bill. That need depends on the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding, pursuant to the terms of an agreement with a non-profit business advocacy association, which is to be provided grant funding for providing those services.
- The OLS finds that the EDA will need to provide funding from the assistance fund for the expenses incurred by the EDA to fund the costs of the "Small Business Bonding Readiness Assistance Program" (program) created by the bill. Under an agreement with a non-profit business advocacy association (association), the EDA is to provide grant funding to the association for the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services depends on the number of participating small businesses and the cost of the support services provided under the program.

- Although the costs to the EDA in providing support services, and the moneys the EDA makes available and receives from any public or private donations to support the assistance fund are unknown, the OLS expects that the EDA would be able to absorb the administrative expenditures related to the establishment and administration of the program and assistance fund within the NJEDA's existing resources.

BILL DESCRIPTION

Senate Bill No. 123 (2R) of 2016 requires the EDA to establish and maintain the "Small Business Bonding Readiness Assistance Program". Under the program, the EDA is to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or by the federal government. The EDA is to enter into an agreement with an association concerning the association's provision of support services and assistance to small businesses seeking surety bonding. The support services and assistance provided are to be designed to increase small businesses' bonding knowledge and capacity in order for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses' financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions. The bill defines "small business" as a business in this State that qualifies as a "small business concern" under the federal "Small Business Act" for the purpose of the small business's eligibility for a contract offered by the federal government or for assistance from the United States Small Business Administration.

In order to provide funding for the program, the bill requires the EDA to establish a special non-lapsing revolving fund as part of the program. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The assistance fund may be credited with moneys made available by the EDA for the assistance fund and moneys received by the EDA from any public or private donations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate cost increase to the EDA. The cost increase to the EDA will be determined by their need to provide adequate funding to administer the "Small Business Bonding Readiness Assistance Fund" (assistance fund) as a funding source under the bill. That need depends on the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding, pursuant to the terms of an agreement with a non-profit business advocacy association, which is to be provided grant funding for providing those services.

The OLS finds that the EDA will need to provide funding from the assistance fund for the expenses incurred by the EDA to fund the costs of the “Small Business Bonding Readiness Assistance Program” created by the bill. Under an agreement with a non-profit business advocacy association (association), the EDA is to provide grant funding to the association for the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding. The assistance fund is to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services depends on the number of participating small businesses and the cost of the support services provided under the program.

Although the costs to the EDA in providing support services, and the moneys the EDA makes available and receives from any public or private donations to support the assistance fund are unknown, the OLS expects that the EDA would be able to absorb the administrative expenditures related to the establishment and administration of the program and assistance fund within the NJEDA’s existing resources.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Kevin Donahue
Lead Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

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

ASSEMBLY, No. 3559

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 4, 2016

Sponsored by:

Assemblyman JAMEL C. HOLLEY

District 20 (Union)

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblywoman ELIZABETH MAHER MUOIO

District 15 (Hunterdon and Mercer)

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman RAJ MUKHERJI

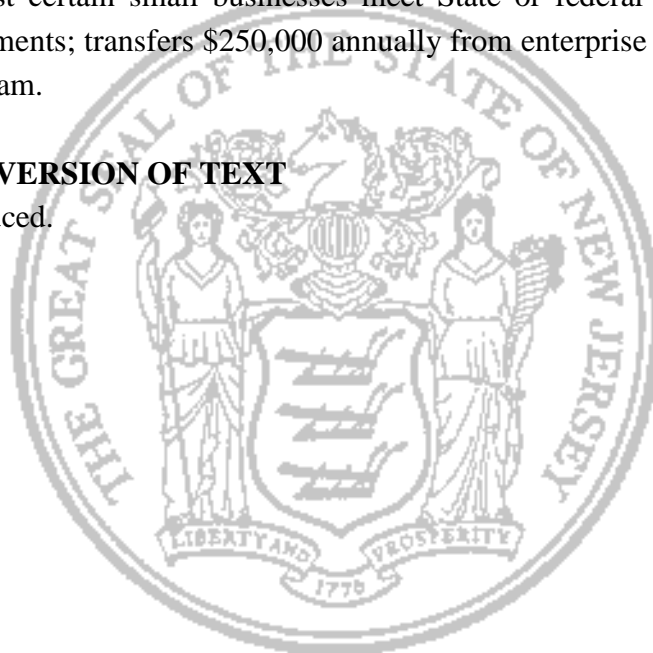
District 33 (Hudson)

