

NJ Entrepreneur Support Program FAQs

1. What are the basic eligibility requirements to qualify for this program as a start-up?

A startup company must:

- Have a minimum of 50% of employees in NJ
- Have less than 225 total employees at the time of application
- Have corporate or business headquarters in New Jersey (including at least one C suite member with a principal office in New Jersey)
- Fall under one of the NJEDA targeted industries
- Be registered to do business in NJ and have an up-to-date Tax Clearance Certificate
- Be in good standing with the Department of Labor

2. What are the NJEDA targeted industries?

- To be eligible, a startup company must participate in at least one of NJEDA's targeted industries; a list will be available on the program's website. These industries may be updated at the discretion of the NJEDA.

3. Are there any prohibited businesses/business activities?

- Yes. Businesses that are not eligible for this program include, but are not limited to: gambling or gaming activities; the conduct or purveyance of "adult" (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or "lost-our-lease" or "going-out-of-business" or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; any activity constituting a nuisance; or any illegal purposes.

4. What are basic eligibility requirements to qualify for this program as an investor?

- Investors can include, but are not limited to, institutional investors, individuals, trusts, and corporations
- Qualified investors are not required to be New Jersey residents

5. What form does the investor funding have to take to qualify?

- Funding must have a minimum one-year maturity, have no current payment requirements for principal or interest in year one, be executed and funded as of March 10, 2023 or later, and be unsecured.

6. Do I need to put money into my own startup business to be eligible for the Entrepreneur Support Guarantee?

- No. The program is for supporting new money from third-party investors to help companies.

7. If I am looking for new investors for my startup business, can they take advantage of the Entrepreneur Support Guarantee?

- Yes. The program is focused on encouraging both existing and new investors to support eligible startup companies.

8. I don't want to give up any more equity in my startup to my current investors. Do I have to further dilute my ownership to participate in the Entrepreneur Support Program?

- No. To qualify, the funding must come to the NJ startup in the form of a one-year note. The note may be convertible debt, but it does not have to be. A one year note without an equity component would qualify.

9. If I am an angel investor and participate in this program, am I still eligible to participate in the Angel Investor Tax Credit program?

- Yes – if you meet the other program criteria and you have converted the guaranteed note, you may participate in Angel Investor Tax credit program. The Angel Investor Tax Credit program requires that you apply within 6 months from the date of conversion, and that you meet all program criteria at the conversion date. Please note that the two programs differ in eligibility requirements. For example, there is a 75% NJ employee requirement for the Angel Investor Tax Credit vs. 50% for this program.

10. What about if my startup has multiple investors who want to take advantage of the Entrepreneur Guarantee Program – is that allowed?

- Yes – however, please note that each startup company can only have up to \$400,000 of program guarantees. So multiple investors cannot exceed the startup company's total available guarantee amount. It is up to the investors and the company to determine how they want to split the guarantee and apply to the program. Investors' applications will be reviewed and approved on a first come basis.

11. I haven't invested in the startup company before but intend to now. Will I be eligible for the guarantee if the investment is made after the program is live, and to the extent funds are still available?

- Yes. The program is for supporting new money from third-party investors to help. An investment must be executed and funded after March 10, 2023.

12. I am an investor and I have an outstanding note with the company prior to March 10, 2023 and more than one year still remains until the note matures. Do I qualify for the guarantee program?

- Maybe. The outstanding note will not be able to receive a guarantee. However, if you made a new investment after March 10, 2023, and meet all other program criteria, then a new investment may qualify.

13. I have an outstanding note prior to this program and I also intend to invest additional capital. Are both my outstanding note and new funds eligible for the guarantee as long both notes have more than 1-year maturity?

- The prior note will not be eligible, but the new funding investment may be. This program applies only to the new invested dollars after March 10, 2023. Therefore, only the new funding may be eligible.

14. What can the startup company use the guaranteed note proceeds for?

- The capital received must be used as working capital to support the startup.

15. Under what conditions can the guarantee be paid?

- The investor will need to request payment on the guarantee from NJEDA in writing and no later than 90 days after the one-year maturity of the guarantee. The investor and startup company will need to confirm and verify that by the end of the one-year guarantee maturity either:
 - i. the investor and company do not have any outstanding tax liabilities, company operations have ceased, and the company has filed a certificate of dissolution, or
 - ii. the company does not have the liquidity to repay the note, and the note has not converted. Liquidity will be measured by the greater of the average cash on the balance sheet of the company for the last three months prior to the note maturity, or the three-month average cash flow on the cash flow statement for the last three months prior to the note maturity.