

34:1B-7.28

**LEGISLATIVE HISTORY CHECKLIST**  
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(Boat industry loans)

**NJSA:** 34:1B-7.28  
**LAWS OF:** 1993 **CHAPTER:** 358  
**BILL NO:** S2048  
**SPONSOR(S)** Ciesla  
**DATE INTRODUCED:** August 16, 1993  
**COMMITTEE:** **ASSEMBLY:** ---  
**SENATE:** Coastal Resources  
**AMENDED DURING PASSAGE:** No Senate committee substitute enacted  
**DATE OF PASSAGE:** **ASSEMBLY:** December 16, 1993  
**SENATE:** December 13, 1993  
**DATE OF APPROVAL:** December 30, 1993

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes  
**COMMITTEE STATEMENT:** **ASSEMBLY:** No  
**SENATE:** Yes  
**FISCAL NOTE:** No  
**VETO MESSAGE:** No  
**MESSAGE ON SIGNING:** No  
**FOLLOWING WERE PRINTED:**  
**REPORTS:** No  
**HEARINGS:** Yes

See newspaper clipping--attached

974.90 New Jersey. Legislature. Senate. Coastal Resources and  
R311 Tourism Committee.  
1993b Meeting held 10-13-93, Egg Harbor, NJ, 1993.

KBG:pp

SENATE COMMITTEE SUBSTITUTE FOR  
SENATE, Nos. 2048 and 2050  
STATE OF NEW JERSEY

ADOPTED DECEMBER 6, 1993

Sponsored by Senator CIESLA

1 AN ACT to provide loan guarantees for manufacturers and  
2 distributors of luxury boats and marine products in the State  
3 and supplementing chapter 1B of Title 34 of the Revised  
4 Statutes.

5

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

8 1. This act shall be known and may be cited as the "New  
9 Jersey Boat Industry Loan Guarantee Fund Act."

10 2. The Legislature finds and declares that the regional and  
11 national economic downturn which began in late 1989 continues  
12 to negatively affect the State, resulting in an alarming number of  
13 layoffs in all sectors of the economy; that during this period, one  
14 of the hardest hit sectors of the New Jersey economy has been its  
15 boat building industry, especially that portion of the industry  
16 involved in the construction and distribution of luxury boats; that  
17 the reason for this slide in the luxury boat building industry, in  
18 addition to the slumping regional economy, has been the drastic  
19 fiscal impact of the 10% federal excise tax on the sale of new  
20 boats costing over \$100,000, imposed in January 1991; that this  
21 federal excise tax has further exacerbated these negative  
22 economic effects, resulting in a 75% reduction in new boat sales  
23 and a similar reduction in the boat building labor force; that  
24 while the repeal of the federal excise tax on luxury boats is  
25 expected to provide New Jersey's boat building industry with a  
26 necessary spark, the industry will still need additional financial  
27 assistance to fully recover, having been drained over the past  
28 three years of the liquidity necessary to meet payrolls and  
29 purchase materials needed to substantially increase production  
30 and respond to a three year pent-up demand; that it is in the  
31 public interest to establish a program administered by the New  
32 Jersey Economic Development Authority designed to provide loan  
33 guarantees to manufacturers, assemblers and distributors of  
34 luxury boats in New Jersey; and that such a program should be  
35 developed through the use of moneys made available for such  
36 purposes pursuant to the "Economic Recovery Fund Act,"  
37 P.L.1992, c.16 (C.34:1B-7.10 et seq.), and any other moneys made  
38 available to the authority.

39 3. As used in this act:

40 "Authority" means the New Jersey Economic Development  
41 Authority established pursuant to section 4 of P.L.1974, c.80  
42 (C.34:1B-4).

43 "Boat" means a vessel or watercraft, other than a personal  
44 watercraft or sea plane on the water, used or capable of being  
45 used as a means of transportation on water, which may be

1 temporarily or permanently equipped with machinery for  
2 propulsion.

3 "Boat manufacturer or distributor" means an independently  
4 owned and operated business which: (1) manufactures, assembles  
5 or distributes boats in this State the retail value of which is at  
6 least \$100,000 each, or manufactures or provides marine products  
7 in this State for such boats and (2) prior to January 1, 1991,  
8 manufactured, assembled or distributed boats in this State the  
9 retail value of which was at least \$100,000 each, or manufactured  
10 or provided marine products in this State for such boats.

11 "Cost" means the expenses incurred in connection with the  
12 operation of a boat manufacturer or distributor, which can be  
13 reasonably expected to be recovered through the financing of the  
14 operation, and which shall include, but need not be limited to, the  
15 costs of planning, fixed assets, materials, working capital, floor  
16 plan funding and any other costs determined by the authority to  
17 be necessary to carry out the purposes of this act.

18 "Fixed assets" means any real property, interests in real  
19 property, plant, equipment, and other assets commonly accepted  
20 as fixed assets.

21 "Marine products" means those parts and materials utilized in  
22 the design, construction and maintenance of boats, which shall  
23 include, but need not be limited to, parts and materials used in  
24 boat engines, generators, transmissions, exhaust systems and  
25 electrical, plumbing, heating and cooling systems, except that  
26 marine products shall not include any oil or oil-based products or  
27 materials.

