

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5063

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: AUGUST 23, 2023

SUMMARY

- Synopsis:** Establishes “Innovation Partnership”; provides funding for certain nonprofit partnerships to promote certain emerging technology businesses.
- Type of Impact:** Annual State expenditure increases; potential annual indirect State revenue increases
- Agencies Affected:** New Jersey Commission on Science, Innovation and Technology.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Potential Indirect State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill would result in an indeterminate increase in annual State expenditures. The bill establishes a framework for the New Jersey Commission on Science, Innovation and Technology to partner with nonprofit organizations to provide support to emerging technology businesses in the State. The fund that is to support this activity is established under the bill but does not receive an appropriation; however, the commission is likely to incur costs for the new administrative functions it will undertake.
- If monies are appropriated for this purpose, the commission and its nonprofit partners will utilize those funds to support emerging technology businesses. To the extent that this support is effective, business growth will accelerate, and the ecosystem created will result in greater retention of these business types within the State. In turn, the State could experience increased revenues through the sales and use tax, gross income tax, and corporation business tax due to the growth in business activity.

BILL DESCRIPTION

This bill establishes the Innovation Partnership to be administered by the New Jersey Commission on Science, Innovation and Technology and is to include one or more independent nonprofit organization partners certified or established and incorporated by the commission, working individually, in partnership with each other, and in partnership with the commission, to advance the development of emerging technology businesses in this State and to create a supportive and collaborative innovation ecosystems across the State.

The commission is to establish the geographical boundaries for the partners to focus their efforts, which may overlap and will be drawn to allow for broad inclusion of existing partner sites, research institutions, and innovation ecosystems. The partners will be responsible for implementing the various goals for each of four regions in the State: northern, central, southern, and the shore.

A nonprofit organization established as of the date of the bill's enactment and meeting one of the regional requirements may submit to the commission an application, in a form and manner determined by the commission, for certification as a partner. Once certified, a partner may apply to the commission, in a form and manner determined by the commission, to receive grant funds from the fund established pursuant to this bill. The commission, upon approving a grant application submitted by a partner, will sign a grant agreement with the partner, which will allow the partner to execute the goals and policies pursuant to this bill, except that the bill requires the grant to be matched by private sector funds on a minimum basis to be established by the commission.

In selecting and certifying a nonprofit organization as a partner, the commission will prioritize a nonprofit organization with diverse leadership and with a location in a municipality that meets the criteria for State aid pursuant to State law. If the commission is unable to certify a nonprofit organization as a partner for a certain regional focus, the commission will establish and incorporate an independent nonprofit organization to serve as a partner for that particular regional focus. In appointing the board for the nonprofit organization, the commission will consider the ethnic, racial, and gender diversity of the community in which the partner is located.

Lastly, this bill directs partners to annually submit certain information to the commission and requires the commission to annually issue a report to the Governor and the Legislature describing the activities of the commission and each partner.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill would result in an indeterminate increase in annual State expenditures associated with the administration of the Innovation Partnership. The bill establishes a framework for the commission to partner with nonprofit organizations to provide support to emerging technology businesses in the State. The bill does not include an appropriation, but the commission is likely to incur additional administrative costs in reviewing applications received from nonprofit partners, awarding grant funds to selected partners, and providing oversight to ensure that the goals of the nonprofit partners are being achieved. Moreover, if the commission is

unable to certify a nonprofit organization as a partner for one or more regions of the State, the commission is likely to incur costs due to the requirement to establish and incorporate an independent nonprofit organization to serve as a partner for one or more particular regions.

If future Legislative activity appropriates monies for the program, then this bill will require those monies to be expended to advance the development of emerging technology businesses and to create a supportive and collaborative innovation ecosystem across the State. To the extent that this support is effective, business growth will accelerate, and the ecosystem created will result in greater retention of these business types within the State. Both effects are likely to increase State revenues realized through taxes on the growth in business activity, notably sales and use taxes, income taxes, and corporation business taxes.

Section: Authorities, Utilities, Transportation and Communications

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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.).