

**New Jersey Economic Development Authority
Employee Stock Ownership Plan Assistance Program (“ESOP”)
NOTICE OF FUNDING AVAILABILITY**

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting applications for the Employee Stock Ownership Plan Assistance Program (“ESOP” or “Program”) on May 5, 2025, at 10:00am EST. Applications must be submitted by May 4, 2026, at 5:00pm EST.

The Program will make available up to \$2,700,000 in funding, as approved by the Authority Board on [April 9, 2025](#), through a rolling application process to eligible applicants (“Applicant” or “Client”) for 90% or up to \$35,000 in reimbursement cost for the business’s Feasibility Study Services to be paid out to an Authority Approved contractor. **The remaining 10% of the total fee for services is the responsibility of the Applicant.**

No application fees will be charged for this program. The application can be accessed at: <https://www.njeda.gov/esop-assistance-program/>

Purpose and Overview

The Program was created in response to Executive Order 262 (2021) issued by Governor Phil Murphy, which established a Wealth Disparity Taskforce to examine and address wealth disparities affecting Black and Hispanic or Latino New Jerseyans. The New Jersey State Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74) allocated \$6 million for Wealth Disparities Initiatives, including the development of a statewide employee ownership program. This Program aims to address technical and financial barriers in the employee ownership transition process, which often challenge business owners and employees due to complex legal, accounting, administrative, and compliance requirements. Despite these hurdles, employee-owned companies have been successful in creating and sustaining wealth for their employee owners. The program seeks to foster an ecosystem around employee ownership models, which are gaining popularity in various states and local jurisdictions.

Funding Source

The total funding available for the Program is up to \$2,700,000 allocated from the Wealth Disparities Initiatives funds from the New Jersey State Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74).

The total funding and award amount are based upon current information about funding availability. NJEDA reserves the right to increase that amount and number of awards should additional funds become available.

Program Details

The ESOP Program will connect New Jersey interested businesses with **one of two approved contractors** who will offer Feasibility Study Services to assist with the beginning stages of

ESOP transitions, for a period of one year with the option to extend the contracts for an additional year to increase the number of New Jersey businesses under employee ownership structures.

This program aims to provide employees with opportunities to have a greater stake in the businesses, generate sustainable and equitable wealth, and ensure greater financial security by supporting Feasibility Study Services to assist with the beginning stages of ESOP transitions for eligible New Jersey businesses. There are no specific geographic areas mentioned that this program is targeting, other than being applicable to businesses located in New Jersey.

Eligible Applicants

Eligible Applicants must meet the following criteria at time of approval:

- Business must currently be located in New Jersey.
- Business must have at least 20 full-time employees, as evidenced by NJ WR30 and/or NJ 927 at the time of approval.
- Businesses must provide a current tax clearance certificate and be in good standing with New Jersey agencies, including the Department of Labor and Workforce Development and the Department of Environmental Protection.

Ineligible Applicants

Ineligible Applicants include businesses involved in conducting or purveying "adult" activities, services, products, or materials, such as pornographic, lewd, prurient, obscene, or otherwise similarly disreputable activities. Other ineligible activities include any auction, bankruptcy, fire, "lost-our-lease," "going-out-of-business," or similar sales, sales by transient merchants, Christmas tree sales, or other outdoor storage, or any activity constituting a nuisance.

Eligible Uses by Approved Contractors Only

Eligible uses for this Program is for Employee Stock Ownership Plan feasibility study services which may include tasks such as the analysis of a business' earnings with interest, taxes, depreciation, and amortization added back in (EBITDA), management team structure, structure and number of employees, value of a company, existing employee benefits, transaction structure, and any tasks that may be necessary to execute to assist a business in achieving the optimal metrics for an ESOP transition. Services should, at a minimum, produce an in-depth, written assessment of the company's outcomes based on the above measures.

Application Submission and Review Process

Applications will be accepted via the Program's online application portal during a one-year application period from **May 5, 2025, 10am EST to May 4, 2026, 5pm EST**. Applications for the Program will not be accepted after the deadline or when funding for this Program is depleted, whichever comes first. Applicants must complete all required application questions fully and

upload all required documents. NJEDA staff will review all applications for completeness and eligibility.

Applicants will be notified in writing of any deficiencies identified within or clarification of their application. Applicants will have ten (10) business days from the staff notification to cure or provide clarifications. Applicants that fail to cure or provide clarifications during the 10 business day period will be deemed incomplete and the application will be administratively withdrawn.

The Authority will then distribute eligible Applicant leads to the two approved Contractors for consideration. The Contractor will contact the potential Client business and schedule a diagnostic interview meeting with the interested party to gain an understanding of the desired outcomes in exploring an employee stock ownership plan, discuss the services to be offered, and the partnership the firm has entered into with the NJEDA that will provide financial assistance for the aforementioned services.

Following the initial meeting, the Contractor will develop a proposal that will be shared with the potential Client for approval and signature. Thereafter, the Contractor will forward the signed proposal to the Authority for project approval.

Once the project is fully completed, , the Contractor must submit a final invoice to the Authority, accompanied by a copy of the signed proposal and evidence of the completed work, such as the final feasibility study with sensitive personal information redacted, final recommendations, supporting documents, etc. The Contractor's invoice will include the initial cost of any feasibility study service.

NOTE: The Client will be responsible for all subsequent, ongoing costs/fees associated with executing final recommendations, including transition services if the business elects to proceed with an ESOP transition.

Grant Amounts

The Program will fund up to 90% of each business's Feasibility Study Services, with a maximum award amount of \$35,000 per business. **The remaining 10% of the total fee for services is the responsibility of the Applicant.**

Grant Funding Disbursements

The Authority will issue final payment to the Contractor upon receipt and review of the final invoice and after the Applicant has completed a customer satisfaction survey.

Fees

No application fees will be charged for this program.

Additional Requirements and Information

Comprehensive information about the Employee Stock Ownership Plan Assistance Program is available at <https://www.njeda.gov/esop-assistance-program/>.

Questions concerning this Program Notice of Funding Availability should be submitted to ESOPAssistanceSupport@njeda.gov.

State and Federal Requirements

Funding for this grant is subject to State and Federal statutes including, but not limited to, the following, which may impact affiliates: N.J.S.A. 52:32-60.1, et seq., which prevents the New Jersey government entities from certain dealings with businesses engaged in prohibited activities in Belarus or Russia; Compliance with the list of Specially Designated Nationals and Blocked Persons promulgated by the Office of Foreign Assets Control (OFAC), <https://sanctionssearch.ofac.treas.gov>; N.J.S.A. 24:6I-49 which provides that the following are not eligible for most State or local economic incentives (a) a person or entity issued a license to operate as a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or that employs a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and (b) a property owner, developer, or operator of a project to be used, in whole or in part, by or to benefit a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or to employ a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and N.J.S.A. 52:13D-12, et seq., which prohibits a member of the Legislature or a State officer or employee or their partners or a corporation in which they owns or controls more than 1% of the stock to undertake or execute any contract, agreement, sale, or purchase of \$25.00 or more, made, entered into, awarded or granted by any State agency, with certain limited exceptions including grant awards by the New Jersey Commission on Science, Innovation and Technology.