28 "Participating bank" means a State- or federally-chartered  
29 bank, savings bank or savings and loan association, or a bank  
30 organized under the laws of a foreign government, deemed  
31 eligible by the authority for participation in the program.

32 "Program" means the "New Jersey Boat Industry Loan  
33 Guarantee Program" established by the authority pursuant to  
34 section 4 of this act.

35 "Working capital" means those liquid capital assets other than  
36 fixed assets.

37 4. The New Jersey Economic Development Authority shall  
38 establish a "New Jersey Boat Industry Loan Guarantee Program"  
39 to provide loan guarantees for boat manufacturers or distributors  
40 in the State.

41 5. a. To implement the program, the authority shall establish  
42 and maintain a special revolving fund to be known as the "New  
43 Jersey Boat Industry Loan Guarantee Fund," hereinafter the  
44 "guarantee fund," which shall be credited with: (1) an amount  
45 from the Economic Recovery Fund established pursuant to  
46 section 3 of P.L.1992, c.16 (C.34:1B-7.12) which the authority  
47 determines is necessary to effectively implement the program,  
48 within the limits of funding available from the Economic  
49 Recovery Fund; (2) any moneys that shall be received by the  
50 authority from the repayment of the moneys in the guarantee  
51 fund used to provide loan guarantees pursuant to this act and  
52 interest thereon; and (3) other moneys of the authority, including  
53 but not limited to, any moneys available from other business  
54 assistance programs administered by the authority which it is

1 authorized and determines to deposit therein.

2 b. The authority shall use the moneys in the guarantee fund  
3 to: (1) enter, within six years of the effective date of this act,  
4 into loan guarantee agreements with participating banks and boat  
5 manufacturers or distributors qualified pursuant to subsection d.  
6 of this section, to guarantee up to 90 percent of the loans or lines  
7 of credit provided by participating banks, in accordance with  
8 section 7 of this act; and (2) defray the administrative expenses  
9 of the authority in carrying out the purposes and provisions of  
10 this act.

11 c. Applications for loan guarantees under this act shall be  
12 submitted by boat manufacturers or distributors in a form and  
13 manner determined by the authority. Upon application by a boat  
14 manufacturer or distributor for a loan guarantee pursuant to this  
15 section, the authority, in consultation with the Office of Labor  
16 Statistics in the Division of Planning and Research of the  
17 Department of Labor, shall determine whether the loan for which  
18 the application for a loan guarantee has been submitted is  
19 expected to result in a net increase in the number of jobs  
20 provided to New Jersey residents in the State, which may include  
21 the re-employment of personnel temporarily discharged by the  
22 boat manufacturer or distributor during the years 1990 through  
23 1993, inclusive. If it is determined by the authority that the loan  
24 is likely to meet this goal, the authority shall certify that the  
25 boat manufacturer or distributor is eligible to receive a loan  
26 guarantee pursuant to this section.

27 d. In evaluating a loan guarantee application submitted by a  
28 boat manufacturer or distributor and certified as eligible by the  
29 authority pursuant to subsection c. of this section, the authority  
30 shall place primary emphasis on the applicant's record of  
31 profitability and financial stability prior to January 1, 1991, and  
32 on projections by the applicant, including the data and  
33 assumptions forming the basis thereof, of recovered profitability  
34 and financial stability over the term of the loan guarantee. The  
35 portion of the direct loans or lines of credit provided by  
36 participating banks may be guaranteed by the authority pursuant  
37 to section 7 of this act only if an eligible boat manufacturer or  
38 distributor has been qualified therefor by demonstrating to the  
39 satisfaction of the authority that the eligible boat manufacturer  
40 or distributor has the ability, reputation and credit-worthiness  
41 necessary to reach a market and generate sales.

42 e. No loan guarantee entered into pursuant to this section shall  
43 be for a period of more than five years. Upon expiration of the  
44 period of all loan guarantees entered into pursuant to this act, all  
45 repayments, and interest thereon, and all moneys remaining in  
46 the guarantee fund shall be credited to and deposited in the  
47 "Economic Recovery Fund," established pursuant to section 3 of  
48 P.L.1992, c.16 (C.34:1B-7.12) for any of the purposes thereof.

49 f. Moneys in the guarantee fund may be invested in such  
50 obligations as the authority may approve and, except as otherwise  
51 provided in subsection e. of this section, net earnings received  
52 from the investment or deposit of moneys in the guarantee fund  
53 by the authority shall be redeposited in the guarantee fund for  
54 use for the purposes of this act.

1       6. The authority shall establish sufficient reserves and liquid  
2 reserves to provide a sufficient and actuarially sound basis for its  
3 pledges contained in any loan guarantee agreement entered into  
4 pursuant to this act.

