



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 12, 2022

SUBJECT: NJ MVP, New Jersey Manufacturers Voucher Program.

Request:

The Members are asked to approve:

1. The creation of the NJ MVP, New Jersey Manufacturing Voucher Program, a pilot program that will provide New Jersey Manufacturers a grant to access equipment they need to become more efficient, productive, and profitable.
2. The utilization of \$20,000,000 from the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) to capitalize the NJ MVP, New Jersey Manufacturing Voucher Program. The utilization of \$1,000,000 of the \$20,000,000 funding is to be used by the Authority to cover administrative costs that are needed to administer the NJ MVP, New Jersey Manufacturing Voucher Program.
3. Delegation of authority to the Chief Executive Officer to approve certain individual applications for the NJ MVP, New Jersey Manufacturing Voucher Program, within the parameters set forth in this memo and the attached program specifications.

Background:

On June 30, 2022, Governor Murphy signed the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) into law. The Act allocates significant State funding for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments include, but are not limited to, **\$35 million for a Manufacturing Industry Initiative** to grow and strengthen the State’s manufacturing sector, including programs to spur capital investment, increase the adoption of new technology, attract new suppliers to the state, and expand workforce development and training opportunities. NJ MVP, New Jersey Manufacturing Voucher Program is utilizing \$20 million from that bucket to stimulate private sector investments to modernize New Jersey’s manufacturing industry. To help keep pace with state-of-the art product development and manufacturing technology, the New Jersey Manufacturing Voucher Program provides New Jersey manufacturers with a grant to access equipment they need to become more efficient, productive, and profitable.

Program Details:

NJ MVP – New Jersey Manufacturers Voucher Program will provide equipment grants sized at 30% – 50% of the cost of the eligible equipment (including installation) up to a maximum award amount of \$250,000. The program will target the State’s manufacturers within targeted industries that will purchase equipment that integrate advanced or innovative technologies, processes, and materials to improve the manufacturing of products. The program will also offer bonuses focused on certified woman, minority, veteran owned businesses (WMVB), opportunity zones, purchasing manufacturing equipment in New Jersey as well as bonuses for companies that has a collective bargaining agreement in place. NJ MVP is also committed to supporting small businesses by awarding manufacturers with under 100 Full Time Equivalents employees (FTE) higher award percentages. In addition, applications will be accepted on a rolling basis and remain open until all funds are committed.

Eligibility:

The NJ MVP pilot program will provide funding for New Jersey Manufacturers who meet a set of eligibility criteria.

To be eligible:

- Applicant company must be in a targeted industry (list and definitions are included in Appendix B)
- Company must obtain a Tax Clearance Certificate
- Equipment must be located and installed at a New Jersey location
- Must provide Purchase Quote, Order Proforma, and / or Equipment Listing.
 - Projects where a contract has been signed, a Purchase Order placed, or a deposit made in advance of submitting an MVP application WILL NOT be considered for funding)
- For profit and not-for-profit companies are eligible but home-based businesses are ineligible
- New and/or used equipment is eligible.
- Equipment must be used in the manufacturing process. See Appendix A (Program Specs) below.
- Total aggregated project cost (equipment + installation) must be at least \$25,000.00
- All contracts (including manufactures/supplier agreements) that are \$2,000 or more and requires installation of equipment is subject to Prevailing Wage Law.

In addition to the eligibility parameters already stated above, the applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD) and NJ Department of Environmental Protection (DEP) at the time of approval to be eligible for NJ MVP – New Jersey Manufacturers Voucher Program. A current tax clearance will need to be provided prior to closing / grant agreement to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation.

Targeted Industries:

The Board on July 14th, 2021, approved the use of the Emerge Program list definitions and of Targeted Industries to help guide uses of Economic Recovery Fund (ERF) monies as required by the Economic Recovery Act of 2020 (ERA). The ERA provides a consistent definition of “Targeted Industry” for various programs and authorizes the Authority to amend the list from time to time. As part of the approval of the Emerge Program on May 12, 2021, the Board approved a policy with definitions for each of the Targeted Industries included in the statute, including providing examples of what activities and sub-sectors were included and excluded from each industry definition. Those definitions are attached to this memorandum.

