Emerge Listening Session – April 8, 2021

Patience Purdy: Alright, so we're here to present some information and get some of your feedback on the Emerge Program.

Abby, if you can move to the next slide we're going to go through a little bit of an overview and then I'll turn it over to the folks who can really talk to you about what's happening here.

The Economic Recovery Act was signed into law on January 7, 2021 and creates a package of tax incentive financing and grant programs to build a stronger fair and New Jersey economy.

It is a broad based recovery bill and reform bill that will better position New Jersey to recover from the economic crisis call it caused by the COVID-19 pandemic.

You can find all kinds of great information on the Economic Recovery Act at njeda.com/economicrecoveryact.

So opportunities for engagement:

Here you have our first live public feedback session.

In an effort to be very transparent and equitable and faithful stewards of taxpayer dollars, we are soliciting your feedback on the programs involved in the Economic Recovery Act.

Tonight we're going to be discussing the Emerge Program.

Pursuant to Governor Murphy's executive order number 63 the NJEDA is providing opportunities for groups and stakeholders like yourselves to engage with us in crafting rules around the Emerge Program.

We welcome constructive input on how to ensure new programs created through the Economic Recovery Act are structured and administered in a manner that drives opportunities for all residents and communities.

We will begin the session with a presentation to summarize the draft rules, opportunity for public feedback will be available, following the EDA's presentation. It's expected that 75 to 90 minutes will be reserved strictly for the public's input.

Written feedback can be provided at www.njeda.com/emerge-feedback that's on your screen right now, and our comms folks are here and they'll put it in the chat for you to if you want to be able to copy and paste that link.

Next slide.

Okay, how we're going to do this: feedback may be submitted verbally by using the raise hand function in zoom (it's the little yellow hand at the bottom of your screen) and that will take folks in order so when you raise your hand you'll be put into a queue.

You can also put feedback in writing, through the Q & A feature.

That will not be read verbally but we will have a transcript of that on record.

Each member of the public who wishes to speak during the public feedback period should use the “raise hand”. We're gonna say that again a few times, little yellow guy at the bottom.

And I'll acknowledge you in order in which you've raised your hand and we'll open up your microphone so that you can make your statement.

To ensure that everyone that would like to has an opportunity to speak each speaker will have a maximum of three minutes to speak and should limit input to matters pertaining to the Economic Recovery Act of 2020 the Emerge Program or the draft rules.

Each member will have one opportunity to provide remarks if time remains at the end of the session we will reopen the opportunity for additional remarks.

Speakers should not expect to engage in a dialogue, the NJEDA staff is here, and may respond to basic questions or clarifying speakers input, however, our staff are not obligated to answer impromptu questions or address remarks from members of the public.

Speakers and members of the public should at all times, maintain proper decorum and shall provide their remarks in a civil manner.

And now I will turn this over to our chief executive officer Tim Sullivan, to give you a little framing information on the Emerge Program.

Tim Sullivan: Thank you, Patience and thanks first and foremost to everyone who's with us tonight in the late afternoon early evening to talk about the Emerge program. We're really excited about the conversation we're about to have today, but, most importantly, about the programs that that lie ahead of us.

Obviously the recovery and reform package that Governor Murphy signed three and a half months ago, we think, represents an extraordinary package of both recovery and reform to both power, sustainable and durable and equitable recovery from this terrible economic crisis falling by COVID-19 but also to learn from learn from the lessons of the past in terms of how we can structure programs and way that guarantees or more enhances the benefit to taxpayers,

Enhances the certainty and the compliance dimensions that we have that people who work good actors will be rewarded for what they do and bad actors are weeded out of the system.

We have a, you know, first and foremost an obligation as Patience said, you know we are stewards of taxpayer resources and that's an almost solemn obligation that we take couldn't possibly take more seriously.

We balance that with also being responsible trying to boost economic growth and create jobs and catalyze vibrant communities and strengthen and make more fair New Jersey's economy.

The rules and the regulations that are sort of the subject du jour, are one of 15 programs contemplated or outlined in the in the bill, so, if you like, coming to public meetings to give input on draft regulations, 2021 is going to be a banner year for you. And we like having them, so what an exciting time because we're going to be doing this again and again and again with lots of other programs but Emerge is the first one out of the gates.

