

34:1B-3; 34:1B-7

LEGISLATIVE HISTORY CHECKLIST

(Economic Development Authority-
Appropriates loans to companies for
working capital)

NJSA 34:1B-3, 34:1B-7

Laws of 1978 Chapter 20

BILL No. S688

Sponsor(s) Lipman, Merlino, Dwyer

Date Introduced Jan. 26, 1978

Committee: Assembly Labor

Senate Labor, Industry & Professions, Revenue, Finance & Appropriations

Amended during passage Yes ~~NO~~ Amendments during passage denoted by asterisks

Date of passage: Assembly April 24, 1978

Senate Feb. 27, 1978

Date of approval May 9, 1978

Following statements are attached if available:

Sponsor statement	Yes	No	
Committee Statement:	Assembly	Yes	No
	Senate	Yes	No 2-16-78 & 2-23-78
Fiscal Note	Yes	No	
Veto message	Yes	No	
Message on signing	Yes	No	

Following were printed:

Reports	Yes	No
Hearings	Yes	No

For background and recommendations:

974.90 NJ Governors Economic Recovery Commission.
E19 Report. 1976.
1976 (See especially vol.2--pp.43-46)

EJ

10/4/76

SENATE, No. 688

STATE OF NEW JERSEY

INTRODUCED JANUARY 26, 1978

By Senators LIPMAN, MERLINO and DWYER

Referred to Committee on Labor, Industry and Professions

AN ACT to amend and supplement "The New Jersey Economic Development Authority Act," approved August 7, 1974 (P. L. 1974, c. 80).

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

1 1. Section 3 of P. L. 1974, c. 80 (C. 34:1B-3) is amended to
2 read as follows:

3 3. As used in this act, unless a different meaning clearly appears
4 from the context:

5 a. "Authority" means the New Jersey Economic Development
6 Authority, created by section 4 of this act.

7 b. "Bonds" means bonds or other obligations issued by the
8 authority pursuant to this act.

9 c. "Cost" means -

10 The cost of the acquisition, construction, reconstruction, repair,
11 alteration, improvement and extension of any building, structure,
12 facility including water transmission facilities, or other improve-
13 ment; the cost of machinery and equipment, the cost of acquisition,
14 construction, reconstruction, repair, alteration, improvement and
15 extension of pollution control devices, equipment or facilities; the
16 cost of lands, rights-in-lands, easements, privileges, agreements,
17 franchises, utility extensions, disposal facilities, access roads and
18 site development deemed by the authority to be necessary or useful
19 and convenient for any project or in connection therewith, discount
20 on bonds, costs of issuance of bonds, engineering and inspection
21 costs, cost of financial, legal, professional and other estimates and
22 advice, organization, administrative, insurance, operating and
23 other expenses of the authority or any person prior to and during
24 any acquisition or construction, and all such expenses as may be

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

25 necessary or incident to the financing, acquisition, construction or
26 completion of any project or part thereof, and also such provision
27 for reserves for payment or security of principal of or interest on
28 bonds during or after such acquisition or construction as the au-
29 thority may determine.

30 d. "County" means any county of any class.

31 e. "Person" means any person, including individuals, firms,
32 partnerships, associations, societies, trusts, public or private cor-
33 porations, or other legal entities, including public or governmental
34 bodies as well as natural persons. "Person" shall include the
35 plural as well as the singular.

36 f. "Pollution control project" means any device, equipment,
37 improvement, structure or facility or any land and any building,
38 structure, facility or other improvement thereon, or any combina-
39 tion thereof, whether or not in existence or under construction, or
40 the refinancing thereof in order to facilitate improvements or
41 additions thereto or upgrading thereof, and all real and personal
42 property deemed necessary thereto, having to do with or the end
43 purpose of which is the control, abatement or prevention of land,
44 sewer, water, air, noise or general environmental pollution, includ-
45 ing, but not limited to, any air pollution control facility, noise
46 abatement facility, water management facility, thermal pollution
47 control facility, radiation contamination control facility, waste
48 water collection system, waste water treatment works, sewage
49 treatment works system, sewage treatment system or solid waste
50 disposal facility or site; provided that the authority shall have
51 received from the Commissioner of the State Department of
52 Environmental Protection or his duly authorized representative,
53 a certificate stating the opinion that, based upon information, facts
54 and circumstances available to the State Department of Environ-
55 mental Protection and any other pertinent data, (1) said pollution
56 control facilities do not conflict with, overlap or duplicate any other
57 planned or existing pollution control facilities undertaken or
58 planned by another public agency or authority within any political
59 subdivision, and (2) that such facilities, as designed, will be a pol-
60 lution control project as defined in this act and are in furtherance
61 of the purpose of abating or controlling pollution.

