



## MEMORANDUM

**TO:** Members of the Authority

**FROM:** Tim Sullivan  
Chief Executive Officer

**DATE:** February 8, 2023

**RE:** New Jersey Indoor (NJ) Amusement Park Grant Program

### Summary

The Members are asked to approve:

- 1) The creation and specifications of a pilot grant program called the “NJ Indoor Amusement Park Grant,” which will make grant funding available to for-profit establishments that operate indoor amusement parks, arcades and entertainment facilities, and demonstrate a minimum 50 percent reduction in indoor gross revenue for the 12-month period beginning April 1, 2019.
- 2) The utilization of \$5,000,000 from the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) for “Recovery Grants to Indoor Amusement Parks” to capitalize the NJ Amusement Park Grant.<sup>1</sup>
- 3) Delegation of authority to the Chief Executive Officer to approve individual applications for the NJ Amusement Park Grant Program, within the parameters set forth in this memo and attached program specifications.

### Background

On June 30, 2022, Governor Murphy signed S2023, the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”), into law as P.L. 2022, c.49. The Act allocates significant State funding for numerous strategic economic development investments to support key industries and continue to bolster recovery for NJ businesses to assist with statewide growth. One of the specific strategic COVID support reinvestments in the Act is an appropriation of \$5 million to support NJ indoor amusement parks impacted by COVID-19. This funding is specific to NJ businesses engaged in activities under specific North American Industry Classification System (NAICS) codes (code 713110 – Amusement and Theme Parks or 713120 – Amusement Arcades) as of April 1, 2020. As COVID-19 restrictions prohibited or restricted public gatherings, this public safety measure resulted in a significant reduction in indoor amusement park and arcade attendance and usage, leading to significant loss of revenue to establishments that rely on admission fees to support operations. This budget appropriation will allow NJEDA to create and administer a COVID-specific non-competitive grant product for this specific industry. NJEDA established eligibility criteria based off the appropriation

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<sup>1</sup> Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Recovery Grants to Indoor Amusement Parks shall be used to provide grants to businesses that are engaged in activities described in Code 713110 or 713120 of the North American Industry Classification System, as that code read on April 1, 2020, and that are able to demonstrate a minimum 50 percent reduction in gross revenues from indoor operations for the 12-month period beginning April 1, 2019, pursuant to an application process administered by the New Jersey Economic Development Authority, subject to the approval of the Director of the Division of Budget and Accounting. P.L. 2022, c.49, p. 193.

language and staff is proposing that criteria in this memo and product specifications to then take in applications from eligible applicants to then process.

**Program Details:**

This pilot grant program will provide grants to help subsidize a loss of revenue for indoor amusement facilities. Specifically, grants are open to establishments that are engaged in activities described by specific codes of the North American Industry Classification System (NAICS) and must be registered under NAICS code 713110 or 713120 as of April 1, 2020 or on their 2020 and 2021 federal tax return. Based on these NAICS codes there will be some applicants that may have a combination of indoor and outdoor operations. NJEDA staff will be utilizing the federal tax returns from 2020, 2021, and proof of current tax return or approved extension for each applicant to ensure this code registration requirement is being met and is consistent with other federal tax filings. Staff will also be utilizing federal tax returns of year 2019, 2020, 2021, and current tax filings to ensure applicants self-reported revenue is comparable to their tax returns. Amended tax returns will not be allowed. Any entity not classified under the two eligible NAICS codes (713110 or 713120) for their 2020, 2021, and current tax return are ineligible for this grant because the appropriation speaks specifically to these two codes only. The appropriation requires the applicants to demonstrate a minimum 50 percent reduction in gross revenues from indoor operations for the 12-month period beginning April 1, 2019. For NJEDA to make this determination applicants will be asked to identify their NJ indoor gross revenue at time of application from April 1, 2019 to March 31, 2020 compared to April 1, 2020 to March 31, 2021, as well as gross revenue on all NJ operations, thus demonstrating a reduction in overall gross revenue and ensuring each applicant has a need. This will be used to determine both eligibility and awards sizes for the grant program, and to ensure applicants meet the 50 percent reduction to indoor gross revenue that is required. NJEDA will utilize the applicants' federal tax returns to ensure their self-reported gross revenue information is in line with their federal tax returns.