SYNOPSIS

Establishes “Small Business Bonding Readiness Assistance Program” in EDA to assist certain small businesses meet State or federal contract surety bond requirements; transfers \$250,000 annually from enterprise zone assistance fund to program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/9/2016)

1 AN ACT concerning certain small business funding, supplementing
2 P.L.1974, c.80 (C.34:1B-1 et seq.) and amending and
3 supplementing P.L.1983, c.303 (C.52:27H-60 et al.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. (New section) As used in sections 1 and 2 of P.L. ,
9 c. (C.) (pending before the Legislature as this bill):

10 "Association" means a non-profit business advocacy association
11 whose membership comprises small businesses in need of surety
12 bonding.

13 "Authority" shall have the same meaning as provided in section 3
14 of P.L.1974, c.80 (C.34:1B-3).

15 "Fund" means the "Small Business Bonding Readiness
16 Assistance Fund" established pursuant to section 2 of P.L. ,
17 c. (C.) (pending before the Legislature as this bill).

18 "Program" means the "Small Business Bonding Readiness
19 Assistance Program" established pursuant to section 2 of P.L. ,
20 c. (C.) (pending before the Legislature as this bill).

21 "Small business" means a business engaged in the conduct of a
22 trade or business in this State that qualifies as a "small business
23 concern" within the meaning of the federal "Small Business Act,"
24 Pub.L.85-536 (15 U.S.C. s.631 et seq.) for the purpose of the small
25 business's eligibility for performing a contract offered by the
26 federal government or for assistance from the United States Small
27 Business Administration. "Small business" shall also include a
28 small business established in this State that is certified, pursuant to
29 federal law, under the United States Small Business
30 Administration's 8(a) Business Development Program or the
31 HUBZone Program, or as a Small Disadvantaged Business, or as a
32 Section 3 business concern by the United States Department of
33 Housing and Urban Development.
34

35 2. (New section) a. (1) The New Jersey Economic
36 Development Authority shall establish and maintain a program to
37 be known as the "Small Business Bonding Readiness Assistance
38 Program" to provide support services to small businesses and to
39 assist small businesses in securing surety bonding so that small
40 businesses may bid on public works projects or perform contracts
41 offered by the State or by the federal government.

42 (2) The authority shall enter into an agreement with a non-profit
43 business advocacy association concerning the association's
44 provision of support services and assistance to small businesses

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

Matter underlined thus is new matter.

1 seeking surety bonding. The support services and assistance
2 provided shall be designed to increase small business's bonding
3 knowledge and capacity in order for a small business to qualify for
4 surety bonding. The support services and assistance to small
5 businesses shall focus on improving small business's financial
6 presentation, operational efficiency, profitability, and surety
7 bonding capacity and knowledge through a series of workshops and
8 strategic consulting sessions.

9 b. The authority shall establish the terms and conditions by
10 which a small business may apply for the program.

11 c. The authority shall establish and maintain within the
12 program a special non-lapsing revolving fund to be known as the
13 "Small Business Bonding Readiness Assistance Fund" to provide
14 grant funding to small businesses that participate in the program,
15 grant funding to an association that provides small businesses
16 participating in the program with support services and assistance,
17 and to administer the program.

18 d. In administering the program and the fund, the authority
19 shall establish:

- 20 (1) procedures and timelines for applications for the program;
- 21 (2) criteria for determining grant amounts to be disbursed from
22 the fund to small businesses to meet their surety bond requirement;
- 23 (3) reporting requirements for small businesses accepted into the
24 program and who receive a grant from the fund; and
- 25 (4) any other policies deemed necessary by the authority for the
26 administration of the program and the fund. The authority, in its
27 sole discretion, may amend these policies at any time if the policies
28 are established or amended in a manner consistent with the
29 provisions of P.L. , c. (C.) (pending before the Legislature
30 as this bill).

