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ASSEMBLY, No. 5063

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JANUARY 12, 2023

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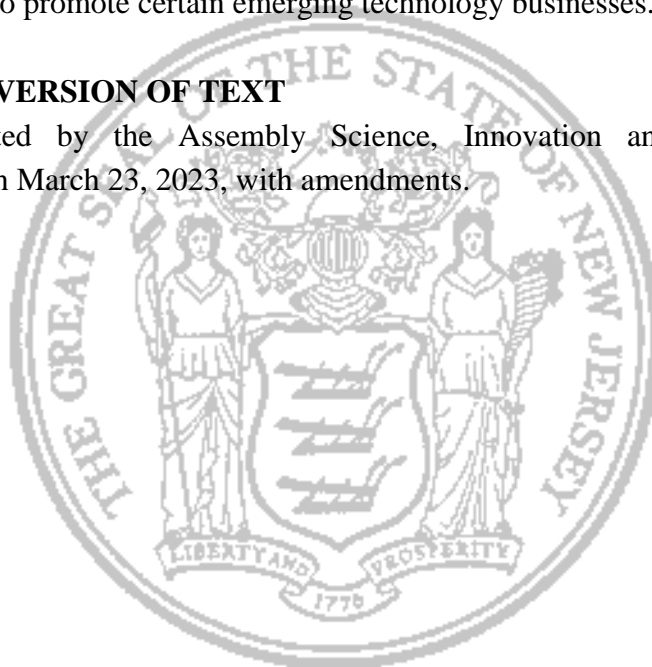
**Assemblywoman McKnight, Assemblymen DePhillips, Tully, Barranco
and Assemblywoman Piperno**

SYNOPSIS

Establishes “Innovation Partnership”; provides funding for certain nonprofit partnerships to promote certain emerging technology businesses.

CURRENT VERSION OF TEXT

As reported by the Assembly Science, Innovation and Technology Committee on March 23, 2023, with amendments.



(Sponsorship Updated As Of: 3/23/2023)

1 AN ACT establishing the “Innovation Partnership” to promote
2 certain emerging technology businesses and supplementing Title
3 52 of the Revised Statutes.

4

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

7

8 1. a. The Legislature finds and declares that:

9 (1) New Jersey has been a hub for pharmaceutical, technology,
10 medical research, and other science-related businesses for over a
11 century;

12 (2) with the reestablishment of the New Jersey Commission on
13 Science, Innovation¹**[,]**¹ and Technology (commission), the State is
14 refocusing its efforts on attracting and fostering emerging
15 technology business innovators so that New Jersey can continue to
16 lead the nation in the fields of science and technology; and

17 (3) the “Innovation Partnership” shall work in tandem with the
18 commission to fund these innovators and to ensure they have the
19 support to continue with their work in this State.

20 b. The Legislature further finds and declares that:

21 (1) Beatrice Hicks, born in Orange, New Jersey in 1919, was
22 one this State’s most successful and important scientists and
23 engineers;

24 (2) by the age of 13, after being inspired by the newly built
25 Empire State Building and George Washington Bridge, Ms. Hicks
26 believed her calling was to become an engineer;

27 (3) a graduate of Orange High School and the Newark College
28 of Engineering, now known as the New Jersey Institute of
29 Technology, Ms. Hicks went on to be the first woman engineer
30 employed by Western Electric, where she pioneered the theoretical
31 study, analysis, development, and manufacture of sensing devices,
32 developed long-distance telephone technology, and ¹**[a]**¹ invented a
33 crystal oscillator that generated radio frequencies used in aircraft
34 communications;

35 (4) after working as an independent consultant, she assumed
36 several leadership roles at her father’s company, the Newark
37 Controls Company;

38 (5) Ms. Hicks served as vice-president and chief engineer, and
39 eventually president, of the Newark Controls Company, where she
40 developed environmental sensors for heating and cooling systems
41 that went on to be used in the United States’ space program; and

42 (6) Ms. Hicks co-founded the Society of Women Engineers in
43 1950 after recognizing the lack of support and encouragement
44 women received to pursue an education in engineering.

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:

¹Assembly AST committee amendments adopted March 23, 2023.

1 c. The Legislature therefore determines that, in honor of her
2 trailblazing and independent spirit, her innovations and leadership
3 in science and engineering, and her consciousness of the support
4 needed to foster a community of innovators, this partnership shall
5 be established.