**Eligibility**

NJEDA will be requesting the applicants NJ formation documents to ensure eligible applicants were formed on or before March 9, 2020. Applicants must also certify at time of application to currently being open and operating.

Eligible applicants would have to provide their federal tax returns starting from year 2019 up to their current tax filing. NJEDA would look to their 2020, 2021, and current filing to ensure the eligibility was met by having the two specific NAICS code identified in the budget language. This would ensure consistency in filing and use of NAICS code year over year. If someone has changed their NAICS code in any one of the identified years and it is different from the two identified, then the applicants would be deemed ineligible for this grant.

Applicants must demonstrate a need by showing a minimum 50 percent reduction in their indoor self-reported gross revenue at time of application for a month period starting April 1, 2019 to March 31, 2020 compared to April 1, 2020 to March 31, 2021. Applicants will also have to report their gross revenue on operations at the same location. To be eligible applicants would also have to show a reduction in their self-reported gross revenues at time of application. All gross revenue reported will be specific to the applicant's operations in NJ whether it's related to their self-reported indoor or gross revenue. Both needs have to be met to be eligible for a grant award.

Consistent with the approach taken across other NJEDA grant programs, the applicant must be in good standing with the New Jersey Department of Treasury, Division of Taxation, as evidenced by a current NJ tax clearance certificate; the New Jersey Department of Labor and Workforce Development (LWD), the New Jersey Department of Environmental Protection prior to approval to be eligible for the grant funding. Applicants can't have defaulted with NJEDA on any other products.

Because this grant is for applicants that have an indoor component to their operations, applicants must certify at time of application to having a portion of their operations being indoors. For example, this means that outdoor waterparks that have the eligible NAICS code (for example for an indoor arcade), but have no other indoor activity, ride, or operations will be deemed ineligible for this grant.

### **Awards**

Grant awards will be calculated by the amount of decrease in the applicant's self-declared gross revenue from April 1, 2019 to March 31, 2020 and April 1, 2020 to March 31, 2021, or \$100,000, whichever is less, unless the applicant is located in an Opportunity Zone eligible census tract. If the applicant is located in an Opportunity Zone eligible census tract, the award cap is \$150,000.

Awards will be based purely on the on the reduction of the applicant-provided gross revenue, not their indoor gross revenue. Applicants are allowed to receive one grant award per EIN, with a minimum award of \$5,000.00 per EIN.

### **Eligible Uses of Funds**

Applicants that receive an award will enter into a grant agreement with NJEDA and will agree that the uses of the grant proceeds are limited to support the applicant's working capital costs only. The grant cannot be used for any other use. Specific ineligible uses may include but are not limited to any construction work or contract labor costs, purchase of land, improvements to their facility, and any equipment purchases that exceed costs of \$1,999.99.

### **Application Approvals, Declinations and Appeals**

Applications for this program will be accepted on a first-come, first-served basis, based on the date and time in which the Authority receives the application for a period of at least 30 days, or until funds are exhausted, whichever is first. All applications will be reviewed for completeness in the order that they are received by the Authority. At the sole discretion of the Authority, staff may ask for clarification of the information provided in the application including, but not limited to, responses, documentation, and attachments at any time prior to award. Applications will be accepted on a rolling basis and proceed based on their completeness. Limit of one grant award per EIN.

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 declination decisions and appeal decisions for non-discretionary reasons.

### **Fees**

Applicants for the New Jersey Indoor (NJ) Amusement Park Grant Program will be charged a \$1,000 application fee as required for pilot products under the Authority's fee rules.

### **Recommendation**

The Members are asked to approve:

- 1) The creation and specifications of a pilot grant program called the "NJ Indoor Amusement Park Grant," which will make grant funding available to for-profit establishments that operate indoor amusement parks, arcades and entertainment facilities, and demonstrate a minimum 50 percent reduction in indoor gross revenue for the 12-month period beginning April 1, 2019.

- 2) The utilization of \$5,000,000 from the Fiscal Year 2023 (FY2023) Appropriations Act (“Act”) for “Recovery Grants to Indoor Amusement Parks” to capitalize the NJ Amusement Park Grant<sup>1</sup>
- 3) Delegation of authority to the Chief Executive Officer to approve individual applications for the NJ Amusement Park Grant Program, within the parameters set forth in this memo and attached program specifications.