5       7. The authority shall enter into agreements with participating  
6 banks and boat manufacturers or distributors qualified pursuant  
7 to subsection d. of section 5 of this act to use the moneys from  
8 the guarantee fund to guarantee direct loans or revolving lines of  
9 credit provided by participating banks to finance the costs of  
10 such qualified boat manufacturers or distributors. The  
11 agreements shall provide that the loans or lines of credit for  
12 financing the costs of eligible boat manufacturers or distributors  
13 shall come from participating banks. The agreements shall also  
14 provide for any other terms or conditions which the authority and  
15 the participating banks stipulate to as being necessary or  
16 desirable to make loans, establish and extend lines of credit,  
17 guarantee loans and otherwise effectuate the purpose of the  
18 program.

19       8. Within fifteen months following the effective date of this  
20 act, and on or before February 15 of each succeeding year in  
21 which a loan guarantee agreement entered into under this act is  
22 in effect, the authority shall prepare a report on the program.  
23 The report may be issued separately, or in combination with the  
24 reports required by law on financial assistance to boat  
25 manufacturers or distributors in this State, and shall include, but  
26 need not be limited to, a description of the demand for the  
27 program from eligible and qualified boat manufacturers and  
28 distributors and participating banks, the efforts made by the  
29 authority to promote the program, the total amount of loan  
30 guarantees approved by the authority pursuant to the program  
31 and an assessment of the effectiveness of the program in meeting  
32 the goals of this act. The authority shall submit its report to the  
33 Governor and the Legislature, including therein any  
34 recommendations for legislation to improve the effectiveness of  
35 the program.

36       9. The authority shall adopt, pursuant to the "Administrative  
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules  
38 and regulations necessary to effectuate the purposes of this act.  
39 In developing procedures and forms to be used in connection with  
40 the application for and approval of loan guarantees pursuant to  
41 this act, the authority shall consider the special needs and  
42 problems of boat manufacturers and distributors in the State.

43       10. This act shall take effect immediately.  
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48       The "New Jersey Boat Industry Loan Guarantee Fund Act."

SENATE, No. 2050

STATE OF NEW JERSEY

INTRODUCED AUGUST 16, 1993

By Senator CIESLA

1 AN ACT to provide short-term loans to manufacturers, importers  
2 and distributors of luxury boats and marine products in the  
3 State, authorizing the issuance of bonds or notes therefor, and  
4 supplementing chapter 1B of Title 34 of the Revised Statutes.

5

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

8 1. This act shall be known and may be cited as the "New  
9 Jersey Boat Industry Loan Fund Act of 1993."

10 2. The Legislature finds and declares that: the regional and  
11 national economic downturn which began in late 1989 continues  
12 to negatively affect the State, resulting in an alarming number of  
13 layoffs in all sectors of the economy; during this period, one of  
14 the hardest hit sectors of the New Jersey economy has been its  
15 boat building industry, especially that portion of the industry  
16 involved in the construction, importation and distribution of  
17 luxury boats; the reason for this slide in the luxury boat building  
18 industry, in addition to the slumping regional economy, has been  
19 the drastic fiscal impact of the 10% federal excise tax on the  
20 sale of new boats costing over \$100,000, imposed in January 1991;  
21 this federal excise tax has further exacerbated these negative  
22 economic effects, resulting in a 75% reduction in new boat sales  
23 and a similar reduction in the boat building labor force; while the  
24 anticipated repeal of the federal excise tax on luxury boats is  
25 expected to provide New Jersey's boat building industry with a  
26 necessary spark, the industry will still need additional,  
27 temporary, financial assistance to fully recover, having been  
28 drained over the past three years of the liquidity necessary to  
29 meet payrolls and purchase materials needed to substantially  
30 increase production and respond to a three year pent-up demand;  
31 it is in the public interest to establish a program administered by  
32 the New Jersey Economic Development Authority designed to  
33 provide short-term loans to manufacturers, importers, and  
34 distributors of luxury boats in New Jersey; and to fund that  
35 program with bonds or notes issued by the authority.

36 3. As used in this act:

37 "Authority" means the New Jersey Economic Development  
38 Authority established pursuant to section 4 of P.L.1974, c.80  
39 (C.34:1B-4).

40 "Boat" means a vessel or watercraft, other than a personal  
41 watercraft or sea plane on the water, used or capable of being  
42 used as a means of transportation on water, which may be  
43 temporarily or permanently equipped with machinery for  
44 propulsion.

45 "Boat manufacturer, importer or distributor" means a business

1 which has its principal place of operation in this State and is  
2 independently owned and operated and which manufactures,  
3 imports or distributes boats retailing in excess of \$100,000 each  
4 or which manufactures or provides marine products for such boats.

5 "Cost or costs" means the expenses incurred in connection with  
6 the operation of a boat building, importation or distribution  
7 business in the State, which can be reasonably expected to be  
8 recovered through the financing of the operation, and which may  
9 include, but be not limited to the costs of planning, fixed assets,  
10 materials, working capital and any other costs determined by the  
11 authority to be necessary to carry out the purposes of this act.

12 "Fixed assets" means any real property, interests in real  
13 property, plant, equipment, and other assets commonly accepted  
14 as fixed assets.