We think this is an extremely exciting program that again leverages New Jersey strengths, that makes targeted capped investments in industries that pay, you know, pay middle class or better wages that are growing where we either have a competitive strength today or with the right investments and things like clean energy or film and TV, we could have a competitive advantage in the region or in the country or the world.

The one thing I know for sure is that the draft regs we promulgated just a week ago aren't perfect. There's just absolutely no way that they are perfect. They can only get better and benefit from the conversations will have here and into subsequent sessions.

And then, what will ultimately be the formal public comment process after our board, assuming if our board considers these draft regulations in May and puts them out for formal public comment through the summer, the regs will only get better these rules will only get better from better input, better give and take and push and pull of making sure we got the balance again between stewardship of taxpayer dollars and encouragement of economic growth.

Get that balance as close to right as we can. And we will never get it perfect but we're going to strike that balance as best we can. That's our mission, here again, the feedback and the input that will get tonight and through the next week or two is critical in shaping how we reform refine and advanced these proposals, because this is incredibly important.

It's also important to get it done with some with some pace, because the economy is getting ready to recover in earnest, and we want to be able to maximize and capitalize the opportunities that present themselves through that recovery period so again we're excited about this, we appreciate you all taking the time we're appreciative in advance of your feedback and your constructive suggestions for how to improve this and make it better and again if we can answer some factual questions along the way all the better.

With that I will yield the floor over to Mat Abraham who is going to walk you through, I think the particulars of what's in the rules and regs again, this is not meant to be a college seminar, although it will be pretty information packed.

Because there's a lot there's a lot here. There's a lot that the statute spelled out very clearly there's a fair bit that requires some definition and some building out in some shaping through the regs process and that's really the topic here.

There are many lively debates that can be had about what should or shouldn't be in the legislation, what should or shouldn't have made its way in.

That's somewhat of an off topic conversation that we're really talking about what we can define, enhance, improve, in the rules and regulations so with that Mat, the floor is yours, tell us all about what's in this proposal.

Mathew Abraham: Will do, thank you, Tim.

So please note the NJEDA staff will summarize the draft rules, industry definitions, and provide access to the actual draft rules and industry definition document. Please see njeda.com/emerge-feedback.

Highlighted in green indicates areas where the NJEDA has the rules to add clarity to legislation, the non highlighted tax is written into law which NJEDA does not have discretion to change.

As it was mentioned, the emerge program was established on the Governor's Economic Recovery Act of 2020, it is the successor to the Grow New Jersey program providing tax credits to incentivize businesses projects to locate here in New Jersey.

The awards are sized based on per job calculation, with a focus on job creation and retention of significant jobs, a number of jobs.

The program was designed to focus on communities with the greatest level of distress, as well as targeting the state's priority sectors, it provides increased flexibility for qualified small businesses. The Emerge program does expire on March 1 2020.

Some of the key features are the program is capped with NJ Aspire at $1.1 billion per year over six years.

We do have the option to roll over any unused program cap to the seventh year. The program also caps the tax credit amount per jobs and that's between $3,000 and $8,000

based on the project location, and the net benefit to the state. The maximum number of years a company could get tax credits is for seven years.

Companies are required to commit to staying in New Jersey for one and a half times the award years, also known as eligibility period, sorry about that.

We do round up, so the company was seeking a 7 year award then they would have to commit to the State of New Jersey for 11 years.

The Emerge bill added community engagement for all large projects. Those that total project cost equal or greater than $10 million will need to enter into a community benefits agreement with the local municipality, and there will be more to this later in the slideshow.

Next slide.

I'll go over some of the program eligibility, such as material factor definition of mega-project and the definition of a small business before I pass it over to Brian Sabina. Next slide.

Material factor: The tax credits must be a material factor in the business decision to locate the project in the state.