31 e. In addition to the \$250,000 annually received by the
32 authority pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88)
33 and section 4 of P.L. , c. (C.) (pending before the
34 Legislature as this bill), the fund may be credited with:

- 35 (1) moneys made available by the authority for the purpose of
36 the fund; and
- 37 (2) moneys received by the authority from any public or private
38 donations. The authority is authorized to seek and accept gifts,
39 grants, or donations from private or public sources for deposit in the
40 fund, except that the authority may not accept a gift, grant, or
41 donation that is subject to conditions that are inconsistent with any
42 other law of this State.

43
44 3. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
45 read as follows:

46 29. a. (1) There is created an enterprise zone assistance fund to
47 be held by the State Treasurer, which shall be the repository for all
48 moneys required to be deposited therein **[under]** pursuant to section

1 21 of P.L.1983, c.303 (C.52:27H-80) or moneys appropriated
2 annually to the assistance fund. All moneys deposited in the
3 assistance fund shall be held and disbursed in the amounts
4 necessary to fulfill the purposes of this section and subject to the
5 requirements hereinafter prescribed. The State Treasurer may
6 invest and reinvest any moneys in the assistance fund, or any
7 portion thereof, in legal obligations of the United States **[or of]**, the
8 State, or **[of]** any political subdivision thereof. Any income from,
9 interest on, or increment to moneys **[so]** invested or reinvested
10 shall be included in the assistance fund.

11 (2) The State Treasurer shall maintain separate accounts for
12 each enterprise zone designated under P.L.1983, c.303 (C.52:27H-
13 60 et al.), and one in the authority's name for the administration of
14 the Urban Enterprise Zone program. The State Treasurer shall
15 credit to each account an amount of **[the]** moneys deposited in the
16 assistance fund equal to the amount of revenues collected from the
17 taxation of retail sales made in the zone and appropriated to the
18 enterprise zone assistance fund, or that amount of moneys
19 appropriated to the assistance fund and required to be credited to
20 the enterprise zone account of the qualifying municipality pursuant
21 to section 21 of P.L.1983, c.303 (C.52:27H-80).

22 (3) The State Treasurer shall promulgate **[the]** rules and
23 regulations necessary to govern the administration of the assistance
24 fund for the purposes of this section, which shall include, but not be
25 limited to, regulations requiring the establishment of separate bank
26 accounts for funds credited to the enterprise zone account of each
27 qualifying municipality from the enterprise zone assistance fund,
28 commonly known as "first generation funds," **[and]** funds
29 generated from **[the]** repayments of loans to individuals and
30 businesses from the enterprise zone account of each qualifying
31 municipality and the proceeds from the sale of properties and
32 equipment acquired through the enterprise zone program,
33 commonly known as "second generation funds," and the review,
34 compilation, and monitoring of second generation fund quarterly
35 reports submitted by each enterprise zone.

36 (4) Any individual, including an individual who is not directly
37 employed by a qualifying municipality, with the authority to
38 administer, allocate, or approve the use of enterprise zone
39 assistance funds is subject to the "Local Government Ethics Law,"
40 P.L.1991, c.29 (C.40A:9-22.1 et seq.), unless the individual is a
41 State employee or a special State officer.

42 b. The enterprise zone assistance fund shall be used for the
43 purpose of assisting qualifying municipalities in which enterprise
44 zones are designated in undertaking public improvements,
45 economic development projects, and in upgrading eligible
46 municipal services in designated enterprise zones.

47 c. The governing body of a qualifying municipality in which an
48 enterprise zone is designated and the zone development corporation

1 created or designated by the qualifying municipality for that
2 enterprise zone may, by resolution jointly adopted after public
3 hearing, propose to undertake a project for the public improvement
4 of the enterprise zone or to increase eligible municipal services in
5 the enterprise zone, and to fund that project or increase in eligible
6 municipal services from moneys deposited in the enterprise zone
7 assistance fund and credited to the account maintained by the State
8 Treasurer for the enterprise zone.