15 "Marine products" means those parts and materials utilized in  
16 the design, construction and maintenance of boats including, but  
17 not limited to, parts and materials used in boat engines,  
18 generators, transmissions, exhaust systems and electrical,  
19 plumbing, heating and cooling systems, except that marine  
20 products shall not include any oil or oil-based products or  
21 materials.

22 "Working capital" means those liquid capital assets other than  
23 fixed assets.

24 4. a. The authority is authorized to issue bonds or notes, in an  
25 aggregate amount to be determined by the authority as  
26 appropriate and necessary for the purposes of this act, the  
27 proceeds from which shall be used to assist boat manufacturers,  
28 importers and distributors to temporarily defray the costs of  
29 operation, as provided herein. The bonds or notes shall be  
30 secured by the repayment of loans by the borrowers thereof.

31 b. There is established, within the authority, a special  
32 nonlapsing revolving fund to be known as the "Boat Industry Loan  
33 Fund," hereinafter, the "loan fund", which shall be credited with:  
34 (1) the proceeds from the sale of bonds or notes pursuant to  
35 subsection a. of this section; (2) moneys repaid from loans  
36 granted pursuant to section 5 of this act; (3) such moneys from  
37 the "Economic Recovery Fund" established pursuant to section 4  
38 of P.L.1992, c.16 (C.34:1B-7.13), as may be available and which  
39 the authority deems appropriate for the purposes of this act; and  
40 (4) any other moneys that may become available for the purposes  
41 of this act.

42 c. The authority shall use the moneys in the loan fund: (1) to  
43 provide loans to boat manufacturers, importers and distributors  
44 which have experienced a temporary financial setback since 1989;  
45 (2) to defray the administrative costs resulting from the  
46 implementation of this act; and (3) for the payment of the  
47 principal and interest on, and any expenses or premiums incurred  
48 in conjunction with, the issuance of bonds or notes pursuant to  
49 this section.

50 d. Except as otherwise provided in section 6 of this act, net  
51 earnings received from the investment or deposit of moneys in  
52 the loan fund by the authority shall be credited to the loan fund  
53 for the purposes thereof.

54 5. a. A boat manufacturer, importer or distributor shall,

- 1 pursuant to application to and the approval of the authority, be  
2 eligible for a loan from the loan fund as provided for in this  
3 section. No loan granted pursuant to this section shall be for a  
4 period of more than five years. A loan may be granted pursuant  
5 to this section in addition to any other financial assistance  
6 provided by the authority to a boat manufacturer, importer or  
7 distributor.
- 8 b. A boat manufacturer, importer, or distributor shall apply to  
9 the authority for a loan, in a form and manner determined by the  
10 authority. In evaluating a loan application, the authority shall  
11 place primary emphasis on the applicant's record of profitability  
12 and financial stability prior to January 1, 1990, and projections by  
13 the applicant, including the data and assumptions forming the  
14 basis thereof, of recovered profitability and financial stability  
15 over the term of the loan.
- 16 c. The authority shall establish the amount, duration and terms  
17 of any loan granted pursuant to this section. The terms of a loan  
18 shall include, but not be limited to, the actual interest rate, a  
19 schedule for drawing down loan funds, and a repayment schedule.  
20 To the extent that such consideration is practicable, the  
21 authority shall consider the potential impact of interest rates on  
22 the competitiveness of boat manufacturers, importers or  
23 distributors receiving loans pursuant to this act.
- 24 d. Except as otherwise provided in section 6 of this act, all  
25 loan repayments, and interest thereon, shall be deposited in the  
26 loan fund for the purposes of paragraphs (2) and (3) of subsection  
27 c. of section 4 of this act.
- 28 6. When all expenses incurred by the authority have been  
29 defrayed pursuant to paragraphs (2) and (3) of subsection c. of  
30 section 4 of this act, moneys remaining in the loan fund shall be  
31 credited to and deposited in the "Economic Recovery Fund,"  
32 established pursuant to subsection a. of section 4 of P.L.1992,  
33 c.16 (C.34:1B-7.13) for the purposes thereof.
- 34 7. Within 15 months following the effective date of this act,  
35 and on or before February 15 of each year for which this act is in  
36 effect, the authority shall prepare a report on the loans granted  
37 pursuant to this act and shall submit that report to the Governor  
38 and the Legislature. The report may be issued separately, or in  
39 combination with any other report required by law on financial  
40 assistance to boat manufacturers, importers or distributors in the  
41 State. The report shall include, but not be limited to:
- 42 a. a description of each outstanding loan and background  
43 information on the recipient thereof;
- 44 b. the terms of each loan and level of compliance therewith;
- 45 c. the total amounts of loans and loan repayments for the  
46 period covered by the report, and the aggregate amounts of both  
47 to the date of the report; and
- 48 d. any recommendations deemed appropriate by the authority  
49 for legislation to enhance the effectiveness of the loan program  
50 established pursuant to this act.
- 51 8. The authority shall adopt rules and regulations pursuant to  
52 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1  
53 et seq.), as may be necessary to effectuate the purposes of this  
54 act. In developing procedures and forms to be used in connection



1 with the application for and provision of loans, pursuant to this  
2 act, the authority shall consider the special needs and problems  
3 of boat manufacturers, importers and distributors in the State.