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Tim Sullivan  
Chief Executive Officer

#### Attachments

Exhibit A – New Jersey Amusement Park Product Specifications

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<sup>1</sup> Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Recovery Grants to Indoor Amusement Parks shall be used to provide grants to businesses that are engaged in activities described in Code 713110 or 713120 of the North American Industry Classification System, as that code read on April 1, 2020, and that are able to demonstrate a minimum 50 percent reduction in gross revenues from indoor operations for the 12-month period beginning April 1, 2019, pursuant to an application process administered by the New Jersey Economic Development Authority, subject to the approval of the Director of the Division of Budget and Accounting. P.L. 2022, c.49, p. 193.

Appendix A

**New Jersey (NJ) Amusement Park Grant Program- Product Specifications**

<b>Funding Source</b>	\$5,000,000 as listed in the Fiscal Year 2023 Appropriations Act
<b>Program Purpose</b>	Utilize designated 2023 budget funding to create a grant program to support for-profit establishments that operate indoor amusement parks under the NAICS codes of 713110 and 713120 (must be as of April 1, 2020) and are able to demonstrate a minimum 50 percent reduction in their indoor gross revenues for the 12-month period beginning April 1, 2019.
<b>Eligible Applicants</b>	<ul style="list-style-type: none"> <li>• Eligible applicants must meet the following criteria to be eligible for this grant:</li> <li>• Must be a for profit entity located in New Jersey as per the budget language.</li> <li>• Uses NAICS Code 713110 or 713120 of the North American Industry Classification System, as that code read on April 1, 2020 using as per their 2020, 2021, and current federal tax return or proof of approved extension. Federal tax returns cannot be amended and used for the grant application. Applicants would have to provide federal tax returns for 2020, 2021, and current tax return to demonstrate this is met.</li> <li>• Demonstrate a minimum 50 percent reduction in indoor gross revenues for the 12-month period beginning April 1, 2019 to March 31, 2020 and April 1, 2020 to March 31, 2021 as certified by applicant at time of application.</li> <li>• Applicants must have a demonstration of need which will be determined by a reduction in the applicants self-reported gross revenue in their federal tax return for the 12-month period beginning April 1, 2019 to March 31, 2020 and April 1, 2020 to March 31, 2021.</li> <li>• Registered to do business in New Jersey and in good standing with the NJ Division of Taxation, as evidenced by a current NJ Tax Clearance Certificate prior to approval.</li> <li>• Applicant must be good standing at time of approval with the NJ Department of Labor, NJ Department of Environmental Protection and NJ EDA.</li> <li>• Applicant certification at time of application that their operation has at least a portion of their business that is indoors of their NJ commercial space and their operations are currently open and operating.</li> <li>• NJ formation documentation that verifies the applicant was formed on or prior to March 9, 2020.</li> <li>• Ineligible applicants: waterparks that have only outdoor operations,</li> </ul>

	activities, rides, or services. An indoor component of operations, rides, activities, or services must be within the applicant’s commercial space.
<b>Eligible Uses</b>	<p>Grant funds may only be used for operating costs for the business.</p> <p>Grant funds may not be used for any purpose other than operating costs including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Property acquisition</li> <li>• Any construction or contracts for labor</li> <li>• Demolition</li> <li>• Purchase of equipment or installation greater than \$1,999.99</li> </ul>
<b>Application Intake: Review, Approval, Declines, and Appeals</b>	<p>Applications for this program will be accepted on a first-come, first-served basis, based on the date and time in which the Authority receives the application for a period of at least 30 days, or until funds are exhausted, whichever is first.</p> <p>Applications will be limited to one (1) application per EIN</p> <p>Delegation of authority to the Chief Executive Officer to approve individual applications for the NJ Amusement Park Grant Program, within the parameters set forth in this memo and attached program specifications.</p>
<b>Grant Amount</b>	<p>Grant awards will be calculated by the amount of the decrease in the applicant’s gross revenue self-declared at time of application from April 1, 2019 to March 31, 2020 compared to April 1, 2020 to March 31, 2021 or \$100,000; whichever is less, unless the applicant is located in an Opportunity Zone eligible census tract then the award cap is at \$150,000.</p> <p>Minimum awards of \$5,000.00.</p>
<b>Disbursement</b>	Disbursements will be made upon execution of the grant agreement.
<b>Fees</b>	\$1,000 application fee for each applicant.