6
7 2. As used in P.L. , c. (C.) (pending before the
8 Legislature as this bill):

9 “Commission” means the New Jersey Commission on Science,
10 Innovation and Technology established pursuant to section 3 of
11 P.L.1985, c.102 (C.52:9X-3).

12 "Emerging technology business" means a company that is doing
13 business, employing or owning capital or property, or maintaining
14 an office in this State, and has qualified research expenses paid or
15 incurred for research conducted in this State, conducts pilot scale
16 manufacturing in this State, or conducts technology
17 commercialization in this State, in the fields of: advanced
18 computing; cybersecurity¹,¹ financial information
19 technology¹,¹ advanced materials; biotechnology; carbon
20 footprint reduction technology; electronic device technology;
21 information technology; life sciences; agriculture; aviation; medical
22 device technology; mobile communications technology; renewable
23 energy technology; or any field determined by the commission.

24 “Fund” means the account established pursuant to section 8 of
25 P.L. , c. (C.) (pending before the Legislature as this bill).

26 “Innovation Partner” or “partner” means a nonprofit organization
27 certified or established and incorporated by the commission
28 pursuant to sections 4 or 5 of P.L. , c. (C.) (pending before
29 the Legislature as this bill).

30 "Minority" means a person who is:

31 a. Black, which is a person having origins in any of the black
32 racial groups in Africa or the Caribbean islands;

33 b. Hispanic, which is a person of Spanish or Portuguese
34 culture, with origins in Mexico, South or Central America, or the
35 Caribbean Islands, regardless of race;

36 c. Asian-American, which is a person having origins in any of
37 the original peoples of the Far East, Southeast Asia, Indian
38 subcontinent, Hawaii, or the Pacific Islands; or

39 d. American Indian or Alaskan native, which is a person having
40 origins in any of the original peoples of North America.

41 "Minority emerging technology business" means an emerging
42 technology business owned and controlled by a minority in which at
43 least 51 percent of the ownership interest is held by minorities and
44 the management and daily business operations of which are
45 controlled by one or more of the minorities who own it.

46 "Nonprofit organization" means a nonprofit organization that is
47 incorporated as a New Jersey nonprofit corporation pursuant to the
48 “New Jersey Nonprofit Corporation Act,” N.J.S.15A:1-1 et seq., is

1 exempt from federal taxation pursuant to section 501(c)(3) of the
2 federal Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3), or
3 other federal tax exempt status as the commission determines to be
4 appropriate, and may be established and incorporated by the
5 commission for the purpose of identifying and generating business
6 opportunities and financial assistance for emerging technology
7 businesses.

8 “Private institution of higher education” and “public institution
9 of higher education” shall have the same ¹**【meaning】 meanings**¹ as
10 provided in section 2 of P.L.1985, c.103 (C.18A:64J-2).

11 “Research institution” means any institution that conducts
12 research and is approved by the commission for the purposes of
13 P.L. , c. (C.) (pending before the Legislature as this bill),
14 which shall include, but not be limited to, private or public
15 institutions of higher education, research hospitals, or public or
16 private organizations within this State.

17 “Spin-out company” means a company that was developed
18 within a larger company or a private or public institution of higher
19 education that has become an independent company with separate
20 employees and assets.

21 “Woman” or “women” means a female, females, or an individual
22 or individuals whose gender identity is female, regardless of race.

23 “Women's emerging technology business” means an emerging
24 technology business owned and controlled by a woman in which at
25 least 51 percent of the ownership is held by women and the
26 management and daily business operations of which are controlled
27 by one or more women who own it.

28
29 3. a. The “Innovation Partnership,” to be administered by the
30 New Jersey Commission on Science, Innovation and Technology,
31 shall be one or more independent nonprofit organizations, working
32 individually, in partnership with each other, and in partnership with
33 the commission, to advance the development of emerging
34 technology businesses in this State and to create supportive and
35 collaborative innovation ecosystems across New Jersey.