62 g. "Project" means (1) (a) acquisition, construction, recon-
63 struction, repair, alteration, improvement and extension of any
64 building, structure, facility including water transmission facilities
65 or other improvement, whether or not in existence or under con-
66 struction, (b) purchase and installation of equipment and machin-
67 ery, [and] (c) improvement of real estate and the extension or

68 provision of utilities, access roads and other appurtenant facilities,
69 and (d) the acquisition of an equity interest in, including capital
70 stock of, any corporation; and (2) (a) the acquisition, financing, or
71 refinancing of inventory, raw materials, supplies, work in process,
72 or stock in trade, or (b) the financing, refinancing or consolidation
73 of secured or unsecured debt, borrowings, or obligations, or (c)
74 the provision of financing for any other expense incurred in the
75 ordinary course of business; all of which are to be used or occupied
76 by any person in any enterprise promoting employment, either for
77 the manufacturing, processing or assembly of materials or products,
78 or for research or office purposes, including, but not limited to,
79 medical and other professional facilities, or for industrial, recrea-
80 tional, hotel or motel facilities, public utility and warehousing, or
81 for commercial and service purposes, including, but not limited to,
82 retail outlets, retail shopping centers, restaurant and retail food
83 outlets, and any and all other employment promoting enterprises
84 including, but not limited to motion picture and television studios
85 and facilities; or any combination of the above, which the authority
86 determines will (i) tend to maintain or provide gainful employment
87 opportunities within and for the people of the State, or (ii) aid,
88 assist and encourage the economic development or redevelopment
89 of any political subdivision of the State, or (iii) maintain or in-
90 crease the tax base of the State or of any political subdivision of
91 the State, or (iv) maintain or diversify and expand employment
92 promoting enterprises within the State; and [(2)] (3) the cost of
93 acquisition, construction, reconstruction, repair, alteration, im-
94 provement and extension of a pollution control project which the
95 authority determines will tend to reduce, abate or prevent environ-
96 mental pollution within the State. Project may also include reim-
97 bursement to any person for costs in connection with any project,
98 or the refinancing of any project or portion thereof, if determined
99 by the authority as necessary and in the public interest to maintain
100 employment and the tax base of any political subdivision and will
101 facilitate improvements thereto or the completion thereof[; but
102 shall not include raw materials, work in progress or stock in trade].

103 h. "Revenues" means receipts, fees, rentals or other payments
104 to be received on account of lease, mortgage, conditional sale, or
105 sale and payments and any other income derived from the lease,
106 sale or other disposition of a project, moneys in such reserve and
107 insurance funds or accounts or other funds and accounts and income
108 from the investment thereof, established in connection with the
109 issuance of bonds or notes for a project or projects, and fees,

110 charges or other moneys to be received by the authority in respect
111 of projects and contracts with persons.

112 i. "Resolution" means any resolution adopted or trust agree-
113 ment executed by the authority pursuant to which bonds of the
114 authority are authorized to be issued.