9 The proposal **【so】** adopted shall set forth a plan for the project or
10 for the increase in eligible municipal services and shall include:

11 (1) **【A】** a description of the proposed project or of the
12 municipal services to be increased;

13 (2) **【An】** an estimate of the total project costs, or of the total
14 costs of increasing the municipal services, and an estimate of the
15 amounts of funding necessary annually from the enterprise zone
16 account;

17 (3) **【A】** a statement of any other revenue sources to be used to
18 finance the project or to fund the increase in eligible municipal
19 services;

20 (4) **【A】** a statement of the time necessary to complete the
21 project, or of the time during which the increased municipal
22 services are to be maintained;

23 (5) **【A】** a statement of the manner in which the proposed project
24 or increase in municipal services furthers the municipality's policy
25 and intentions for addressing the economic and social conditions
26 existing in the area of the enterprise zone as set forth in the zone
27 development plan approved by the authority; and

28 (6) **【A】** a description of the financial and programmatic controls
29 and reporting mechanisms to be used to guarantee that the funds
30 will be spent in accordance with the plan and that the project or
31 increased municipal service will accomplish its purpose.

32 As used in this section, "project" means an activity funded by the
33 zone assistance fund through the qualified municipality and
34 implemented by the zone development corporation, including the
35 purchasing, leasing, condemning, or otherwise acquiring of land or
36 other property, or an interest therein, in the enterprise zone or as
37 necessary for a right-of-way or other easement to or from the
38 enterprise zone; the relocating and moving of persons or businesses
39 displaced by the acquisition of land or property; the rehabilitation
40 and redevelopment of land or property, including demolition,
41 clearance, removal, relocation, renovation, alteration, construction,
42 reconstruction, installation, or repair of land or a building, street,
43 highway, alley, utility, service, or other structure or improvement
44 which will lead to increased economic activity within the zone; the
45 purchase and installation of closed circuit television surveillance
46 systems or other related equipment and those expenses associated
47 with homeland security and domestic preparedness; the acquisition,
48 construction, reconstruction, rehabilitation, or installation of public

1 facilities and improvements, except buildings and facilities for the
2 general conduct of government and schools; the establishment of
3 revolving loan or grant programs for qualified businesses in the
4 zone to encourage private investment and job creation, matching
5 grant programs for the establishment or operation of pedestrian
6 malls, special improvement districts and tax increment districts, or
7 other appropriate entity; marketing, advertising, and special event
8 activities that will lead to increased economic activity or encourage
9 private investment and job creation in the zone, but not including
10 the expenditures therefor which are required to be reported pursuant
11 to "The New Jersey Campaign Contributions and Expenditures
12 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
13 associated therewith including the costs of an administrative
14 appraisal, economic and environmental analyses, environmental
15 remediation, engineering, planning, design, architectural, surveying,
16 or other professional or managerial services.

17 As used in this section, "eligible municipal services" means the
18 hiring of additional policemen or firemen assigned duties in the
19 enterprise zone, or the purchasing or leasing of additional police or
20 fire vehicles, equipment, or apparatus to be used for the provision
21 of augmented or upgraded public safety services in the enterprise
22 zone and its immediate vicinities.

23 d. Upon adoption by the governing body of the qualifying
24 municipality and by the zone development corporation, the proposal
25 shall be sent to the authority for its evaluation and approval. The
26 authority shall approve the proposal if it **【shall find】** finds:

27 (1) **【In】** in the case of a project, that the proposed project
28 furthers the policy and intentions of the zone development plan
29 approved by the authority, and that the estimated annual payments
30 for the project from the enterprise zone account to which the
31 proposal pertains are not likely to result in a deficit in that account;
32 or

33 (2) **【In】** in the case of an increase in eligible municipal services,
34 that the proposal furthers the policy and intentions of the zone
35 development plan approved by the authority; that the qualifying
36 municipality has furnished satisfactory assurances that the
37 additional policemen or firemen to be hired, or the additional
38 vehicles, equipment, or apparatus to be purchased or leased, shall
39 be used to augment or upgrade public safety in the enterprise zone,
40 and shall not be used in other areas of the municipality; that the
41 qualifying municipality shall annually appropriate for the increased
42 eligible municipal services an amount equal to **【20%】** 20 percent of
43 the amount of annual payments for the eligible municipal services
44 from the enterprise zone account and shall not request for the
45 increased eligible municipal services an amount equal to more than
46 **【35%】** 35 percent of the amount of annual payments into the
47 enterprise zone account, unless the municipality and the authority
48 have entered into an agreement **【or agreements】** to the contrary

1 prior to July 1, 1992; and that the estimated annual payments for the
2 eligible municipal services from the enterprise zone account to
3 which the proposal pertains are not likely to result in a deficit in
4 that account.