We outline clear guidelines and rules on what companies can and cannot do before applications such as: a company can spend reasonable amount on due diligence,

These costs should be comparable with both locations. Companies cannot undertake real estate purchase prior to the NJEDA board approval and cannot have a letter of intent to buy or lease in New Jersey unless it has penalty free contingency based on the award of the tax credits. Next slide please.

NJEDA has to conduct an economic analysis across alternative sites to confirm the award is a material factor which is also known in the circle of those who are in this space, our cost benefit analysis. The rules outlined some clear definition of what will be assessed like project location, size of facility, the cost per square foot, one time upfront costs such as acquisition, construction, fit out, furniture, fixtures, and equipment, ongoing annual cost such as rental costs, real estate carrying costs, real estate taxes, utilities, expenses, and building maintenance. Next slide please.

The NJEDA will be focused on ensuring an apples to apples comparison by standardizing across owned and leased facilities using a standard discount rate set by the authority.

Standardizing comparables between two location facilities, the NJEDA may seek additional information such as competitive proposals from other states, as well as looking at the prevailing economic conditions and other factors. Next slide please.

So here we're going to define mega projects. So what's a mega project? A mega project is a project that's creating 500 or more net new full time jobs.

A minimum of $50 million of capital investment, is in a targeted industry, and is an industry leading investment in new technology or high growth sub industry, or catalyzes a new sub-industry or industry cluster within the state. Next slide please.

Definition of a qualified small business is a business that is in a targeted industry with less than 100 total full time equivalent.

Emerge offers small business increase flexibilities by not only, [I'm sorry] by not requiring a capital investment as long as:

They demonstrate the intent to remain in the state. This is evidenced by providing information, such as both lease, membership agreement, or similar commitment for space.

Small Business must have a growth plan of a minimum of 25% of their workforce during the time of the eligible award period small business could start getting tax credits before all jobs are created by following their job or their growth plan. Small businesses are able to move locations, provided that the tax credits will be re-calculated for the new location and the tax credit amount shall not be greater than the original amount approved. Next slide please.
I will now pass it over to Brian Sabina, our chief economic growth officer to present the rest of the information.

Brian Sabina: Hey thanks for Mat and thanks plus Tim and Patience for all of you.

Very excited to be here and talk a little bit more about the Emerge program.

Some of what Mat just talked about, flexibility for small businesses, the ability to not have a huge capital investment, the ability to you know, get tax credits earlier, have a growth plan, and not have a huge amount of ability to move across the states, we think are really some of the exciting features that open up these tax credit programs to small dynamic innovation economy-based programs, as well as small dynamic main street based companies.

So very excited there, and one of the other features that's required by law as an eligibility requirement is that we, as the NJEDA, as stewards of taxpayer dollars have to believe that, if we give tax incentives to a project that over time that project wash their return a larger benefit to the state than the tax credits that we put in. So if we put in $10 for the tax credits, we have to believe over you know 5, 10, 15, 20 years when we get more than that $10 back.

The law provides some different thresholds for that what we call our “net benefit test” which is that analysis that I just mentioned.

Previously, in the Grow program that benefit was around 110% so for every dollar we put in, we had to believe we'd get $11, sorry, for every $10 we put in, we’d have to get $11 back.

In the in the new Emerge program those thresholds are actually increased. So for local government restricted municipalities, which include Atlantic City, Patterson, and Trenton.

As well as for a projects that qualifies as a mega project and Mat just talked about that, those are very large projects.

The net positive benefit to the state, we have to believe that it must be at least 200% so if we gave $10 worth of tax credits, we would get $20 back as a state, over time. The second category is for local distressed municipalities or transit hub municipalities. There's about 20 of those municipalities.

And for those municipalities, we need to realize at least a 300% a net positive return on any state dollars invested in a project.

For all other projects that are not in one of those sets of categories, we have to believe that will get at least 400% return. So again, a large step up compared to our predecessor program for the state.

One of the things Mat also mentioned, was that we are pushing in the law instructs the NJEDA to do a lot more apples to apples comparisons.

We are instructed to do apples to apples comparisons within the net benefit test it make sure that we are discounting both the tax credits we give as well as any sort of benefits that we believe will get from that project. We can go to the next slide.