1 2. Section 7 of P. L. 1974, c. 80 (C. 34:1B-7) is amended to
2 read as follows:

3 7. a. The authority shall establish and maintain a special fund
4 called the "economic development fund" into which shall be
5 deposited such moneys (1) as shall be appropriated by the State
6 for the purpose of such fund; (2) if the authority so determines
7 in any resolution authorizing any particular bonds, as shall be
8 received by the authority from the sale of such bonds as provided
9 by law; (3) as shall be received by the authority from the repay-
10 ment of loans made pursuant to this act; (4) any other moneys or
11 funds of the authority which it determines to deposit therein.
12 Moneys at any time in the economic development fund may be
13 used by the authority for any purpose of this act, including but not
14 limited to payment of administrative expenses incurred by the
15 authority in the performance of its duties, subject only to any
16 agreements with the holders of particular bonds or notes.

17 b. The authority may, in any resolution authorizing the issuance
18 of bonds or notes, create or authorize the creation within said
19 economic development fund of special funds to be held in pledge
20 or otherwise for payment or redemption of such bonds or notes,
21 reserves or other purposes and to covenant as to use and disposition
22 of the moneys held in such funds.

23 c. Moneys at any time in the economic development fund may
24 be used to guarantee loans made to project applicants by persons,
25 *provided that the authority determines that there is a reasonable*
26 *prospect for repayment of such loans.*

27 d. Moneys at any time in the economic development fund may
28 be invested in any direct obligations of, or obligations as to which
29 the principal and interest thereof is guaranteed by, the United
30 States of America or such other obligations as the authority may
31 approve.

1 3. (New section) There is hereby appropriated the sum of
2 \$3,000,000.00 from the unemployment compensation auxiliary fund
3 established pursuant to R. S. 43:21-14 (g) to the economic develop-
4 ment fund of the New Jersey Economic Development Authority
5 for collateral reserve utilization by the New Jersey Economic
6 Development Authority to guarantee project loans authorized by

7 "The New Jersey Economic Development Authority Act", P. L.
8 1974, c. 80 (C. 34:1B-1 et seq.). Such moneys shall be deposited
9 in the economic development fund and shall be subject to all terms
10 and conditions of "The New Jersey Economic Development Au-
11 thority Act", P. L. 1974, c. 80 (C. 34:1B-1 et seq.), provided that
12 at least 50% of the dollar amount of outstanding loan and bond
13 guarantees approved by the authority pursuant to this appropria-
14 tion shall be designated for projects located in municipalities
15 receiving assistance pursuant to the provisions of P. L. 1971, c. 64
16 as amended and supplemented.

1 4. This act shall take effect immediately.

STATEMENT

This bill amends the enabling statute for the New Jersey Economic Development Authority to permit the Authority to arrange economic development loans to companies to be used for working capital needs such as the acquisition of inventory and raw materials, or the financing or refinancing of existing debt obligations of a company or the acquisition of capital stock in a company. The bill further appropriates \$3,000,000.00 to the Authority from the unemployment compensation auxiliary fund, to be used as collateral to permit the Authority to guarantee loans, including working capital loans, made by banks or other lenders to companies for the purpose of maintaining or expanding employment within the State.

Presently the Authority's enabling statute limits its loan and loan guarantee assistance to projects involving the acquisition of fixed assets such as land, building, machinery and equipment.

The amendment would enable the Authority to provide greater assistance to small business, and to assist companies having financial problems restructure and strengthen their financial conditions.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 688

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 16, 1978

This bill amends the enabling statute for the New Jersey Economic Development Authority to permit the Authority to arrange economic development loans to companies to be used for working capital needs such as the acquisition of inventory and raw materials, or the financing or refinancing of existing debt obligations of a company or the acquisition of capital stock in a company. The bill further appropriates \$3,000,000.00 to the Authority from the unemployment compensation auxiliary fund, to be used as collateral to permit the Authority to guarantee loans, including working capital loans, made by banks or other lenders to companies for the purpose of maintaining or expanding employment within the State.

Presently the Authority's enabling statute limits its loan and loan guarantee assistance to projects involving the acquisition of fixed assets such as land, building, machinery and equipment.

The amendment would enable the Authority to provide greater assistance to small business, and to assist companies having financial problems, restructure and strengthen their financial conditions.

The Labor, Industry and Professions Committee made technical amendments to eliminate conflicts with Senate Bill No. 1712 which passed the Legislature last year and is awaiting action by the Governor.