36 b. The goals and policies of the partners shall include, but not
37 be limited to:

38 (1) identifying, developing, adapting, and implementing
39 advanced technologies to enable the growth and competitiveness of
40 emerging technology businesses through technology development,
41 commercialization, and implementation;

42 (2) acting as regional facilitators and managers for interactions,
43 programs, and initiatives by and among the commission, emerging
44 technology businesses, economic development organizations, the
45 corporate community, private and public institutions of higher
46 education, research institutions, government, organized labor and
47 other interests working collaboratively to advance the development

1 of specialized innovation-based science and technology ecosystems
2 in this State;

3 (3) directly providing, and serving as the conduit to, early-stage
4 and later-stage public and private capital for emerging technology
5 businesses;

6 (4) providing training or technical assistance to help emerging
7 technology businesses apply to federal programs, such as the Small
8 Business Innovation Research Program, under 15 U.S.C. s.631 and
9 15 U.S.C. s.638, for the purpose of attracting federal investment
10 funds to this State;

11 (5) developing, providing, or supporting business incubation
12 resources and space and facilitating the development of emerging
13 technology business campuses, including discounted laboratory
14 space to academic or executive emerging technology business spin-
15 out companies;

16 (6) coordinating marketing efforts concerning existing State and
17 local financial and material resources for emerging technology
18 businesses;

19 (7) establishing and administering a research grant fund for the
20 economic impact assessments of technology development projects
21 conducted by private or public institutions of higher education that
22 seek grant funding through the commission;

23 (8) establishing partnerships to support and enhance the scale,
24 scope, and impact of initiatives that support the purpose and
25 mission of the commission and the partners; and

26 (9) encouraging the advancement, development, and support of
27 minority and women's emerging technology businesses to expand
28 diversity and opportunity within that sector, with priority given to
29 emerging technology businesses that demonstrate diversity in
30 ownership or leadership, as applicable.

31
32 4. a. The commission shall select and certify, on a rolling basis
33 in a timeframe determined by the commission, one or more
34 nonprofit organizations to serve as partners in the "Innovation
35 Partnership." Each partner shall be responsible for one or more of
36 the following:

37 (1) the northern region of the State having a primary, but not
38 exclusive, focus on financial information technology, cybersecurity,
39 or a combination thereof;

40 (2) the central region of the State having a primary, but not
41 exclusive, focus on healthcare, life sciences, biotechnology, or a
42 combination thereof;

43 (3) the southern region of the State having a primary, but not
44 exclusive, focus on agriculture, aviation, or a combination thereof;
45 and

46 (4) the shore region of the State, having a primary, but not
47 exclusive, focus on renewable energy and autonomous vehicles.

1 The commission shall establish the exact geographical
2 boundaries of the four regions of each focus. Geographical
3 boundaries may overlap and shall be drawn to allow for broad
4 inclusions of existing partner sites, research institutions, and
5 innovation ecosystems.

6 b. A nonprofit organization established as of the date of
7 enactment of P.L. , c. (C.) (pending before the Legislature
8 as this bill), meeting at least one of the regional focus requirements
9 of subsection a. of this section, may submit to the commission an
10 application, in a form and manner determined by the commission,
11 for certification as a partner.

12 c. In selecting and certifying a nonprofit organization as a
13 partner, pursuant to subsection a. of ¹this¹ section, the commission
14 shall give priority to:

15 (1) a nonprofit organization with a board of directors or
16 leadership, as applicable, demonstrating diversity in ethnicity, race,
17 or gender; and

18 (2) a nonprofit organization with at least one location in a
19 municipality that meets the criteria for State aid pursuant to
20 P.L.1978, c.14 (C.52:27D-178 et seq.).

21
22 5. a. If the commission is unable to certify a nonprofit
23 organization as a partner¹【,】¹ pursuant to subsection ¹【b.】¹ a.¹ of
24 section 4 of P.L. , c. (C.) (pending before the Legislature as
25 this bill), the commission shall establish and incorporate an
26 independent nonprofit organization to serve as a partner for one or
27 more particular regional focuses.

28 b. The commission shall appoint the board of directors of each
29 partner established pursuant to this section, in a number and manner
30 to be determined by the commission, who shall be experts in the
31 field of focus of each partner, who shall represent the public and
32 private sectors, and who shall be appointed with due consideration
33 to reflect the ethnic, racial, and gender diversity of the community
34 in which the partner is located, including, but not limited to:

35 (1) one person representing academia;

36 (2) one person representing industry;

37 (3) one person having an expertise in leadership and
38 entrepreneurship in an emerging technology business;

39 (4) one person representing a research institution; and

40 (5) one person having an expertise in investment, venture
41 capital, or economic development concerning emerging technology
42 businesses.