A little bit more about that the Net Benefit Tests is an attempt to really live the value that that Tim and Patience talked about transparency, we're shifting to use the INPLAN model which is an industry recognized major economic development model that’s used by the federal government, many of our peer states, and much of industry.

We were going to, within the rules, put some parameters on how do we think about the benefits that the state can take.

And we break those benefits into kind of two major buckets, kind of construction benefits and an ongoing benefits.

Within construction benefits we will consider direct, indirect, and induced benefits that results in tax revenues at the state level.

In terms of ongoing operations of a project, so a company not only comes to construct a new manufacturing facility, but then they operate that facility.

Those ongoing benefits we will consider direct, as well as indirect tax revenues at the state level.

We will scale those up using regional multipliers, especially to get to the indirect side and the induced side.

Instead of using a county or statewide multiplier we're going to follow what the law does and actually break the state into two regions, a southern region and in northern region and we'll use a regional based multipliers.

In certain circumstances, we may also consider local tax benefits, where there's a benefit to the state.

And those local tax benefits must be sufficiently evidenced by the applicant and we'll provide more policy guidance on that as we open the program.

We also want to make sure that we clarify, kind of, what are the rates that we're using. We're going to use a standard for all almost all assessments at a 2% inflation rate to grow the benefits to the state and we'll use an 8% discount rate on both the tax credit, as well as the benefit side.

We can go to the next topic.

A little bit about jobs, as Mat mentioned, up top of this program is much more focused on new job creation and you'll see that in these minimum requirements.

So for a business that is in a targeted industry, and we'll talk about what those are in a second, the minimum requirement is that that enterprise create at least 25 jobs if you're not a small business.

If you are in any, if you're not in a targeted industry but you're investing in one of our targeted geographies you must create at least 35 new full time jobs compared to those 25/35 levels, if you're creating, if you're trying to utilize the program for a retained jobs, the bars are much higher.

So if you're investing in one of our targeted qualify incentive tracks or one of those government restricted municipalities, so Atlantic City, Patterson, Trenton.
You have a minimum bar 500 retained full time jobs. For anywhere else in the state, it will be a required thousand full time retained jobs in order to qualify for the program to be eligible to get a tax credits.

Of course, we know, we don't want a company kind of creating a new project in one location and kind of decreasing their employment in other location in the state, so we have statewide minimum baseline that will assess at the time of application to make sure that any new jobs created are net new jobs for the state.

We also want to make sure, as a state, that we're incentivizing the right types of quality of jobs.

All jobs must offer health benefits through an authorized health benefit provider plan, as well as all jobs that are that are getting incented must pay no less than $15 per hour or 120% of the minimum wage, whichever is higher.

So we are excited about that. On the capital investment side, there's kind of job requirements, there's also capital investment requirements. This is kind of broken down into, kind of, this 2x2 matrix, you kind of see at the top of this page. We think about this in terms of both the type of project, as well as the type of space so if I go across the top there's two big buckets of space. There’s industrial, warehousing, logistics, or research and development space and then there's office space.

If I kind of go down the rows, if you are rehabilitating, improving, or kind of retrofitting an existing industrial space, requirement for capital investment is $20 per square foot.

If you're rehabilitating, improving, fitting out, retrofitting, office spaces, it’s $40. For new construction those numbers obviously go up.

That minimum investment’s required. So if you're in that first bucket: industrial, warehousing, R&D space, it's $60 per square foot. If you're looking at office space it's $120 per square foot.

We've provided some clarity as we look to how products come together, so if a building is mixed-use, so we'll say if it has some manufacturing, which will be industrial and some office, we will blend those.

We’ll look at each amount of square footage and apply the appropriate minimum capital investment, and then we will aggregate that as a total number for the project.

We will allow numbers to aggregate for projects that are close to each other or approximate to each other if there's two buildings on either side of the road will aggregate all that, but if you have two buildings that are on the other side of the state, which we see sometimes, each one of those buildings will have to have its own minimum capital investment.