4 9. This act shall take effect immediately, and shall expire six  
5 years following the effective date thereof; except that this  
6 expiration shall not affect any outstanding obligations of boat  
7 manufacturers, importers or distributors resulting from the  
8 provisions of this act, and except that the loan fund shall remain  
9 operative until such obligations are fully discharged.

10  
11  
12 STATEMENT  
13

14 This bill establishes a short-term loan program, in the New  
15 Jersey Economic Development Authority, for luxury boat  
16 manufacturers, importers and distributors which have fallen on  
17 hard times because of the recent recession and the fiscal impact  
18 of the 1991 federal excise tax on luxury boats. The loan moneys  
19 will be raised primarily by the issuance of bonds or notes by the  
20 authority. Loans will be issued for a maximum of five years and  
21 will be subject to the interest rate and other terms set by the  
22 authority.

23 Manufacturers, importers and distributors of boats retailing for  
24 \$100,000 or more will be eligible for loans, based on their  
25 pre-1990 profitability and economic stability, and their projected  
26 recovery over the terms of the loans. A special fund, the "Boat  
27 Industry Loan Fund" will be established as the vehicle for  
28 implementing the loan program.

29 The provisions of this bill will expire six years after enactment,  
30 except that the expiration will not nullify borrowers' obligations,  
31 and the loan fund will remain operative until those obligations are  
32 discharged.

33 This bill is part of a three bill package designed to provide  
34 temporary assistance to the luxury boat industry, in order to  
35 recoup the many jobs lost in that industry over the past three  
36 years.

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42 Authorizes EDA to issue bonds or notes for loans to luxury boat  
industry.

SENATE, No. 2048

STATE OF NEW JERSEY

INTRODUCED AUGUST 16, 1993

By Senator CIESLA

1 AN ACT to provide access to capital for manufacturers,  
2 importers and distributors of luxury boats and marine products  
3 in the State and supplementing chapter 1B of Title 34 of the  
4 Revised Statutes.

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

8 1. This act shall be known and may be cited as the "New  
9 Jersey Boat Industry Recovery Fund Act of 1993."

10 2. The Legislature finds and declares that: the regional and  
11 national economic downturn which began in late 1989 continues  
12 to negatively affect the State, resulting in an alarming number of  
13 layoffs in all sectors of the economy; during this period, one of  
14 the hardest hit sectors of the New Jersey economy has been its  
15 boat building industry, especially that portion of the industry  
16 involved in the construction, importation and distribution of  
17 luxury boats; the reason for this slide in the luxury boat building  
18 industry, in addition to the slumping regional economy, has been  
19 the drastic fiscal impact of the 10% federal excise tax on the  
20 sale of new boats costing over \$100,000, imposed in January 1991;  
21 this federal excise tax has further exacerbated these negative  
22 economic effects, resulting in a 75% reduction in new boat sales  
23 and a similar reduction in the boat building labor force; while the  
24 anticipated repeal of the federal excise tax on luxury boats is  
25 expected to provide New Jersey's boat building industry with a  
26 necessary spark, the industry will still need additional financial  
27 assistance to fully recover, having been drained over the past  
28 three years of the liquidity necessary to meet payrolls and  
29 purchase materials needed to substantially increase production  
30 and respond to a three year pent-up demand; it is in the public  
31 interest to establish a program administered by the New Jersey  
32 Economic Development Authority designed to provide loans and  
33 loan guarantees to manufacturers, importers and distributors of  
34 luxury boats in New Jersey; such a program should be developed  
35 through the use of moneys made available for such purposes  
36 pursuant to the "Economic Recovery Fund Act," P.L.1992, c.16  
37 (C.34:1B-7.10 et seq.), from a portion of the State's sales tax  
38 revenue derived from the sale of boats and marine products and  
39 any other moneys made available to the authority.

40 3. As used in this act:

41 "Authority" means the New Jersey Economic Development  
42 Authority established pursuant to section 4 of P.L.1974, c.80  
43 (C.34:1B-4).

44 "Boat" means a vessel or watercraft, other than a personal  
45 watercraft or sea plane on the water, used or capable of being

1 used as a means of transportation on water, which may be  
2 temporarily or permanently equipped with machinery for  
3 propulsion.

4 "Boat manufacturer, importer or distributor" means a business  
5 which has its principal place of operation in this State and is  
6 independently owned and operated and which manufactures,  
7 imports or distributes boats retailing in excess of \$100,000 each  
8 or which manufactures or provides marine products for such boats.

9 "Cost or costs" means the expenses incurred in connection with  
10 the operation of a boat building, importation or distribution  
11 business in the State, which can be reasonably expected to be  
12 recovered through the financing of the operation, and which may  
13 include, but be not limited to the costs of planning, fixed assets,  
14 materials, working capital and any other costs determined by the  
15 authority to be necessary to carry out the purposes of this act.

16 "Fixed assets" means any real property, interests in real  
17 property, plant, equipment, and other assets commonly accepted  
18 as fixed assets.

