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# Monmouth County Economic Development & Tourism

## How the NJEDA Can Assist Your Business

April 29, 2009

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# Agenda

- ***EDA Overview***
- ***Incentives***
- ***Financing***



## EDA - Who We Are

State financing and economic development agency dedicated to offering:

- Financing Assistance
- Access to Small Business Services
- Real Estate Development Assistance
- International Trade Services

*Mission: To strengthen New Jersey's economy by retaining and growing businesses through financial assistance, by renewing communities, and by promoting the State's strategic advantages to attract domestic and international businesses.*



## EDA Results

1974 - 2008	
Projects Assisted	9,996
Total Assistance	\$19.6 Billion
Public/Private Investments	\$41.4 Billion
Estimated New Permanent Jobs	295,018
Estimated Construction Jobs	299,943

## EDA Customers

- Small- to mid-sized for-profit and nonprofit entities
- Life sciences and technology companies
- Real estate developers
- Municipalities and other government entities
- Traditional banks and community lenders



# EDA Resources

## Traditional Lending

*Loan Participations/Direct Loans  
Guarantees  
Bond Financing  
Statewide Loan Pool  
Preferred Lender Program  
New Jersey Business Growth Fund  
Fast Start for small business*

## Expansion/Relocation

*BEIP  
BRRAG*

## Real Estate Assistance

## Technology & Life Sciences

**Edison Innovation Fund:**  
*Edison Innovation R&D Fund Wraparound  
Edison Innovation Commercialization Fund  
Edison Innovation Growth Fund  
Technology Business Tax Certificate Transfer Program  
Venture Fund Investments  
Edison Innovation Clean Energy Manufacturing Fund*

## Urban & Site Solutions

*Urban Plus  
Sales Tax Exemption (UEZ)  
Local Development Financing Fund (LDFF)  
Urban Transit Hub Tax Credit Program  
Fund for Community Economic Development  
Brownfields Reimbursement*

## Small Business Services

## International Trade Services



# The New EDA

To more efficiently provide assistance to businesses, many of the functions and duties previously belonging to the New Jersey Commerce Commission are now handled by the EDA.

The new EDA offers:

- **Specialized Business Attraction/Retention Team**, *with personnel acting as a single point of contact and resource team for businesses growing in New Jersey.*
- **Coordinated, Comprehensive Marketing effort**, *to more aggressively market our “State brand” and New Jersey’s value proposition.*
- **Business Financing Programs and Application Process... all in one place.** *With all state business financing incentives housed under one roof, administered by one agency, businesses have one location to visit for information and assistance.*

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# Business Incentives



## Business Employment Incentive Program (BEIP)

- Grants to businesses that expand or relocate and create at least 25\* jobs in New Jersey within two years.
- Grants may be awarded for up to 10 years and range from 10% to 80% of the total amount of income taxes withheld by the company for new full-time employees hired during the calendar year.
- Companies are only eligible if the grants are a material factor in the company's decision to remain in or relocate to New Jersey.

\*10 jobs if in the technology or biotechnology industries



## Business Retention and Relocation Assistance Grant (BRRAG)

- Grants to businesses relocating operations within New Jersey and retaining jobs. Company must relocate a minimum of 50 retained full-time jobs.
- Grants of up to \$1,500 per job retained, payable as a tax credit against a company's corporate tax liability.
- Companies are only eligible if the grants are a material factor in the company's decision not to relocate outside of New Jersey.



## Urban Enterprise Zone (UEZ) Program

- Exemption from paying sales tax on furniture, fixtures and equipment if the building is located within an UEZ.
- The UEZ Program supports nearly 150,000 full-time jobs and has attracted more than \$24 billion in private investments.
- There are almost 7,000 businesses of all sizes and types currently participating and benefiting from the program and over 26,000 businesses since inception.

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# New Jersey Economic Stimulus Plan

EDA has advanced Gov. Corzine and the State Legislature's major initiatives to ease the tightened credit market and provide new job creation and retention incentives to business.



- **Main Street Business Assistance Program**
- **InvestNJ**
- *These programs are designed to stimulate the economy over the next two years.*



# Main Street Assistance Program

- \$50 million fund deployed to assist eligible businesses in three ways:

## - Loan Participations

- \*Up to \$1 million per total transaction for fixed assets; up to \$750,000 for working capital, with EDA loan participation not to exceed 25% of total transaction
- \*Fixed 5-percent interest rate
- \*Collateral subordinate to the bank
- \*Total EDA exposure can not exceed \$2 million or 50% of bank transaction

## - Loan Guarantees

- \*Up to \$2 million guarantee on a term loan for fixed assets; up to \$1.5 million guarantee on a term loan for working capital (*guarantee must be less than 50% of total transaction*)

## - Lines of Credit Guarantees

- \*Up to \$250,000 guarantee on a line of credit (*guarantee must be less than 50% of total transaction and is available through EDA's Preferred Lenders only*)



# Main Street Assistance Program

## Eligibility

- Business must be located in NJ and in business for at least 2 years
- In good standing with EDA, federal/state agencies and requesting bank
- No bankruptcy within the past 7 years or criminal history
- Minimum credit score of 680 for at least one of the guarantors
- Business should maintain jobs in NJ



## InvestNJ

- \$3,000 grant to New Jersey businesses that create a job and retain that position for one year.
- Amount of total benefit to each company is a maximum \$500,000, with program funding totaling \$50 million.
- As a second component of the program, an investment grant is available to businesses for qualifying capital investments. The grant will be **7 percent** of the total eligible capital investment.