One of the great features, as part of this program is that sometimes when a company comes to Jersey and they find an existing office space or existing industrial research and development space that's already been built, we don't want those companies to go plate it just have to invest more money in that perfectly good building, so we've created a feature called the Recovery Infrastructure Fund, which allows companies to donate money into that fund for local projects in the local municipality that the products located, in place of putting additional capital investment into the building itself.

So if company came in and there was a perfectly wonderful office space, instead of putting more money to that office space for office chairs or such they could donate that into the infrastructure fund and that would allow the municipality to access those funds to do things like workforce development, community security, community infrastructure, bus stops, you know roads, parks, and the such. So excited about that as an alternative within the program. We go to the next slide.

A little bit about the target industries, incentive areas, and bonuses, we have referenced some of those as part of our eligibility requirements.

In terms of targeted industries, we wanted to make it clear there's a few different ways that we would consider a project to be in a targeted industry.

First, the project itself could be part of a targeted industry, so if we look at a project and it's a life sciences project then yeah, even if it's not a life sciences company, okay, that could fit into the life sciences industry.

So that’s kind of door one. Door two is the applicant’s core business could be defined in a targeted industry. So, for example, if you were a life sciences company, but you are going to create a customer service hub for your business, we would consider that customer service hub to be part of the life sciences industry.

And the last is that the applicant parent company could be part of a targeted industry. So, for example in that what I just described, if the customer service entity for a life science company was actually a separate entity and not technically part of the parent company, we would allow that affiliate relationship, that parent-subsidiary relationship, to help qualify a company into a targeted industry.

Each one of these target industries that we've provided additional clarity on for how we would define those industries.

That includes a general description, explicit inclusions, and some explicit exclusions. We haven't put them here because there's many targeted industries.

But if you look at the full version of the rules document which you can find on our website, in the back of that you can find a full listing of all of those targeted industries. You're welcome to write commentary and feedback on these targeted industry definitions, as part of this process. We can go to the next slide.

A little bit about sizing. So Mat talked about sizing awards. Those award sizes are largely driven by either your geography or this designation of a mega project.

So in this table you'll see that kind of down the side are those different types of geographies of different types of areas that may be in the States.

And then, as you go across the columns, you'll see a base award, so this is kind of the starting place for our projects per job per year in that geography.

And then you'll see kind of a max award. The way we would get to a max award is that we would add base award plus some bonuses that we'll talk about in a second.

You'll see that those range from as low as $500 in, kind of, the bottom of the table.

For other eligible areas as a base word, up to a base award of $4,000 for some of the cover of restricted municipalities and mega projects.

And then equivalently you'll see that that the max awards also grow in relation to the geography, so if you start at $500 at other eligible area, you can grow up $3,000 depending on bonuses that you get.

If you're in a government-restricted municipality you start at $4,000 can grow up to $1,000 per job.

It is worth noting that these numbers that we're projecting here are for full time new jobs.

any sort of retained jobs would actually be looking at these numbers in times half or divided by two so retain jobs only get 50% of the award compared to a new job and that's written into law.

We can go to the next slide.

A little bit about the bonuses, there are many bonuses there enumerated in the full draft rules that that you can download from the Economic Recovery Act website.

They are roughly broken into four categories, the first category is types so number of jobs, so the larger project, the larger bonus that you can get per job.

The next is kind of location, so, in addition to capping your base and your max depending on what location you’re in, you can get different award sizes.

Then, in addition, if you are having a quality of job so if you have a median salary that's significantly above the median salary in the county that you're in you can get some additional funding and bonuses per tax credit because those are high, high quality jobs.

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There are some bonuses relative to the actual capital investment and the facility so if you're making a significantly higher capital investment than is required by the law, we can give you some bonus tax credits, as well as if you're meeting certain suggestions in terms of green building standards.

So those are type of the facility. There's also a bonus for every job that enters into a labor harmony agreement or is covered by labor harmony agreement, you can get additional tax credits there

And then there's a few other policy objectives is the fourth category, so if you're providing childcare, or if a company is providing industry specific training that's available to the community or they're working with their prisoner reentry program there are additional benefits that are available.

Can we go to the next slide.

A little bit about fiscal in resident protections, the first is inducements. So we go to the next slide.