These definitions are applicable as the appropriated monies for NJ MVP – New Jersey Manufacturers Voucher Program will be deposited into Economic Recovery Fund (ERF), as explained further below.

Diversity, Equity, and Inclusion:

As a commitment and in support of the Authority’s Diversity, Equity, and Inclusion efforts, the NJ MVP – New Jersey Manufacturers Voucher Program supports projects that are in distressed areas and under-represented ownership groups. In particular, the NJ MVP will award bonuses to those applicants for each of the following areas:

Stackable 5% Bonuses Available for each of the following

- Opportunity Zone Eligible Census Tract (equipment located)
- Certified Woman, Minority, and Veteran Owned Businesses (WMVB)
- At least one Collective Bargaining Agreement in place

Stackable 10% Bonuses Available for the following

- Purchase equipment from a New Jersey Manufacturer. (Equipment must be manufactured and/or assembled in NJ)

Eligible Funding Uses:

Funding can only be used for the purchase and installation of (new and/or used) equipment used in the manufacturing process. The equipment must be located and installed at a New Jersey location. Eligible capital assets shall include any form of manufacturing equipment, technologically advanced equipment or production/operating systems, including but not limited to robotics, additive manufacturing, hardware or software for digital twinning, advanced sensor or control systems, IIoT (interconnected sensors, instruments, and other devices networked together with computers' industrial applications) systems and related security. In addition, for profit and not-for-profit companies are eligible but **home-based businesses are not eligible**. The acquisition of eligible equipment as it relates to NJ MVP must be executed at arm’s length.

Application Process:

Applications will be received on a rolling basis and the application period will remain open until all funds are committed. Applicants will have 14 Days after their application is reviewed to provide missing or incomplete documents.

Delegated Authority:

Delegation of authority to the Chief Executive Officer to approve individual applications for the NJ MVP for applicants that fit the specific examples outlined in the approved targeted industry definitions, including examples in Advance Manufacturing. Any other applicant that staff considers eligible must go to the Board for approval.

As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. Accordingly, CEO will delegate to the appropriate staff on all decisions and appeal decisions for non-discretionary reasons.

Program Funding

Per the Appropriations Act for Fiscal Year 2023 (FY2023) (“Act”), the EDA will receive \$35,000,000 in funding for the use of New Jersey Manufacturing Industry Initiative, of which \$20,000,000 will be used for New Jersey Manufacturer Voucher Program (NJ MVP) and deposited into the Economic Recovery Fund. \$1,000,000 will be used to cover administrative costs of this program. The assignment of the funds to the Economic Recovery Fund will allow the Authority to authorize a grant as listed under N.J.S.A § 34:1B-7.13(a)(12), which provides ERF Funds can be utilized “to provide grants or competition prizes to funds initiative based activities which stimulate growth in targeted industries as defined by the authority’s board or supports increasing diversity and inclusion within the State’s entrepreneurial economy. The NJMVP, as a grant program stimulating growth in Advanced Manufacturing, or manufacturing activities in any of the other seven targeted industries, is an eligible use of ERF funding.

Fees:

As listed in N.J.A.C. § 19:30-6.1, a non-refundable fee of \$1,000 shall accompany every application.

Recapture Provision:

If, in any tax period within the first 3 years of executed grant agreement, the company decides to leave the state, the authority will impose a scaled recapture of the award based on the scale below:

Moves out of State within	Recapture Percentage of the Face Value
1 year of executed grant agreement	100%
2 years of executed grant agreement	60%
3 years of executed grant agreement	30%

Recommendation:

The Members are requested to approve:

- (1) the creation of the NJ MVP – New Jersey Manufacturers Voucher Program, a pilot program to that will provide New Jersey Manufacturers a grant to access equipment they need to become more efficient, productive, and profitable.
- (2) The utilization of \$20,000,000 from the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) to capitalize the NJ MVP, New Jersey Manufacturing Voucher Program. The utilization of \$1,000,000 of the \$20,000,000 funding is to be used by the Authority to cover administrative costs that are needed to administer the NJ MVP, New Jersey Manufacturing Voucher Program.