5 e. If the authority **【shall approve】** approves the proposal, it
6 shall annually, upon its receipt of a written statement from the
7 governing body of the qualifying municipality and the zone
8 development corporation, certify to the State Treasurer the amount
9 to be paid in that year from the enterprise zone account in the
10 enterprise zone assistance fund with respect to each project or
11 increase in eligible municipal services approved. The authority
12 may at any time revoke its approval of a project or an increase in
13 eligible municipal services if it finds that the annual payments made
14 from the enterprise zone assistance fund are not being used as
15 required by this section.

16 f. Upon certification by the authority of the annual amount to
17 be paid to a qualifying enterprise zone with respect to any project or
18 increase in eligible municipal services, the State Treasurer shall pay
19 in each year to the qualifying municipality from the amounts
20 deposited in the enterprise zone assistance fund the amount **【so】**
21 certified, within the limits of the amounts credited to the enterprise
22 zone account of the qualifying municipality.

23 g. (1) An amount not to exceed one-third of the amount
24 deposited in the account created in the name of the authority in the
25 enterprise zone assistance fund shall be used by the authority for the
26 coordination and administration of the program throughout the
27 State, including, but not limited to, costs for personnel, operating
28 expenses, and marketing.

29 (2) An amount equal to \$250,000 deposited in the account
30 created in the name of the authority in the enterprise zone assistance
31 fund shall annually be credited to the New Jersey Economic
32 Development Authority for the purposes of the “Small Business
33 Bonding Readiness Assistance Fund” established pursuant to
34 section 2 of P.L. , c. (C.) (pending before the Legislature
35 as this bill).

36 (3) The balance of the remaining amount shall be distributed to
37 qualifying municipalities in proportion to each municipality's
38 contribution to the enterprise zone assistance fund for the
39 coordination and administration of the program within the
40 municipality, including but not limited to costs for personnel,
41 operating expenses, and marketing.

42 (cf: P.L.2009, c.25, s.1)

43

44 4. (New section) Notwithstanding the provisions of section 11
45 of P.L.2001, c.347 (C.52:27H-66.6), section 21 of P.L.1983, c.303
46 (C.52:27H-80), and any other provision of law concerning the
47 apportionment and distribution by the State of reduced rate
48 revenues collected by qualified businesses in urban enterprise

1 zones, there shall be credited \$250,000 annually from the enterprise
2 zone assistance fund, established pursuant to section 29 of
3 P.L.1983, c.303 (C.52:27H-88), during State Fiscal Year 2016 and
4 during each fiscal year thereafter, to the New Jersey Economic
5 Development Authority for the purposes of the “Small Business
6 Bonding Readiness Assistance Fund” established pursuant to
7 section 2 of P.L. , c. (C.) (pending before the Legislature
8 as this bill).

9
10 5. This act shall take effect immediately but shall remain
11 inoperative for 30 days following the date of enactment.

12
13
14 STATEMENT

15
16 This bill requires the New Jersey Economic Development
17 Authority (authority) to establish and maintain the “Small Business
18 Bonding Readiness Assistance Program” (program). Under the
19 program, the authority is to provide support services to small
20 businesses and to assist small businesses in securing surety bonding
21 so that small businesses may bid on public works projects or
22 perform contracts offered by the State or by the federal government.
23 The authority is to enter into an agreement with a non-profit
24 business advocacy association, such as a chamber of commerce,
25 concerning the association’s provision of support services and
26 assistance to small businesses seeking surety bonding. The support
27 services and assistance provided are to be designed to increase
28 small business’s bonding knowledge and capacity in order for a
29 small business to qualify for surety bonding. The support services
30 and assistance to small businesses are to focus on improving their
31 financial presentation, operational efficiency, profitability, and
32 surety bonding capacity and knowledge through a series of
33 workshops and strategic consulting sessions. The bill defines
34 “small business” as a business in this State that qualifies as a “small
35 business concern” under the federal "Small Business Act" for the
36 purpose of the small business’s eligibility for a contract offered by
37 the federal government or for assistance from the United States
38 Small Business Administration.