SENATE COMMITTEE AMENDMENTS TO
SENATE, No. 688

STATE OF NEW JERSEY

ADOPTED FEBRUARY 16, 1978

Amend page 2, section 1, line 30, after line 30, insert

“e. “Development property” means any real or personal property interest therein, improvements thereon, appurtenances thereto and air or other rights in connection therewith, including land, buildings, plants, structures, systems, works, machinery and equipment acquired or to be acquired by purchase, gift or otherwise by the authority within an urban growth zone.”

Amend page 2, section 1, line 31, omit “e.”, insert “f.”

Amend page 2, section 1, line 36, omit “f.”, insert “g.”

Amend page 2, section 1, line 62, omit “g.”, insert “h.”

Amend page 2, section 1, line 67, after “(c)”, insert “acquisition and”.

Amend page 3, section 1, line 69, omit in entirety.

Amend page 3, section 1, line 70, omit “stock of any corporation;”.

Amend page 3, section 1, line 85, after “facilities”, insert “and (d) acquisition of an equity interest in, including capital stock of, any corporation”.

Amend page 3, section 1, line 96, after “include”, insert “(i)”.

Amend page 3, section 1, line 101, after “thereof”, insert “, and (ii) development property and any construction, reconstruction, improvement, alteration, equipment or maintenance or repair, or, planning and designing in connection therewith”.

Amend page 3, section 1, line 103, omit “h.”, insert “i.”

Amend page 4, section 1, line 112, omit “i.”, insert “j.”

Amend page 4, section 1, line 114, after line 114, insert

“k. “Urban growth zone” means any area within a municipality receiving State aid pursuant to the provisions of P. L. 1971, c. 64, or a municipality certified by the Commissioner of Community Affairs to qualify under such law in every respect except population, which area has been so designated pursuant to an ordinance of the governing body of such municipality.”

[OFFICIAL COPY REPRINT]

SENATE, No. 688

STATE OF NEW JERSEY

INTRODUCED JANUARY 26, 1978

By Senators LIPMAN, MERLINO and DWYER

Referred to Committee on Labor, Industry and Professions

AN ACT to amend and supplement "The New Jersey Economic Development Authority Act," approved August 7, 1974 (P. L. 1974, c. 80).

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2 *of New Jersey:*

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4 from the context:

5 a. "Authority" means the New Jersey Economic Development
6 Authority, created by section 4 of this act.

7 b. "Bonds" means bonds or other obligations issued by the
8 authority pursuant to this act.

9 c. "Cost" means

10 The cost of the acquisition, construction, reconstruction, repair,
11 alteration, improvement and extension of any building, structure,
12 facility including water transmission facilities, or other improve-
13 ment; the cost of machinery and equipment, the cost of acquisition,
14 construction, reconstruction, repair, alteration, improvement and
15 extension of pollution control devices, equipment or facilities; the
16 cost of lands, rights-in-lands, easements, privileges, agreements,
17 franchises, utility extensions, disposal facilities, access roads and
18 site development deemed by the authority to be necessary or useful
19 and convenient for any project or in connection therewith, discount
20 on bonds, costs of issuance of bonds, engineering and inspection
21 costs, cost of financial, legal, professional and other estimates and
22 advice, organization, administrative, insurance, operating and
23 other expenses of the authority or any person prior to and during
24 any acquisition or construction, and all such expenses as may be

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

25 necessary or incident to the financing, acquisition, construction or
26 completion of any project or part thereof, and also such provision
27 for reserves for payment or security of principal of or interest on
28 bonds during or after such acquisition or construction as the au-
29 thority may determine.

30 d. "County" means any county of any class.

30A *e. "*Development property*" means any real or personal property
30B interest therein, improvements thereon, appurtenances thereto and
30C air or other rights in connection therewith, including land, buildings,
30D plants, structures, systems, works, machinery and equipment
30E acquired or to be acquired by purchase, gift or otherwise by the
30F authority within an urban growth zone.*

31 ***[e.]*** *f.* "Person" means any person, including individuals,
32 firms, partnerships, associations, societies, trusts, public or private
33 corporations, or other legal entities, including public or govern-
34 mental bodies as well as natural persons. "Person" shall include
35 the plural as well as the singular.

