

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2356
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MAY 22, 2024

SUMMARY

Synopsis: Establishes advertisement grant program for emerging businesses in science and technology.

Type of Impact: Annual increase in State expenditures and potential increase in annual State revenues.

Agencies Affected: New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Potential State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill may 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 New Jersey Economic Development 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.
- 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.

BILL DESCRIPTION

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

A New Jersey “emerging business in science and technology” is a company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey that is doing business, employing or owning capital or property, or maintaining an office in New Jersey and a business that conducts technology commercialization in New Jersey in at least one of several industries provided in the bill. Notably, to qualify for the grant program, an entity is required to meet the definition of an emerging business in science and technology and comply with all criteria established by the authority. Additionally the authority would determine the amount of each grant awarded under the program.

The bill also requires grant recipients to submit an annual audited financial statement to the authority to demonstrate compliance with the terms and conditions of the grant program until all monies from the fund have been expended. If a recipient improperly uses the grant, the authority would be required to convert the grant to a loan pursuant to the rules to be adopted by the authority.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill may 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. In addition to the costs of the grants provided under the bill, there will also likely be costs incurred by the authority to administer the program. Notable program administration costs could include staff to develop program documentation such as applications, reporting documents, and marketing materials; staff time to review applications and verify grantee reporting documents; and staff time and materials to distribute marketing materials for the program. The program will likely require the authority to hire one or more staff for the duration of the program. Program management and design staff of this type 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 materials needed, such as marketing materials, which could include flyers, brochures, or the distribution of paper or digital advertising targeted at potential grant applicants.

This grant program is designed to target emerging businesses in science and technology with growth potential in the State. If these businesses realize that potential and remain within the State, the businesses can drive economic growth and generate jobs as well as additional annual State sales, income, and business tax revenues. This program provides grant monies for advertising and marketing materials, which would aid the ability of these businesses to reach their target audience resulting in increased sales revenue. Therefore, these grants may generate faster growth at a business than would have been realized absent the grant. When these situations occur, the incremental State tax revenues may be indirectly attributed to the grant program. The OLS cannot predict the amount and timing of when such indirect revenue will be generated. The authority may also realize revenues if a grantee is found to have improperly used its grant and the grant converts to a loan and the grantee is required to make principal and interest payments to the authority.

Section: Authorities, Utilities, Transportation and Communication

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).