39 In order to provide funding for the program, the bill requires the
40 State Treasurer to annually transfer \$250,000 from the urban
41 enterprise zone assistance fund (UEZ fund) to the “Small Business
42 Bonding Readiness Assistance Fund” (assistance fund), a special
43 non-lapsing revolving fund created by the authority as part of the
44 program. The assistance fund is to be used by the authority to
45 provide grant funding to small businesses that participate in the
46 program, grant funding to an association that provides small
47 businesses participating in the program with support services and
48 assistance, and to administer the program. In addition to the

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1 moneys received by the authority from the UEZ fund, the assistance
2 fund may be credited with moneys made available by the authority
3 for the assistance fund and moneys received by the authority from
4 any public or private donations.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3559

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3559 (1R).

This bill requires the New Jersey Economic Development Authority to establish and maintain the “Small Business Bonding Readiness Assistance Program.”

The bill directs the authority to provide support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or federal government. The bill requires the authority to enter into an agreement with a non-profit business advocacy association concerning the association’s provision of support services and assistance to small businesses seeking surety bonding.

The bill requires the support services and assistance provided by the non-profit business advocacy association to be designed to increase small businesses’ bonding knowledge and capacity for small businesses to qualify for surety bonding. The support services and assistance to small businesses are to focus on improving small businesses’ financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions.

The bill takes effect immediately but remains inoperative for 30 days following the date of enactment.

As reported, this bill is identical to Senate Bill No. 123 (2R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate cost increase to the New Jersey Economic Development Authority (EDA), determined by the EDA need to administer the “Small Business Bonding Readiness Assistance Fund.” That need depends on the cost of providing support services to participating small businesses and for assisting those small businesses in securing surety bonding, pursuant to the terms of an agreement with a non-profit business advocacy association, which is to be provided grant funding for providing those services.

The OLS finds that the EDA will need to provide funding from the assistance fund for providing grant funding to the small businesses that participate in the program, grant funding to an association under the agreement with the EDA, and to administer the program. The cost of providing those services depends on the number of participating small businesses and the cost of the support services provided under the program.

Although the costs to the EDA in providing support services, and the moneys the EDA makes available and receives from any public or private donations to support the assistance fund are unknown, the OLS expects that the EDA will be able to absorb the administrative expenditures related to the establishment and administration of the program and assistance fund within the EDA's existing resources.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3559

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 2016

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 3559.

This bill requires the New Jersey Economic Development Authority (EDA) to establish and maintain the “Small Business Bonding Readiness Assistance Program.” Under the program, the EDA would provide support services to small businesses and assist small businesses in securing surety bonding so they may bid on public works projects and other public contracts.

Under the bill, the EDA would enter into an agreement with a non-profit business advocacy association which would require the association to provide support services and assistance to small businesses seeking surety bonding. The support services and assistance would be designed to increase the knowledge and capacity for small businesses to qualify for surety bonding.

COMMITTEE AMENDMENTS

The committee amendments delete from the bill provisions that would have transferred \$250,000 annually from the enterprise zone assistance fund to the New Jersey Economic Development Authority to support the Small Business Bonding Readiness Assistance Fund.

These amendments make the bill identical to Senate Bill No. 123 (2R), which was also favorably reported by the committee this date.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3559

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: NOVEMBER 7, 2016

SUMMARY

- Synopsis:** Establishes "Small Business Bonding Readiness Assistance Program" in EDA to assist certain small businesses meet State or federal contract surety bond requirements.
- Type of Impact:** Annual cost increase and potential recurring revenue increase to the New Jersey Economic Development Authority.
- Agencies Affected:** New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Annual State Cost Increase	Indeterminate – See comments below		
Potential State Revenue Increase	Indeterminate – See comments below		

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate annual net cost increase to the New Jersey Economic Development Authority (EDA). This net effect reflects the indeterminate annual cost increase the EDA will incur in administering and financing the “Small Business Bonding Readiness Assistance Program,” potentially offset, in part, by public and private donations of indeterminate magnitude and periodicity.
- The EDA will incur indeterminate annual expenditures from administering the program, awarding grants to small businesses that participate in the assistance program, and providing grant funding to a non-profit business advocacy association for the provision of support services and assistance to small businesses seeking surety bonding. The specific cost of providing those services will depend on the unknown number of participating small businesses and the unknown type and frequency of the support services and assistance provided.