36 ***[f.]*** *g.* "Pollution control project" means any device, equip-
37 ment, improvement, structure or facility or any land and any build-
38 ing, structure, facility or other improvement thereon, or any combi-
39 nation thereof, whether or not in existence or under construction, or
40 the refinancing thereof in order to facilitate improvements or
41 additions thereto or upgrading thereof, and all real and personal
42 property deemed necessary thereto, having to do with or the end
43 purpose of which is the control, abatement or prevention of land,
44 sewer, water, air, noise or general environmental pollution, includ-
45 ing, but not limited to, any air pollution control facility, noise
46 abatement facility, water management facility, thermal pollution
47 control facility, radiation contamination control facility, waste
48 water collection system, waste water treatment works, sewage
49 treatment works system, sewage treatment system or solid waste
50 disposal facility or site; provided that the authority shall have
51 received from the Commissioner of the State Department of
52 Environmental Protection or his duly authorized representative,
53 a certificate stating the opinion that, based upon information, facts
54 and circumstances available to the State Department of Environ-
55 mental Protection and any other pertinent data, (1) said pollution
56 control facilities do not conflict with, overlap or duplicate any other
57 planned or existing pollution control facilities undertaken or
58 planned by another public agency or authority within any political
59 subdivision, and (2) that such facilities, as designed, will be a pol-
60 lution control project as defined in this act and are in furtherance
61 of the purpose of abating or controlling pollution.

62 ***[g.]*** *h.* "Project" means (1) (a) acquisition, construction, re-
63 construction, repair, alteration, improvement and extension of any
64 building, structure, facility including water transmission facilities
65 or other improvement, whether or not in existence or under con-
66 struction, (b) purchase and installation of equipment and machin-
67 ery, **[and]** (c) **acquisition and** improvement of real estate and the
68 extension or provision of utilities, access roads and other appurte-
69 nant facilities, ***[and (d) the acquisition of an equity interest in,**
70 *including capital stock of, any corporation;]** and (2) (a) the acqui-
71 sition, financing, or refinancing of inventory, raw materials, sup-
72 plies, work in process, or stock in trade, or (b) the financing, re-
73 financing or consolidation of secured or unsecured debt, borrowings,
74 or obligations, or (c) the provision of financing for any other ex-
75 pense incurred in the ordinary course of business; all of which are
76 to be used or occupied by any person in any enterprise promoting
77 employment, either for the manufacturing, processing or assembly
78 of materials or products, or for research or office purposes, includ-
79 ing, but not limited to, medical and other professional facilities, or
80 for industrial, recreational, hotel or motel facilities, public utility
81 and warehousing, or for commercial and service purposes, includ-
82 ing, but not limited to, retail outlets, retail shopping centers, restau-
83 rant and retail food outlets, and any and all other employment
84 promoting enterprises including, but not limited to motion picture
85 and television studios and facilities *and (d) acquisition of an
86 equity interest in, including capital stock of, any corporation* ; or
87 any combination of the above, which the authority determines will
88 (i) tend to maintain or provide gainful employment opportunities
89 within and for the people of the State, or (ii) aid, assist and en-
90 courage the economic development or redevelopment of any political
91 subdivision of the State, or (iii) maintain or increase the tax base
92 of the State or of any political subdivision of the State, or (iv)
93 maintain or diversify and expand employment promoting enter-
94 prises within the State; and **[(2)]** (3) the cost of acquisition, con-
95 struction, reconstruction, repair, alteration, improvement and ex-
96 tension of a pollution control project which the authority determines
97 will tend to reduce, abate or prevent environmental pollution within
98 the State. Project may also include *(i)* reimbursement to any
99 person for costs in connection with any project, or the refinancing
100 of any project or portion thereof, if determined by the authority as
101 necessary and in the public interest to maintain employment and the
102 tax base of any political subdivision and will facilitate improve-
103 ments thereto or the completion thereof*, and (ii) development
104 property and any construction, reconstruction, improvement, alter-

105 ation, equipment or maintenance or repair, or, planning and design-
 106 ing in connection therewith***[**; but shall not include raw materials,
 107 work in progress or stock in trade**]**.