One of the interesting attributes of this law is that it requires EDA, not just to size awards, based on the formula that we just talked to a base plus bonuses, but then to really look at the business and to assess whether or not that amount of tax credit is required to bring that project to New Jersey.

We are in order to try to be a little more transparent and consistent, we will have a methodology that will allow us to assess and qualify this kind of inducement factor.

It will never result in a higher award than the maximum allowed, it may result in a low award.

When we look at that lower award, we will look at factors such as the size of the net benefit relative to the calculated award, a gap between New Jersey in alternative sites in terms of total cost not tied to the cost benefit analysis, the type of location opportunities for the state to capture leadership, as well as some of the other policy objectives that we talked about before.

So we'll look at all of those factors when we are considering whether, you know, the final sizing of the award that we would bring to the board.

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And one of the other features that's quite exciting and interesting and new in this program is a commitment to create using community benefits agreements. Mat indicated that these are required for projects with the total project cost of $10 million or more.

In new way that work is, the business will enter into the actual community benefits agreement with the chief executive of the municipality that project is based in. The authority will also, so the EDA will also be a signatory in that agreement, the municipality may, if the municipality does not want to do this negotiation or does not have the capability to, they can seek the county chief executive to actually lead this efforts.

To make sure that there is community engagement, we will require that they municipality or county in some circumstances will hold at least one community engagement session as publicly noticed and uses the open public meeting act requirements to make sure that they're getting community engagement before they enter into this community benefits agreements.

The municipality will negotiate the final terms after that engagement session and then they will establish a Community Action Committee. That Community Action Committee will then review the law for the ongoing progress and compliance between the company and municipality relative to any commitments that are made on the Community benefits agreement and then report back to EDA on an annual basis, whether or not the business is meeting their commitments or not.

In terms of what can be included in Community Benefits Agreements, the EDA, in the law, actually designates some options that can be in there: training commitments, local employment commitments, youth development or other infrastructure, support free services to underserved communities, but we are certainly not constraining the universe of things that can be in those agreements so we can certainly make them broader than that. We really leave it up to the municipality, and the company with the engagement of citizens to help determine the right level of commitments to make for each project.

We can go to the next slide.

I think that's it in terms of, that's a lot of information. We do recommend that you download a copy of the full regulations, I think it's around 50 or so pages. A lot of thought is in there are a lot of nuance. We've just given the highlights on the program. So with that I'll pause and headed back to Patience to kick off the public listening side of this.

Patience Purdy: Thanks Brian, thanks Mat, thanks Tim great information and hopefully some good public feedback coming up, I do want to remind everyone that in order to provide public feedback you do need to raise your hand- it's a little gold waving hand at the bottom of your screen.

And we want to give everyone that opportunity so we're going to limit feedback to three minutes. I'm going to have a fun little timer up there on the screen in just a minute.

If there's time at the end, and someone wants to provide additional comments we are going to, you know, we'll circle back around right now I think everyone's being a little shy, I only see one hand up.

So also want to remind everyone we're not here, it's not a like your standard Q and A, so we are here to clarify things but we're here to get your feedback on emerge on the rules and regulations and hear what you have to say.

So let me just pull this back up again and I'm going to, Dan you're the first one there with their hand Kelly is going to click the little allow you to talk button and unmute you and you'll be all ready to go.

Dan: Can you hear me.

Patience Purdy: Yes, we can hear you.

Dan: Hi how are you Thank you so much for having this, so the question that I have is we fall between that 100 to 500 we're looking at a site of about 350 individuals. Where do we fit in with that?

Patience Purdy: So I'll let Mat or Brian come in to clarify the guidelines as far as where you fall between 100 and 500

Brian Sabina: I'm sorry, could you just help us, could you repeat the question? I didn't quite understand the full scope of your question.

Dan: Yeah well, you mentioned that there were two areas, there was an area of over 500 individuals and an area less than 100 individuals or up to 100 individuals we happen to fall between those two points we're looking at a facility that's going to be about 350 So is there a special program for a facility of that size or..?

Brian Sabina: Yeah happy to do to answer this because I think it very much as a clarification, so as part of the program, there are kind of, there's a split at 100 jobs so for companies that have fewer than 100 people it'd be considered a small business.