(3) Delegation of authority to the Chief Executive Officer to approve certain individual applications for the NJ MVP, New Jersey Manufacturing Voucher Program, in accordance with the parameters set forth in this memo and the attached program specifications.



Tim Sullivan, CEO

Prepared by: Ivan Mendez

Attachments:

Appendix A - Proposed Product Specifications: NJ MVP, New Jersey Manufacturing Voucher Program
Appendix B – Targeted Industries

APPENDIX A:

Proposed Program Specifications October 12, 2022	
Funding Source	\$20,000,000 from the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) to capitalize the NJ MVP, New Jersey Manufacturing Voucher Program, of which \$1 million is for administrative costs.
Program Purpose	NJ MVP will provide New Jersey Manufacturers a grant to access equipment they need to become more efficient, productive, and profitable.
Eligible Applicants	Companies located in New Jersey with a NJ Tax Clearance Certificate.
Eligible Uses	<p>Applicant company must be in a targeted industry</p> <p>Eligible equipment must be used in the manufacturing process. Eligible capital assets shall include any form of manufacturing equipment, technologically advanced equipment or production/operating systems, including but not limited to robotics, additive manufacturing, hardware or software for digital twinning, advanced sensor or control systems, IIoT (interconnected sensors, instruments, and other devices networked together with computers' industrial applications) systems and related security</p>
Grant Amounts	30% - 50% of eligible project cost with a minimum of \$7,500 and capped at \$250,000.
Fees	As listed in N.J.A.C. § 19:30-6.1, a non-refundable fee of \$1,000 shall accompany every application.

APPENDIX B

“TARGETED INDUSTRIES” DEFINITIONS

The proposed definition of “Targeted industry” is the following:

“Targeted industry” means any industry identified from time to time by the Authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models. A project shall be considered to be in a targeted industry if the activity undertaken by the full-time employees will be in a targeted industry, or if the business is in a targeted industry. An eligible business shall be considered to be in a targeted industry, if the project is for full-time employees of a division or subsidiary that falls within the definition of a targeted industry. A division or affiliate of an eligible business that is in a targeted industry shall be considered to be in a targeted industry, even if the project is for full-time employees that do not work directly in the targeted industry. The Authority may consider whether a business fits into another innovative industry that disrupts current technologies or business models, by assessing factors such as, whether businesses in the industry are offering products or services that significantly improve current market offerings on the basis of price or other performance levels, whether the new industry creates opportunities for new firms to enter and redefine the supply chain or value chain of an industry, or whether the industry utilizes new technology or business processes that allow New Jersey-based firms to collect a share of revenues that were traditionally only available to companies in other geographies.

The Authority developed definitions and policy interpretations for each of the listed industries within the definition of “Targeted industry” as included in the Emerge program regulations and statute.

Advanced transportation and logistics industry includes, but is not limited to, the research, development, commercialization, and implementation of technology and innovative methodologies to move goods, services, and people, including by rail, road, air, sea, cable, space and the processing, storage, supply chain management, handling and packaging of goods and services.

Advanced transportation includes, but is not limited to, the areas of infrastructure, vehicles, and operations. Examples of advanced transportation technologies may include advanced transportation, sensor development, electrification of vehicles and infrastructure, new transport vehicle development, smart infrastructure and smart cities technologies.

Advanced logistics includes, but is not limited to, the research, development, commercialization, and implementation of innovative planning, storage, supply chain management, handling, and packaging of goods and services.

Examples of advanced logistics technologies may include real-time dynamic tracking or pricing, automated processing and handling, the use of blockchain and artificial intelligence, and the use of advanced telecommunication technologies in logistics.

