

[First Reprint]

SENATE, No. 3344

STATE OF NEW JERSEY
220th LEGISLATURE

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Sponsored by:

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District 22 (Middlesex, Somerset and Union)

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SYNOPSIS

Establishes NJ Non-Profit Loan Guarantee Pilot Program within EDA.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 5, 2022, with amendments.



(Sponsorship Updated As Of: 12/19/2022)

1 AN ACT establishing the New Jersey Non-Profit Loan Guarantee
2 Pilot Program within the New Jersey Economic Development
3 Authority and supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).
4

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

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

10 “Authority” means the New Jersey Economic Development
11 Authority established pursuant to section 4 of P.L.1974, c.80
12 (C.34:1B-4).

13 “Guarantee fund” or “fund” means the “New Jersey Non-Profit
14 Loan Guarantee Fund” established pursuant to section 3 of
15 P.L. , c. (C.) (pending before the Legislature as this
16 bill).

17 “Participating bank” means a State- or federally-chartered bank,
18 savings bank or savings and loan association, or a bank organized
19 under the laws of a foreign government, deemed eligible by the
20 authority for participation in the program.

21 “Program” means the “New Jersey Non-Profit Loan Guarantee
22 Pilot Program” established by the authority pursuant to section 2 of
23 P.L. , c. (C.) (pending before the Legislature as this bill).
24

25 2. a. The New Jersey Economic Development Authority shall
26 establish and maintain a “New Jersey Non-Profit Loan Guarantee
27 Pilot Program” for the purpose of providing financial assistance
28 from the “New Jersey Non-Profit Loan Guarantee Fund,”
29 established pursuant to section 3 of P.L. , c. (C.) (pending
30 before the Legislature as this bill), in the form of loan guarantees
31 for non-profit organizations established in the State.

32 b. Applications for loan guarantees shall be submitted by non-
33 profit organizations in a form and manner determined by the
34 authority. In addition to any other information that the authority
35 may deem appropriate, the application shall require the non-profit
36 organization to submit proof that the non-profit organization has:

37 (1) been determined by the federal Internal Revenue Service to
38 be a tax-exempt organization pursuant to section 501(c)(3) of the
39 Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3);

40 (2) been in existence for 10 years prior to the effective date of
41 P.L. , c. (C.) (pending before the Legislature as this bill);
42 and

43 (3) received financial assistance from the State, including
44 grants, loans, or any other form of assistance, prior to the effective

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted December 5, 2022.

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

3 c. In evaluating an application submitted by a non-profit
4 organization pursuant to subsection b. of this section, the authority
5 may only approve the application if the authority determines:

6 (1) that the loan for which the application for a loan guarantee
7 has been submitted is expected to result in the creation of 10 or
8 more full-time jobs upon completion of construction of a new
9 physical space financed pursuant to P.L. , c. (C.) (pending
10 before the Legislature as this bill);

11 (2) based on projections submitted by the non-profit
12 organization, including the data and assumptions forming the basis
13 thereof, of the profitability and financial stability over the term of
14 the loan guarantee, that the loan for which the application for a loan
15 guarantee has been submitted will support the construction of a new
16 physical space that is capable of generating income sufficient to
17 repay the loan through box office sales, private donations,
18 sponsorships, or any other source of revenue; and

19 (3) that the non-profit organization has a record of financial
20 stability, good reputation, and credit worthiness.

21

22 3. a. To implement the program, the authority shall establish
23 and maintain a special revolving fund to be known as the “New
24 Jersey Non-Profit Loan Guarantee Fund,” which shall be credited
25 with:

26 (1) any amounts from the “Economic Recovery Fund,”
27 established pursuant to section 3 of P.L.1992, c.16 (C.34:1B-7.12),
28 that the authority determines are necessary to effectively implement
29 the program, within the limits of funding available from the
30 “Economic Recovery Fund”;

31 (2) any moneys that shall be received by the authority from the
32 repayment of the moneys in the guarantee fund used to provide loan
33 guarantees pursuant to P.L. , c. (C.) (pending before the
34 Legislature as this bill) and interest thereon; and

35 (3) any other moneys of the authority, including but not limited
36 to, any moneys available from other business assistance programs
37 administered by the authority that are authorized and determined by
38 the authority to be deposited in the guarantee fund.

