

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5158

STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5158 (1R).

This bill requires the New Jersey Economic Development Authority (authority) to establish a “New Jersey Emerging Business Advertising Grant Program” to provide funds to emerging businesses in science and technology to support advertising and marketing expenses.

The bill defines “emerging business in science and technology” to mean a company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey, which company is doing business, employing or owning capital or property, or maintaining an office in this State. An “emerging business in science and technology” is additionally a business that conducts technology commercialization in this State in at least one of the following industries: advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology. To qualify for the grant program, the business is required to be an emerging business in science and technology. The authority may establish any other eligibility requirements that it deems appropriate. The authority is required to determine the amounts of each grant awarded under the program.

The bill also requires grant recipients to submit an audited financial statement to the authority to demonstrate compliance with the terms and conditions of the grant program on a yearly basis until all monies have been expended. If a recipient improperly uses the grant, the authority is required to convert the grant to a loan.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill could result in an indeterminate annual increase in State expenditures attributable to the creation of the New Jersey Emerging Business Advertising Grant Program. The bill provides the authority with considerable discretion to determine the scope and parameters of the grant program, and the bill does not make an appropriation for the program.

The OLS estimates that the authority will likely incur costs to administer the program. Program management and design staff that may be needed to administer the program will likely have an annual salary and fringe benefit cost in the range of \$75,000 to \$150,000 per year. Additional costs would come in the form of any required materials, notably marketing materials.

This program provides grant monies for advertising and marketing materials, which would aid small businesses in the State to reach their target audience, resulting in increased sales revenue. Therefore, these grants may generate faster growth for these businesses than would have been realized without the grant. When this occurs, the incremental State tax revenues may be indirectly attributed to the grant program.