19 "Marine products" means those parts and materials utilized in  
20 the design, construction and maintenance of boats including, but  
21 not limited to, parts and materials used in boat engines,  
22 generators, transmissions, exhaust systems and electrical,  
23 plumbing, heating and cooling systems, except that marine  
24 products shall not include any oil or oil-based products or  
25 materials.

26 "Participating bank" means a bank or savings bank as defined  
27 pursuant to section 1 of P.L.1948, c.67 (C.17:9A-1) deemed  
28 eligible by the authority for participation in the program.

29 "Program" means the "New Jersey Boat Industry Recovery  
30 Program" established by the authority pursuant to section 4 of  
31 this act.

32 "Working capital" means those liquid capital assets other than  
33 fixed assets.

34 4. There is established within the authority the "New Jersey  
35 Boat Industry Recovery Program" to provide access to capital for  
36 boat manufacturers, importers or distributors in the State. The  
37 program shall be administered by the authority.

38 5. a. To implement the program, the authority shall establish  
39 and maintain a special non-lapsing revolving fund to be known as  
40 the "New Jersey Boat Industry Recovery Fund," hereinafter the  
41 "boat industry recovery fund," which shall be credited with an  
42 amount not to exceed \$12 million, as follows: (1) for the fiscal  
43 year of enactment, an amount from the General Fund equal to  
44 50% of the aggregate sales and use taxes collected by the State  
45 pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.) on the retail sale  
46 of boats and marine products; (2) an amount from the Economic  
47 Recovery Fund established pursuant to section 4 of P.L.1992, c.16  
48 (C.34:1B-7.13) which the authority determines is necessary to  
49 effectively implement the program, within the limits of funding  
50 available from the Economic Recovery Fund; (3) any moneys that  
51 shall be received by the authority from the repayment of the  
52 moneys in the boat industry recovery fund used to provide direct  
53 loans or loan guarantees pursuant to this act and interest thereon;  
54 and (4) other moneys of the authority, including but not limited

1 to, any moneys available from other business loan programs  
2 administered by the authority which it is authorized and  
3 determines to deposit therein.

4 b. The authority shall use the moneys in the boat industry  
5 recovery fund to: (1) provide direct loans to help finance the  
6 costs of boat manufacturers, importers or distributors, and to  
7 guarantee up to 25% of the loans or lines of credit provided by  
8 participating banks, in accordance with section 7 of this act; and  
9 (2) defray the administrative costs of the authority in carrying  
10 out the purposes and provisions of this act.

11 c. Applications for assistance under this act shall be submitted  
12 by boat manufacturers, importers or distributors in a form and  
13 manner determined by the authority. Upon application by a boat  
14 manufacturer, importer or distributor for a loan or loan  
15 guarantee pursuant to this section, the authority, in consultation  
16 with the Office of Labor Statistics in the Division of Planning and  
17 Research of the Department of Labor, is authorized and  
18 empowered to determine whether the costs for which the  
19 application has been submitted are expected to result in a net  
20 increase in the number of jobs provided to New Jersey residents  
21 in the State, including but not necessarily the re-employment of  
22 personnel temporarily discharged by the boat manufacturer,  
23 importer or distributor during the years 1990 through 1993,  
24 inclusive. In making such a determination, the authority shall  
25 utilize the following minimum cost-per-job ratios to qualify  
26 applications submitted pursuant to this section: for loans or  
27 guarantees in an amount up to and including \$500,000, \$12,000  
28 per job created; for loans or guarantees in excess of \$500,000,  
29 \$8,000 per job created. If it is determined by the authority that  
30 the project is likely to meet these goals, the authority shall  
31 certify that the boat manufacturer, importer or distributor is  
32 eligible to receive a loan or loan guarantee pursuant to this  
33 section.

34 d. In evaluating a loan application submitted by a boat  
35 manufacturer, importer or distributor, as certified by the  
36 authority pursuant to subsection c. of this section, the authority  
37 shall place primary emphasis on the applicant's record of  
38 profitability and financial stability prior to January 1, 1990, and  
39 on projections by the applicant, including the data and  
40 assumptions forming the basis thereof, of recovered profitability  
41 and financial stability over the term of the loan.

42 e. No loan granted pursuant to this section shall be for a  
43 period of more than five years. The authority shall establish the  
44 conditions of the loans provided pursuant to this section which  
45 shall include, but not be limited to, the rates of interest,  
46 schedules for drawing down loan funds, and repayment schedules.  
47 In establishing these conditions, the authority shall consider the  
48 impact the interest rate levels will have on the competitiveness  
49 and marketability of those boat manufacturers, importers or  
50 distributors receiving assistance pursuant to this act. All  
51 repayments, and interest thereon, shall be deposited by the  
52 authority in the boat industry recovery fund for use in the manner  
53 provided for in this act, except that upon expiration of this act,  
54 all repayments, and interest thereon, and all moneys remaining in

1 the boat industry recovery fund shall be credited to and deposited  
2 in the "Economic Recovery Fund," established pursuant to  
3 subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13) for any  
4 of the purposes thereof.