### Eligibility requirements for companies include:

- Operate continuously in NJ for at least 2 years prior to application;
- Employ at least 5 full-time employees; and,
- Add an eligible position in NJ after Dec. 1, 2008 and before Jan. 1, 2011 for a period of at least 12 consecutive months.

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# Traditional Lending

For:

Small-Mid Sized Businesses

Manufacturing Businesses

Large Corporations

Nonprofit Organizations



## Statewide Loan Pool

*The EDA's involvement in a bank loan reduces the bank's credit risk and lowers the cost of borrowing for the customer*

- **Uses:** Fixed assets or working capital
- **Eligibility:**
  - Located in a targeted municipality, or
  - Operating in a targeted industry, and
  - Creates one new job for every \$50,000 of EDA assistance
- **Amount of Assistance:**
  - Fixed assets: Up to \$1.25 million loan/\$1.5 million guarantee: Total of \$2.75 million
  - Working capital: Up to \$750,000 loan/\$1.5 million guarantee: Total of \$2.25 million
- **Interest Rates:** Fixed and variable rates are available
  - Fixed rate is typically indexed to 5-year Treasury rate, plus 0 to 1.5% depending on a scoring formula, with a current floor of 3%
  - Variable is indexed to Prime Rate, minus 1 to 4% depending on a scoring formula, with a current floor of 2%



## Direct Loans

*When financing is not available under the Statewide Loan pool or guarantee programs, direct loans may be provided*

- **Uses:** Gap financing for fixed assets or working capital
- **Eligibility:**
  - Located in a target municipality, or
  - Operating in a targeted industry, and
  - Creates one new job for every \$50,000 of EDA assistance
- **Amount of Assistance:**
  - Fixed assets: \$1.25 million
  - Working capital: \$750,000
- **Interest Rates:** Fixed and variable rates are available
  - Fixed rate is typically indexed to 5-year Treasury rate, with a current floor of 3%
  - Variable is indexed to Prime Rate, with a current floor of 2%



# Bond Financing

*The EDA can issue tax-free conduit bonds, the proceeds of which are used to provide long-term, low-interest loans*

## ■ Eligibility:

- Tax-exempt bonds are available to manufacturers and nonprofits and for certain exempt facilities.
- \$20 million capital expenditure limit for manufacturers (3 years back and 3 years forward)

## ■ Uses:

- Fixed assets, working capital, and refinancing for non-profits
- Fixed assets (land/buildings and new equipment) for manufacturers

## ■ Amount:

- \$500,000 with no dollar limit on tax-exempt bonds for nonprofits
- \$500,000 to \$10,000,000 on tax-exempt bonds for manufacturers

## ■ Interest Rates:

- The purchaser sets the interest rate, terms and other financial conditions

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# Edison Innovation Fund



## EDA Role in Energy Master Plan

- Resources will fund innovative renewable energy and energy efficiency technologies that will decrease electricity and heating costs, improve electric reliability and maximize economic/environmental benefits to NJ ratepayers.
- EDA will offer grants and loans to companies manufacturing renewable energy, clean and energy efficient equipment and products in New Jersey.



## Edison Innovation Clean Energy Manufacturing Fund

- \$12-million annual program to be funded by BPU and administered by EDA. \$24 million authorized for 2008-2009\*.
- Will provide zero-interest loans and grants targeted to energy efficiency and renewable energy manufacturing companies.
- Companies will be eligible for maximum assistance of \$3.3 million.

\*2008 allocation carried over



## Regional Greenhouse Gas Initiative (RGGI)

***Under law, EDA will work in consultation  
with BPU and DEP to determine:***

- An appropriate level of grants or other forms of financial assistance to be awarded to individual commercial, institutional and industrial sectors and to individual projects within each of these sectors.
- Evaluation criteria for selecting projects to be awarded grants or other forms of financial assistance, including the ability of the project to result in a measurable reduction of greenhouse gases or a measurable reduction of energy demand.
- A process by which grants or other forms of financial assistance can be applied for and awarded, including, if applicable, the payment terms and conditions for Authority investments in certain projects with commercial viability.

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# Development Support



## Planning & Predevelopment

- Up to \$50,000 for Feasibility Studies, Marketing, Architect & Engineering Fees & Other Predevelopment Costs
- Up to \$1 million for land assemblage, demolition and site preparation



## Hazardous Discharge Site Remediation Fund

- EDA has served as the financing agent since 1993
- Municipalities may apply for grants and low-interest loans of up to \$3 million per year for specific phases of investigation/cleanup.
- Businesses may qualify for loans up to \$1 million for up to 10 years for site remediation/cleanup.



## Brownfield & Contaminated Site Remediation Program and Brownfield Redevelopment Loan Program

- Brownfield & Contaminated Site Remediation Program
  - Up to 75% of approved costs associated with the remediation are reimbursed to the owner/developer
  - Eight state taxes, including sales, business use and corporate taxes are eligible to be used to reimburse the developer for remediation costs
- Brownfield Redevelopment Loan Program
  - Up to \$750,000 for up to 3 years for remediation costs secured by the Brownfield & Contaminated Site Remediation Agreement



## Redevelopment Area Bonds (RAB)

- Allows municipalities with **designated redevelopment areas** to issue taxable and tax-exempt bonds to fund certain portions of its redevelopment project.
- Some or all of the payments that are derived from a **PILOT** agreement are pledged to pay the debt service on the bonds.
- Qualifying bonds are excluded from the municipality's gross debt.

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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**New Jersey Economic Development Authority**

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**[www.njeda.com](http://www.njeda.com)**

**[www.newjerseybusiness.gov](http://www.newjerseybusiness.gov)**



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