Excluded from this industry are conventional warehousing and distribution facilities, operations and conventional transportation businesses, such as trucking.

Advanced manufacturing industry includes, but is not limited to, activities that integrate advanced or innovative technologies, processes and materials to improve the manufacturing of products. Such activities include research, development, commercialization, and implementation of new manufacturing methods and processes that utilize technology or other innovative methodologies including both physical equipment and software supporting advanced production.

Examples of advanced manufacturing technologies include additive manufacturing technologies, computer-aided manufacturing, utilization of advanced sensors and robotics to improve production, development of advanced materials to support production, and digital twin development and utilization. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are conventional manufacturing firms that do not sufficiently develop or utilize technologies such as those listed above.

Aviation industry includes, but is not limited to, commercial businesses that are directly involved with air transportation, which utilizes an aircraft, such as airplanes, helicopters and drones.

The aviation industry also includes aircraft manufacturing, aviation component manufacturing, aviation research, air safety, involvement with military aviation and the design, production or use of drones. The aviation industry also includes research, development, and commercialization of aviation-specific software, processes, guidance systems, technologies, and other industry-specific innovative methodologies. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are the operations of regularly scheduled commercial or private flights.

Autonomous vehicle research or development industry includes, but is not limited to, the research, development and implementation of technologies that support the advancement of vehicles that operate independently, increasingly without human involvement, and the related infrastructure for such vehicles.

Examples of autonomous vehicle and infrastructure technologies include sensors, radars, cameras, actuators, complex algorithms, machine learning systems, and software processors that support autonomous vehicle operations and maintenance. Excluded from this industry are research, development, and implementation of technologies that do not advance towards fully automated vehicular operations or the related infrastructure.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Zero-emission vehicle research or development industry includes, but is not limited to, the research, development and implementation of technologies that advance the production of electric and other zero emission vehicles that reduce greenhouse gas emissions or improve air quality and the related infrastructure. This industry also includes firms that are undertaking specific projects to implement these technologies.

Examples of zero-emission vehicle technologies include plug-in-hybrid electric vehicles, battery-powered electric vehicles, hydrogen fuel cell-powered vehicles, vehicle charging infrastructure, electricity grid infrastructure improvements, and software to support these technologies.

Excluded from this industry are research, development, and implementation of technologies that do not reduce greenhouse gas emissions or improve air quality.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Clean energy industry includes, but is not limited to, the research, development, commercialization, manufacturing of products and services, and implementation of technologies that support renewable energy generation and distributed energy resources, grid modernization, energy efficiency and zero-carbon building development, and transport system electrification.

Examples of clean energy technologies include solar power, onshore and offshore wind, electric battery storage, fuel-cell-based storage, carbon capture technologies, non-combustion waste-to-energy technologies, wave energy, water use minimization technologies, carbon-reducing materials, nuclear energy, heat pumps and geothermal, run of river hydroelectric, and other innovative recycling technologies and processes. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are distribution or transmission utilities, conventional landfill operations, combustion-based waste-to-energy projects, and natural gas projects.

Life sciences industry includes, but is not limited to, the research, development, commercialization, manufacturing, and implementation of innovative treatments, diagnostic tools, healthcare related software, medical devices, services, and equipment that supports the study, protection and improvement of plant, animal and human life.

Examples of life science industry practices include specialization in biomedicine, biochemistry, pharmaceuticals, biophysics, neuroscience, cell biology, biotechnology, medical devices, nutraceuticals, health-technology, botany and advanced agricultural development, cosmeceuticals, and life systems technologies. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Exclusions from this industry include direct provision of health care services in hospitals, outpatient facilities, dentist offices, nursing homes, or within a home setting.

Hemp processing industry refers to activities in compliance with the federal Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill) and any applicable regulations regarding hemp processing promulgated by the New Jersey Department of Agriculture, United States Department of Agriculture, or the United States Food and Drug Administration, including but not limited to, the research, development, commercialization, processing and manufacturing of commercial and industrial hemp products derived from hemp seeds, oil, fibers and shives for commercial use, including in the automotive, construction, food and beverage, personal care, and textile industries.