And there are certain flexibilities and bonuses of benefits relative to being a small business in the program for any company that is over 100 full time equivalents you'd be kind of considered a normal you know regular business applicant into the program. The split at 500 is specific to the ability to apply with either new jobs vs retained jobs, so the minimum requirement for companies, applying to the program with new jobs is either 25 if you're in a targeted industry or 35 if you are in not targeted industry.

So if you're creating new jobs and you're looking for incentive, those are the minimums yeah So if you are a 350 person company, then you certainly would project and you would certainly.

If you're creating new jobs could fit into that that bucket However, if you are looking for incentive to retain your jobs, so, for example, if you're a company that is here in New Jersey.

And is considering leaving the state and you're seeking incentive to keep you in New Jersey, the minimum size of the jobs numbers we would look at for those sorts of conversations will be 500.

Patience Purdy: Okay, thanks, Brian.

So currently I don't see anyone else with their hand up.

So I was, I saw a couple of questions in the chat wondering if these were going to be posted online, yes, they will be posted online, so this first one will be posted online at www.njeda.com/emerge-feedback as will the ensuing. Okay, we found another taker and if I'm if I pronounce your name wrong, I apologize our next speaker is Aalap Shah.

Shah, Aalap: Yes, can you hear me.

Patience Purdy: We can, thank you for joining us thank you.

Shah, Aalap: If I have not yet incorporated, but I plan to incorporate a small business can you explain how the rules apply in terms of the minimum number of jobs created because it looks like there has to be I think a 50% increase.

But if you start up from zero then how does that work?

Brian Sabina: yeah I'm happy to answer this question because it's a clarify clarification of what's in the rules.

So, within the definition of small business it's any company that has less than 100 full time equivalents, obviously, if you are relatively new and have only one full time equivalent or your full time equivalent you meet that definition. The requirements for those circumstances, is that you would be required to create at least 25% growth over the course of your term.

So yeah if you had presumably one rounded up so if you had one job requirements would be that you would need to create at least one more job I would say that we should give it your specific situation, please reach out to us on our team members, and we can talk about that more specifically.

This program may not be best suited for really early stage, companies and there are other tools both an EDA, as well as with some of our sister agencies, like the Commission, on Science, Innovation, and Technology that may be a better fit to support your growth.

Shah, Aalap: Thank you very much.

Patience Purdy: Thanks Brian. Okay next in line we have Isaac Kramer.

Isaac Kremer: mute there we go is that better.

Patience Purdy: that's wonderful Thank you.

Isaac Kremer: Excellent so just introductory comment, thank you, I lead a small nonprofit in Metuchen we're a Main Street program one of about 21 in the state.

And we can only say good things about the partnership with EDA over the last year, especially.

Also, I find it very encouraging, you know as these new programs are being brought out.

I really think it's something for all of us to be proud of in New Jersey, of the vision and also the leadership being demonstrated the state level.

Having said that, you know, to focus it on the needs of the Main Street program like ours and businesses in our district, we have 355 members.

But probably only a dozen of those have revenues of a million dollars or more, or would even begin to approach, some of the job requirements.

So I want to understand the program better I think well the small business elements are admirable in practice it's going to be very hard for us to fit in with this program.

So that's my first comment, my second comment would be we're very interested in the historic preservation tax credits, the 40% state tax credit, especially.

Is those rules begin to be rolled out so if not this program we're definitely taking a close look at those and one last comment to tie it together.

When you're looking at the bonuses, I would hope that you consider Main Street districts and also our business improvement districts is providing kind of a value added service to businesses that choose to locate their.

Because, in many instances, those organizations are on the front lines providing support for small businesses, already, so I would hope that there would be an opportunity to partner with them with that I'll stop talking and maybe hear any response.

Brian Sabina: I will not respond to the specific nature of those questions, but I would say is Tim mentioned, this is one of 15 different programs that are included in the Economic Recovery Act.

One of the reasons there are 15 programs is because economic development requires a variety of tools to support a variety of different businesses and communities so there are there are specific programs that are focused on main streets that we're rolling out.