39 b. The authority shall use the moneys in the guarantee fund to:

40 (1) enter, within six months of the effective date of
41 P.L. , c. (C.) (pending before the Legislature as this
42 bill), into loan guarantee agreements with participating banks and
43 non-profit organizations, which meet the requirements set forth in
44 subsections b. and c. of section 2 of P.L. , c. (C.) (pending
45 before the Legislature as this bill), to guarantee a portion of the
46 loans or lines of credit provided by participating banks, in
47 accordance with section 4 of P.L. , c. (C.) (pending before
48 the Legislature as this bill); and

1 (2) defray the administrative expenses of the authority in
2 carrying out the purposes and provisions of P.L. , c. (C.)
3 (pending before the Legislature as this bill).

4 c. Moneys in the guarantee fund may be invested in such
5 obligations as the authority may approve and, except as otherwise
6 provided in section 4 of P.L. , c. (C.) (pending before the
7 Legislature as this bill), net earnings received from the investment
8 or deposit of moneys in the guarantee fund by the authority shall be
9 redeposited in the guarantee fund for use for the purposes of
10 P.L. , c. (C.) (pending before the Legislature as this bill).

11
12 4. a. After approving an application submitted pursuant to
13 section 2 of P.L. , c. (C.) (pending before the Legislature
14 as this bill), the authority shall enter into an agreement with a
15 participating bank and the non-profit organization to use the
16 moneys from the guarantee fund to guarantee a direct loan or
17 revolving line of credit provided by the participating bank to
18 finance the construction of a new physical space by the qualified
19 non-profit organization, pursuant to paragraph (2) of subsection c.
20 of section 2 of P.L. , c. (C.) (pending before the Legislature
21 as this bill). Each loan guarantee agreement that the authority shall
22 enter into with a participating bank and non-profit organization
23 shall not exceed \$15 million per qualified applicant.

24 b. No loan guarantee agreement entered into pursuant to this
25 section shall be for a period of more than 20 years. Upon expiration
26 of the period of all loan guarantees entered into pursuant to P.L. ,
27 c. (C.) (pending before the Legislature as this bill), all
28 repayments, and interest thereon, and all moneys remaining in the
29 guarantee fund shall be credited to and deposited in the "Economic
30 Recovery Fund," established pursuant to section 3 of P.L.1992, c.16
31 (C.34:1B-7.12) for any of the purposes thereof.

32 c. The loan guarantee agreements shall provide that the loans
33 or lines of credit for financing the costs of qualified non-profit
34 organizations shall come from participating banks. The agreements
35 may also provide for any other terms or conditions that the
36 authority and the participating banks determine as being necessary
37 or desirable to effectuate the purpose of the program.

38 d. The authority shall establish sufficient reserves and liquid
39 reserves to provide a sufficient and actuarially sound basis for its
40 pledges contained in any loan guarantee agreement entered into
41 pursuant to P.L. , c. (C.) (pending before the Legislature as
42 this bill).

43
44 5. a. Within 24 months following the effective date of P.L. ,
45 c. (C.) (pending before the Legislature as this bill), and on or
46 before February 15 of each year thereafter in which a loan
47 guarantee agreement entered into under of P.L. , c. (C.)
48 (pending before the Legislature as this bill) is in effect, the

1 authority shall prepare a report on the program. The report may be
2 issued separately, or in combination with any reports required by
3 any law concerning financial assistance to non-profit organizations
4 in this State.

5 b. The report shall include, but need not be limited to, a
6 description of the demand for the program from qualified non-
7 profits and participating banks, the efforts made by the authority to
8 promote the program, the total amount of loan guarantees approved
9 by the authority under the program, and an assessment of the
10 effectiveness of the program in meeting the goals of
11 P.L. , c. (C.) (pending before the Legislature as this bill).
12 The authority shall submit its report to the Governor and, pursuant
13 to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature,
14 including therein any recommendations for legislation to improve
15 the effectiveness of the program.

16

17 ¹6. Notwithstanding any provision of the “Administrative
18 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
19 law to the contrary, the authority may adopt, immediately upon
20 filing with the Office of Administrative Law and no later than the
21 90th day after the effective date of this act, such rules and
22 regulations as the authority deems necessary to implement the
23 provisions of this act, which regulations shall be effective for a
24 period not to exceed 12 months. The regulations shall, at a
25 minimum, set forth the requirements for application submissions,
26 the criteria for application selections, and the permitted uses of loan
27 proceeds. The regulations shall thereafter be amended, adopted, or
28 readopted by the authority in accordance with the provisions of the
29 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
30 seq.).¹

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32 ¹7. 6.¹ This act shall take effect immediately.