The term also includes research and development activities that advance hemp processing equipment and technologies for production, testing, and manufacturing operations, provided that such activities comply with the above-referenced laws and regulations. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

The hemp processing industry excludes hemp grown for personal use or with a tetrahydrocannabinol (THC) concentration of 0.3% or greater.

Information technology industry includes, but is not limited to, the research, development, and commercialization of advanced software products and information technology services.

Information technology industry includes specialization in application and software development, advanced data analytics, artificial intelligence, blockchain related development, eSports, cybersecurity, cloud computing, provision of web services or servers, telecommunications, mobile communications services, provision of software as a service and other computing technologies.

Information technology industry does not include retail IT service providers, software implementation services that utilize customized product implementations, third party technology implementation to utilizes off-the-shelf solutions, website design services, social media or marketing services, and businesses from other industries that generally utilize technology to support their business operations.

High technology industry includes, but is not limited to, the research, development, commercialization, and manufacturing of technology hardware, technology processes, electronics, and technology-based components.

High technology industry also includes specialization in microelectronics, telecommunications, electronics equipment and components, advanced computing hardware, data storage hardware, advanced optical products and equipment, advanced sensor and instrumentation development, digital imaging, electromagnetics, mobile communication devices and infrastructure, semiconductors and semiconductor equipment.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Finance and insurance industry includes, but is not limited to, the research, development, commercialization and management of financial and risk-management solutions, products and services for individuals, businesses and government agencies, including insurance lines, investment banking, depository and lending, and investment management services.

The finance and insurance industry may include technology driven financial innovations generally referred to as fintech, research and development activities that advance finance and insurance industry practices, including executing financial transactions. The finance and insurance industry may also include wagering platforms and related products and services, cryptocurrencies and related products and services, and regional or global headquarters of finance and insurance operations.

Excluded from this industry are retail banks, insurance, or wagering operations, real estate or leasing companies, and short-term or “payday” lenders operations.

Professional services industry includes global headquarters, regional headquarters, or major service hubs (such as innovation centers or centers of excellence) of knowledge-economy based businesses, from which customers or operations across multiple states or countries are served.

Examples of knowledge-economy based businesses considered providing professional services include firms that specialize in consulting, accounting, advertising, law, marketing, architecture, design, and engineering firms.

Exclusions from this industry include local branch offices of professional services providers, real estate agents, travel agencies, local contractors or architects, trades-based services, financial planners, doctors, dentists, and other offices or business units where a material amount of the professionals require business licenses to operate in the State.

Film and digital media industry includes, but is not limited to, the production and management of media communications, processes and technologies for theatrical motion pictures, television and cable broadcast, streaming services, web-based platforms. Digital media may include spoken word production and media software including video games. Research and development activities that advance media production, management and technology are also included.

Exclusions are productions intended for local broadcast and local performance venues, and companies and businesses that provide indirect sources of support to the production industry such as food services (including craft services and catering) and vehicle rentals used solely for transportation purposes.

Non-retail Food and Beverages industry includes, but is not limited to, the growing, processing, packaging, preservation and distribution of raw agricultural goods into consumer food products, including fresh prepared foods, packaged foods, and alcoholic and nonalcoholic beverages, aquaculture and fisheries.

The industry includes the regional or global headquarters for food-based businesses, breweries, wineries and major wholesale food distribution facilities. Research and development activities that advance food innovation technologies, commercialization, production, food distribution models and manufacturing operations are also included in the non-retail food and beverage industry.

Excluded from this industry include distribution businesses serving retail food customers, including grocery stores, farmers markets, community supported agriculture organizations, bodegas, or convenience stores, and establishments that serve food and beverages, including restaurants, cafeterias, cafés, fast-food, pubs, delis, and catering businesses.