

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 4360**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: NOVEMBER 14, 2023

**SUMMARY**

**Synopsis:** Creates grant program for business accelerator and incubator networks; transfers \$1 million in societal benefits charge revenues to EDA to administer program.

**Type of Impact:** Time-limited State expenditure increase. Potential State revenue increase. Potential local expenditure increase.

**Agencies Affected:** Board of Public Utilities.  
Economic Development Authority.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2024 – FY 2030</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>Potential State Revenue Increase</b>	Indeterminate
<b>Potential Local Expenditure Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate State expenditure increase for the Economic Development Authority to establish and administer the new Business Accelerator and Incubator Network Grant Program. Any fiscal impact associated with the bill is temporally limited since the program is set to expire six years following enactment of the bill.
- The bill authorizes the Economic Development Authority to determine the grant award amounts for the new program. The OLS cannot predict the demand for the grants established by the bill nor the amount of funding that would be allocated to the grant program.
- The OLS notes that the bill caps the total amount of societal benefits charge collections that may be used to support the program at \$1 million.
- The bill allows electric and gas public utilities to recover some or all of the costs associated with societal benefit charge collections used to support the program. Given that all State and local government entities consume and pay for energy, indirect State and local costs would increase based on the increase in their utility bills which will be spread across the entire rate

base paid by all energy consumers. The Board of Public Utilities would realize an increase in societal benefits charge revenues collected from the electric and natural gas ratepayers.

## **BILL DESCRIPTION**

The bill directs the Economic Development Authority to establish and administer the Business Accelerator and Incubator and Network Grant Program for the purpose of awarding grants to an individual or network of business accelerators or incubators that provide support to incubator businesses that are located within a business accelerator or incubator in this State. Grants may be made to a business accelerator or incubator in an amount as determined by the authority. Grant funds may be applied to: 1) any aspect of the business accelerator or incubator that provides support to incubator businesses in the business accelerator or incubator as determined by the authority; or 2) any aspect of an incubator business operating within the business accelerator or incubator.

The bill requires the Economic Development Authority to support the program with the following sources of funds: 1) societal benefits charge revenues collected by the Board of Public Utilities that the authority determines are necessary in response to the demand for the program, up to \$1 million; 2) funds as may be available to the Economic Development Authority from other business development programs administered by the authority or other State agencies or authorities, and which the authority determines to be necessary in light of the volume of applications from business accelerator or incubators and incubator businesses for grants under the grant program as necessary to implement the bill; and 3) other monies as may be made available to the authority from public or private sources.

The bill requires the Economic Development Authority to prepare an annual report on the program, deliver the report to the Governor and the Legislature, and make the report available on the authority's website. The program is to expire six years after its establishment upon the effective date of the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill will result in an indeterminate State expenditure increase for the Economic Development Authority to establish and administer the new Business Accelerator and Incubator Network Grant Program. Any fiscal impact associated with the bill is temporally limited since the program is set to expire six years following enactment of the bill.

The bill authorizes the Economic Development Authority to determine the grant award amounts for the new program. The OLS cannot predict the demand for the grants established by the bill nor the amount of funding that would be allocated to the grant program. For reference, the OLS notes that the Economic Development Authority currently administers two programs that support business accelerators and incubators: NJ Accelerate and NJ Ignite.

The OLS notes that the bill caps the total amount of societal benefits charge collections that may be used to support the program at \$1 million. Pursuant to the Electric Discount and Energy Competition Act, P.L.1999, c.23, the societal benefits charge is embedded in electrical and natural gas ratepayers' utility bills. The proceeds of the charge are used to finance energy assistance programs administered through the Universal Service Fund, energy demand management programs (e.g., the Clean Energy Program and electric vehicle incentives), energy consumer education programs, nuclear plant decommissioning, and manufactured gas plant remediation. Under the bill, the Economic Development Authority may also use available funding from other business development programs it administers or solicit funding from other public or private sources to cover the cost of the program.

The bill allows electric and gas public utilities to recover some or all of the costs associated with societal benefit charge collections used to support the program. Given that all State and local government entities consume and pay for energy, indirect State and local costs would increase based on the increase in their utility bills which will be spread across the entire rate base paid by all energy consumers. The Board of Public Utilities would realize an increase in societal benefits charge revenues collected from the electric and natural gas ratepayers.

The Economic Development Authority may incur additional costs to prepare a required annual report on the Business Accelerator and Incubator Network Grant Program. The OLS does not have the necessary data to quantify the additional cost the authority may incur as a result of the bill; however, the OLS assumes any costs would be absorbed into the authority's operating budget.

*Section: Revenue, Finance, and Appropriations*  
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*Approved: Thomas Koenig*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).