BILL DESCRIPTION

Assembly Bill No. 3559 (1R) of 2016 requires the EDA to establish and maintain the “Small Business Bonding Readiness Assistance Program.” Under the program, the EDA is to provide

support services to small businesses and to assist small businesses in securing surety bonding so that small businesses may bid on public works projects or perform contracts offered by the State or by the federal government.

To that end, the EDA is to enter into an agreement with a non-profit business advocacy association for the provision of support services and assistance to small businesses seeking surety bonding. The support services and assistance are to be designed to increase small businesses' bonding knowledge and capacity in order for small businesses to qualify for surety bonding. The support services and assistance are to focus on improving small businesses' financial presentation, operational efficiency, profitability, and surety bonding capacity and knowledge through a series of workshops and strategic consulting sessions.

In order to provide funding for the program, the bill requires the EDA to establish a special non-lapsing revolving fund named the "Small Business Bonding Readiness Assistance Fund." Fund balances are to be used by the EDA to provide grant funding to small businesses that participate in the program, grant funding to a non-profit business advocacy association for the provision of support services and assistance to small businesses seeking surety bonding, and to administer the program. The assistance fund may be credited with moneys made available by the EDA and any public or private donations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate annual net cost increase to the EDA. This net effect reflects the indeterminate annual cost increase the EDA will incur in administering and financing the "Small Business Bonding Readiness Assistance Program," potentially offset, in part, by public and private donations of indeterminate magnitude and periodicity.

Specifically, the EDA will incur indeterminate annual expenditures from administering the program, awarding grants to small businesses that participate in the assistance program, and providing grant funding to a non-profit business advocacy association for the provision of support services and assistance to small businesses seeking surety bonding. The specific cost of providing those services will depend on the unknown number of participating small businesses and the unknown type and frequency of the support services and assistance provided.

Although the scale of program operating expenditures and any public or private donations to the program are unknown, the OLS notes that the EDA may be able to absorb program operating expenses within its existing resources, depending on EDA operating and resource allocation decisions in response to the enactment of the bill.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Kevin J. Donahue
Lead Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

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

Governor Chris Christie Signs Legislation Strengthening Small Business

Wednesday, January 4, 2017 Tags: [Bill Action](#)



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Trenton, NJ - Governor Chris Christie signed into law today S-123/A-3559 (Pennacchio, Rice/Holley, Oliver, Wimberly, Muoio, Pintor Marin, Mukherji), adopted unanimously by both houses of the legislature, to provide New Jersey's small businesses greater access to commercial opportunities and to save taxpayers money.

"My administration remains committed to empowering and supporting the growth of New Jersey's small business community," Governor Christie said. "This is responsible legislation that adds to our unparalleled track record of initiating and adopting policies and reforms that have created hundreds of thousands of jobs in the Garden State, improved the quality of life here and lowered costs for residents and small business owners, who are 98.3 percent of employers in this state."

The new law establishes the *Small Business Bonding Readiness Assistance Program* within the Economic Development Authority (EDA), to provide support services to small businesses, including assistance with securing surety bonding, so that these entities can bid more easily on state and federal contracts.

The legislation does not contain supplemental appropriations, providing that the grant program can be funded with amounts made available within the discretion of the EDA. Programs like this led to a record high of 103,093 new businesses filed in 2016 to start operations in the Garden State, besting the previous highest state level of 97,835 that had been set in 2015.

"S-123 is another avenue for small, minority-owned and women-owned businesses to have greater access to job-creating commercial opportunities," Governor Christie said. "It is a win for taxpayers and residents across New Jersey also because increased competition for public contracts will lead to lower costs and a more diverse pool of small businesses performing public services."

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