43 A vacancy in the membership of a board of directors shall be
44 filled in the same manner as the original appointment.

45 c. Upon the establishment and appointment of the first board of
46 directors of each partner, each board of directors shall adopt bylaws
47 setting forth the structure, offices, powers, and duties of each
48 partner.

1 d. The commission may modify or revoke a partner's
2 certification as a partner if the commission determines, after
3 receiving information submitted pursuant to section 7 of P.L. , c.
4 (C.) (pending before the Legislature as this bill), the partner
5 does not achieve the goals or does not implement the policies of
6 section 3 of P.L. , c. (C.) (pending before the Legislature as
7 this bill).

8
9 6. a. A partner may apply to the commission, in a form and
10 manner determined by the commission, to receive grant funds from
11 the "Innovation Fund," established pursuant to section 8 of P.L. ,
12 c. (C.) (pending before the Legislature as this bill), to
13 implement the policies of section 3 of P.L. , c. (C.) (pending
14 before the Legislature as this bill). The commission, upon
15 approving a grant application submitted by a partner pursuant to
16 this subsection, shall sign a grant agreement with the partner, which
17 shall permit the partner to execute the goals and policies of section
18 3 of P.L. , c. (C.) (pending before the Legislature as this
19 bill) only if matched by private sector funds on a minimum basis to
20 be established by the commission.

21 b. Upon receipt of a grant pursuant to subsection a. of this
22 section, a partner shall implement the terms of the grant agreement.
23 Failure to comply with the grant agreement shall result in the
24 forfeiture of the grant.

25
26 7. A partner shall annually submit the following information to
27 the commission:

28 a. the partner's current mailing address, telephone number, and
29 electronic mail address;

30 b. a copy of the partner's current bylaws;

31 c. a list of the partner's current officers, directors, and staff;

32 d. an independent audit covering all funds received from the
33 State and funds received from State support, such as paybacks,
34 reimbursements, investment returns, fees for services, cash
35 reserves, interest, return of depreciation^{1,1} and any other similar
36 forms of income that result at least partially from initial expenditure
37 of State funds. The audit shall include all of the communications
38 between the auditors and the managers of the partner. The audit
39 shall be conducted in accordance with appropriate government
40 auditing standards and shall be a public record;

41 e. upon the commission's request, an independent audit
42 covering all funds received and partner activities supported by non-
43 State funding sources; and

44 f. any other information the commission may require.

45
46 8. ¹**【There】** The "Innovation Fund"¹ is hereby established in
47 the Department of the Treasury ¹as¹ a separate special, non-lapsing,
48 account that shall be administered by the commission for the

1 purpose of funding the partners, into which shall be deposited^{1,1}
2 any State appropriations to the commission or to the partners, to
3 technology and research activities assigned to the commission, or
4 any other State appropriations for the purposes of
5 P.L. , c. (C.) (pending before the Legislature as this
6 bill)^{1,1} federal funds^{1,1} royalties^{1,1} gifts^{1,1} grants^{1,1}
7 bequests^{1,1} devises^{1,1} private funds^{1,1} venture capital
8 funds^{1,1} and funds from any other source that are designated to
9 the commission. All earnings received from the investment of
10 monies in the fund shall be credited to the fund.

11

12 9. a. The commission is authorized to call upon any
13 department, authority, commission, board, office, division, or
14 agency of the State to provide any information, resources, or other
15 assistance deemed necessary to effectuate the purposes of
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17 b. Each department, authority, commission, board, office,
18 division and agency of the State shall be required to cooperate with
19 the commission to furnish the commission with any information,
20 personnel, and assistance as is necessary to effectuate the purposes
21 of P.L. , c. (C.) (pending before the Legislature as this bill).

22

23 10. a. The commission shall annually issue a report to the
24 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
25 19.1), to the Legislature, describing the activities of the commission
26 and each partner, which shall include, but not be limited to, the
27 following:

28 (1) the budget of the commission and each partner;

29 (2) individual projects of the commission and each partner; and

30 (3) the progress of the commission and of each partner in
31 achieving the goals and implementing the policies described in
32 section 3 of P.L. , c. (C.) (pending before the Legislature as
33 this bill).

34 b. Each partner shall submit information to the commission, at
35 a time, form, and manner to be determined by the commission,
36 which enables the commission to comply with the requirements of
37 this section.

38

39 11. This act shall take effect immediately.