5 f. The portion of the direct loans or lines of credit provided by  
6 participating banks may be guaranteed by the authority pursuant  
7 to section 7 of this act only if an eligible boat manufacturer,  
8 importer or distributor has been certified by the authority  
9 pursuant to subsection c. of this section as being eligible to  
10 receive a loan or loan guarantee, and has been qualified therefor  
11 by demonstrating to the satisfaction of the authority that the  
12 eligible boat manufacturer, importer or distributor has the  
13 ability, reputation and credit-worthiness necessary to reach a  
14 market and generate sales.

15 g. Except as otherwise provided in subsection e. of this  
16 section, net earnings received from the investment or deposit of  
17 moneys in the boat industry recovery fund by the authority shall  
18 be redeposited in the boat industry recovery fund for use for the  
19 purposes of this act.

20 h. The amount of the direct loans provided by the authority to  
21 any one boat manufacturer, importer or distributor at any one  
22 time shall not exceed \$600,000, and in no case shall the authority  
23 guarantee any loans pursuant to section 7 of this act in excess of  
24 \$7 million.

25 6. The authority shall establish sufficient reserves and liquid  
26 reserves, aside from those moneys required to provide a  
27 sufficient and actuarially sound basis for its pledges contained in  
28 any loan or guarantee agreement entered into pursuant to this act.

29 7. The authority shall enter into agreements with participating  
30 banks to use the moneys from the boat industry recovery fund to  
31 provide up to 25% of the direct loans or revolving lines of credit  
32 to finance the costs of eligible boat manufacturers, importers or  
33 distributors. The agreements shall provide that the balance of  
34 the loans or lines of credit for financing the costs of eligible boat  
35 manufacturers, importers or distributors shall come from  
36 participating banks. The authority may also use moneys from the  
37 boat industry recovery fund to guarantee up to 25% of the portion  
38 of the loans or lines of credit to be provided by the participating  
39 banks in those cases where the authority determines that such a  
40 guarantee is necessary for an agreement authorized by this  
41 section. The agreements shall also provide for any other terms or  
42 conditions which the authority and the participating banks  
43 stipulate to as being necessary or desirable to make loans,  
44 establish and extend lines of credit, guarantee loans and  
45 otherwise effectuate the purpose of the program.

46 8. Within fifteen months following the effective date of this  
47 act, and on or before February 15 of each succeeding year for  
48 which the act is in effect, the authority shall prepare a report on  
49 the program. The report may be issued separately, or in  
50 combination with the reports required by law on financial  
51 assistance to boat manufacturers, importers or distributors in this  
52 State, and shall include, but not be limited to, a description of  
53 the demand for the program from eligible boat manufacturers and  
54 distributors and participating banks, the efforts made by the

1 authority to promote the program, the total amount of loans,  
2 lines of credit or guarantees issued by the authority pursuant to  
3 the program and an assessment of the effectiveness of the  
4 program in meeting the goals of this act. The authority shall  
5 submit its report to the Governor and the Legislature, including  
6 therein any recommendations for legislation to improve the  
7 effectiveness of the program.

8 9. The authority shall adopt rules and regulations pursuant to  
9 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1  
10 et seq.), as may be necessary to effectuate the purposes of this  
11 act. In developing procedures and forms to be used in connection  
12 with the application for and provision of loans, the extension of  
13 credit and issuance of guarantees pursuant to this act, the  
14 authority shall consider the special needs and problems of boat  
15 manufacturers, distributors and distributors in the State.

16 10. This act shall take effect immediately, and shall expire six  
17 years following the effective date thereof, except that this  
18 expiration shall not effect any outstanding obligations of boat  
19 manufacturers, importers or distributors resulting from the  
20 provisions of this act.

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#### 23 STATEMENT

24

25 This bill establishes a "New Jersey Boat Industry Recovery  
26 Program" in the New Jersey Economic Development Authority to  
27 provide access to capital for boat manufacturers, importers or  
28 distributors in the State in the form of loans and loan  
29 guarantees. The program is intended to provide access to funding  
30 and credit which might not otherwise be available to New  
31 Jersey's luxury boat building, importation and distribution  
32 industry.

33 The bill directs the authority to make direct loans and give  
34 credit guarantees, in conjunction with a consortium of  
35 participating banks, to boat manufacturers, importers or  
36 distributors for expenses incurred in connection with the  
37 operation of a boat building, importation or distribution business  
38 in the State. Manufacturers, importers or distributors of boats  
39 retailing for \$100,000 or more will be eligible for loans or loan  
40 guarantees, based on their pre-1990 profitability and economic  
41 stability, and their projected recovery over the terms of the loans.

42 In order to qualify for a loan or loan guarantee, the boat  
43 manufacturer, importer or distributor must show evidence of a  
44 cost-per-job ratio of at least \$12,000 per job created for loans or  
45 guarantees up to \$500,000, and of at least \$8,000 per job created  
46 for loans or guarantees in excess of \$500,000. The amount of the  
47 direct loans provided by the authority to any one boat  
48 manufacturer, importer or distributor at any one time is not to  
49 exceed \$600,000, and in no case is the authority to guarantee any  
50 loans in excess of \$7 million.