108 ***[h.]*** *i.* "Revenues" means receipts, fees, rentals or other
 109 payments to be received on account of lease, mortgage, conditional
 110 sale, or sale and payments and any other income derived from the
 111 lease, sale or other disposition of a project, moneys in such reserve
 112 and insurance funds or accounts or other funds and accounts and
 113 income from the investment thereof, established in connection with
 114 the issuance of bonds or notes for a project or projects, and fees,
 115 charges or other moneys to be received by the authority in respect
 116 of projects and contracts with persons.

117 ***[i]*** *j.* "Resolution" means any resolution adopted or trust
 118 agreement executed by the authority pursuant to which bonds of the
 119 authority are authorized to be issued.

120 *k.* "Urban growth zone" means any area within a municipality
 121 receiving State aid pursuant to the provisions of P. L. 1971, c. 64,
 122 or a municipality certified by the Commissioner of Community
 123 Affairs to qualify under such law in every respect except popula-
 124 tion, which area has been so designated pursuant to an ordinance
 125 of the governing body of such municipality.*

1 2. Section 7 of P. L. 1974, c. 80 (C. 34:1B-7) is amended to
 2 read as follows:

3 7. a. The authority shall establish and maintain a special fund
 4 called the "economic development fund" into which shall be
 5 deposited such moneys (1) as shall be appropriated by the State
 6 for the purpose of such fund; (2) if the authority so determines
 7 in any resolution authorizing any particular bonds, as shall be
 8 received by the authority from the sale of such bonds as provided
 9 by law; (3) as shall be received by the authority from the repay-
 10 ment of loans made pursuant to this act; (4) any other moneys or
 11 funds of the authority which it determines to deposit therein.
 12 Moneys at any time in the economic development fund may be
 13 used by the authority for any purpose of this act, including but not
 14 limited to payment of administrative expenses incurred by the
 15 authority in the performance of its duties, subject only to any
 16 agreements with the holders of particular bonds or notes.

17 b. The authority may, in any resolution authorizing the issuance
 18 of bonds or notes, create or authorize the creation within said
 19 economic development fund of special funds to be held in pledge
 20 or otherwise for payment or redemption of such bonds or notes,
 21 reserves or other purposes and to covenant as to use and disposition
 22 of the moneys held in such funds.

23 c. Moneys at any time in the economic development fund may
24 be used to guarantee loans made to project applicants by persons,
25 *provided that the authority determines that there is a reasonable*
26 *prospect for repayment of such loans.*

27 d. Moneys at any time in the economic development fund may
28 be invested in any direct obligations of, or obligations as to which
29 the principal and interest thereof is guaranteed by, the United
30 States of America or such other obligations as the authority may
31 approve.

1 3. (New section) There is hereby appropriated the sum of
2 \$3,000,000.00 from the unemployment compensation auxiliary fund
3 established pursuant to R. S. 43:21-14 (g) to the economic develop-
4 ment fund of the New Jersey Economic Development Authority
5 for collateral reserve utilization by the New Jersey Economic
6 Development Authority to guarantee project loans authorized by
7 "The New Jersey Economic Development Authority Act", P. L.
8 1974, c. 80 (C. 34:1B-1 et seq.). Such moneys shall be deposited
9 in the economic development fund and shall be subject to all terms
10 and conditions of "The New Jersey Economic Development Au-
11 thority Act", P. L. 1974, c. 80 (C. 34:1B-1 et seq.), provided that
12 at least 50% of the dollar amount of outstanding loan and bond
13 guarantees approved by the authority pursuant to this appropria-
14 tion shall be designated for projects located in municipalities
15 receiving assistance pursuant to the provisions of P. L. 1971, c. 64
16 as amended and supplemented.

1 4. This act shall take effect immediately.