In the future, so I'm going to continue to look for anybody who is a smaller business or with any kind of mainstreet area I would continue to look out.

For additional programs, you can find more information on all the programs NJEDA.com/economicrecoveryact I'd encourage you to look at, specifically the Main Street section that website.

Patience Purdy: Thanks Brian. Thank you, Isaac for your comments, we appreciate it our next member of the public is Sheila Reynertson.

Sheila Reynertson: Hi, Thank you so much for allowing us to attend this presentation.

I do, as I was after my hand I started to really look at the full 60 page proposals, and so I do understand that the presentation today to scratch the surface, on some of these provisions, but I would love to hear a little bit of the community benefit agreements provisions sort of flesh out a little bit more, I see that you focused on the monitoring the implementation, the agreement which is really important, with the appointed Committee and the Committee reporting to NJEDA once a year, can you go into a little bit of what the accountability regulations look like I do see that you know mediators, possibly there are 60 days to fix it if they don't there's a hearing.

It just going into a little bit of that it seems to give businesses a long leash to uphold their end of the CBA. And I'm curious how that decision was made, thank you.

Brian Sabina: Yeah I'm happy to refer to the specific parts of the rules and just clarify what what's in there and what the process is I will comment on.

This is an area with where the was the law, provided the EDA the ability to define the right process here done that, in the rules as you indicated it starts with an agreement between the municipality and the business informed by public feedback signed off by the EDA there's an implemented Committee called the Community Action Committee that then reviews the implementation of that on a yearly basis they're required to provide a report to EDA.

Now you can imagine that there's a number of scenarios and that could happen to in the rules contemplate, I think.

All of the available scenarios, so what happens if the reaction committee does not file, what happens if they file and say everything is compliance, what happens if they file and there's a disagreement between the business belief that they're in compliance and the reaction committee belief the businesses is in compliance in those circumstances where there's a discrepancy.

EDA will play an active role of mediation or assigning a mediator, have a fixed period of time if we're if the mediation does not result in an agreed upon path forward the EDA would then take a an assessment of the of the situation itself we determine if there is a business in compliance or not, and if there is not there are penalties that range from suspension of tax agreement down to a withholding specific amounts of tax credits. You'll note that in the CBA requirements each commitment is required to have an associated costs or monetary value with size, how many how many tax credits we would withhold based upon that the monetary value that's agreed upon in the CBA

Sheila Reynertson: Thank you.

Patience Purdy: Thanks Brian I don't see anyone else with their hand up I do want to remind everybody that we will have two more public listening sessions.

The next one will be on Monday April 12 at 3pm and then, following that Wednesday April 14 at 3pm So if you didn't have a chance to read through all of the materials and want an opportunity to do that and then come back and provide your feedback we'd love to have you if you have colleagues or community members that you think are interested, please forward that information to them.

Information on the economic recovery act can always be found at www.njeda.com/economicrecoveryact we want to thank you all for being with us tonight appreciate your feedback and your input and we'll look forward to seeing you again soon.

We'll give it a couple minutes, maybe to see if somebody raises their hand but I haven't I haven't seen a raised hand in a while.

I think we can go back to Isaac you've got your second round of feedback coming up, thank you.

Isaac Kremer: This will be my second and final also be brief, I did notice the transit village designation and then the need base is I'm actually looking at page 23.

The qualified business facility in distress municipality or transit hub municipality so am I to understand that non distress transit hub municipalities, would be able to participate.

Brian Sabina: I think we're flipping to that part of the bill, could you just repeat your question again.

Isaac Kremer: Sure, it's page 23 number 5 item I. distress municipality or transit hub municipality so am I to understand that non distress transit hub municipalities would be eligible.

Brian Sabina: That is correct.

Isaac Kremer: Thank you.

Patience Purdy: Thank you Isaac.

And if we have no one else that would like to raise their hand again little yellow hand at the bottom of your screen.

I will say a final Thank you again and njeda.com/emerge-feedback or njeda.com/economicrecoveryact.

Again Monday April 12, at 3pm or Wednesday April 14, at 3pm Thank you.