51 The bill establishes a special non-lapsing revolving fund to be  
52 known as the "New Jersey Boat Industry Recovery Fund," or the  
53 "boat industry recovery fund," to be credited with an amount not  
54 to exceed \$12 million, including: (1) for the fiscal year of

1 enactment, an amount from the General Fund equal to 50% of the  
2 aggregate sales and use taxes collected by the State pursuant to  
3 P.L.1966, c.30 (C.54:32B-1 et seq.) on the retail sale of boats and  
4 marine products; (2) an amount from the Economic Recovery  
5 Fund established pursuant to section 4 of P.L.1992, c.16  
6 (C.34:1B-7.13) that the authority determines is necessary to  
7 deposit in the fund to implement the program; (3) any moneys  
8 received by the authority from the repayment of the moneys in  
9 the boat industry recovery fund used to provide direct loans or  
10 loan guarantees and any interest thereon; and (4) other moneys of  
11 the authority, including but not limited to, any moneys available  
12 from other business loan programs administered by the authority  
13 which it is authorized and determines to deposit therein.

14 The bill contains a "sunset" provision for six years after the  
15 effective date of the act. At that time, all moneys in the boat  
16 industry recovery fund, and any outstanding obligations of boat  
17 manufacturers, importers or distributors, will be credited to and  
18 deposited in the "Economic Recovery Fund," established pursuant  
19 to subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13) for  
20 the purposes thereof.

21 The bill requires the authority to report back to the Governor  
22 and the Legislature within fifteen months of the effective date of  
23 the act, and on or before February 15 of each succeeding year for  
24 which the act is in effect, on the status of the program and any  
25 recommendations for legislation to better effectuate the goals of  
26 the program.

27 This bill is part of a three bill package intended to address the  
28 economic problems currently faced by New Jersey's luxury boat  
29 industry.

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34 The "New Jersey Boat Industry Recovery Fund Act of 1993."

SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR

**SENATE, Nos. 2048 and 2050**

**STATE OF NEW JERSEY**

DATED: DECEMBER 6, 1993

The Senate Coastal Resources and Tourism Committee favorably reports a Senate Committee Substitute for Senate Bill Nos. 2048 and 2050.

The committee substitute establishes a "New Jersey Boat Industry Loan Guarantee Program" in the New Jersey Economic Development Authority (EDA) to provide loan guarantees for manufacturers, assemblers and distributors of luxury boats (defined in the substitute as having a retail value of at least \$100,000) and marine products in the State. The program is intended to provide access to funding and credit through commercial bank loans which might not otherwise be available to New Jersey's luxury boat building and distribution industry.

The committee substitute authorizes the EDA to enter into agreements to guarantee up to 90% of the loans or lines of credit provided by a consortium of participating banks to luxury boat manufacturers, assemblers or distributors for expenses incurred in connection with the operation of a boat manufacturing, assembling or distribution business in the State. An eligible business is also required to have been in operation in this State prior to January 1, 1991. To certify the eligibility of an applicant, the EDA, in consultation with the Department of Labor, must determine that the loan would result in a net increase in jobs provided to New Jersey residents, which could include the re-employment of personnel temporarily laid off during the 1990 through 1993 period.

Once the applicant is certified as eligible for a loan guarantee, the EDA, to determine whether an eligible applicant is qualified to enter into a loan guarantee agreement, considers the applicant's pre-1991 profitability and financial stability, projected recovery over the term of the loan being guaranteed and demonstration of ability to reach a market and generate sales. The period of a loan guarantee may not exceed five years, and no loan guarantee agreement may be entered into after the end of the sixth year after the effective date of this act.

The committee substitute establishes a special revolving fund, the "New Jersey Boat Industry Loan Guarantee Fund," which would be credited with: (1) an amount from the Economic Recovery Fund established pursuant to section 3 of P.L.1992, c.16 (C.34:1B-7.12) that the EDA determines is necessary to implement the program effectively; (2) any moneys received by the EDA from the repayment of the moneys in the guarantee fund used to provide loan guarantees and any interest thereon; and (3) other moneys of the EDA including, but not limited to, any moneys available from other business assistance programs



administered by the EDA which it is authorized and determines to deposit therein. Any moneys remaining in the guarantee fund will be credited and deposited in the "Economic Recovery Fund," established pursuant to section 3 of P.L.1992, c.16 (C.34:1B-7.12) for the purposes thereof.

The committee substitute requires the EDA to report back to the Governor and the Legislature within fifteen months of the effective date of the act, and on or before February 15 of each succeeding year for which the act is in effect, on the status of the program and any recommendations for legislation to effectuate better the goals of the program.

The committee substitute would take effect immediately. The committee substitute contains no expiration date, but rather prohibits the EDA from entering into loan guarantee agreements after six years from the effective date of the act. Since many loan guarantee agreements, which have a duration of five years, will presumably extend beyond six years after the effective date, the committee substitute maintains EDA's authorization to administer responsibly these agreements until they expire.