

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5670

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 6, 2023

SUMMARY

- Synopsis:** Establishes Social Impact Fund; appropriates \$20 million.
- Type of Impact:** One-time State cost increase; annual State revenue increases.
- Agencies Affected:** Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	
One-Time State Cost Increase	\$20 million
Annual State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would result in a one-time \$20 million increase in State expenditures to capitalize the Social Impact Fund. The bill appropriates \$20 million from the General Fund to the Social Impact Fund for this purpose. The OLS assumes that management fees paid to one or more fund managers would come from this appropriation.
- The bill also is expected to result in an indeterminate increase in annual State revenues from repayments to the fund and any investment earnings credited to the fund.

BILL DESCRIPTION

This bill directs the Department of the Treasury to establish a Social Impact Investment Fund in the General Fund to: facilitate the financing of water and transportation infrastructure components of redevelopment projects in financially impaired municipalities; and to provide predevelopment loans, in consultation with the New Jersey Housing and Mortgage Finance Agency, to qualifying affordable housing developers that are seeking to participate in Low Income Housing Tax Credit-supported development under the Unified Application for New Jersey

Housing and Mortgage Finance Agency Multifamily Rental Housing Production Programs, and to finance construction and maintenance of certain early childhood education facilities.

The bill allows the Department of the Treasury to select one or more fund managers to administer the fund through one or more special purposes vehicles. The bill specifies that the fund manager is to raise private capital of at least a 1:1 ratio for every public dollar invested, net of the fund manager's operating expenses and fees, by utilizing the fund manager's own funds or by drawing on private capital including direct investments or coordinated co-investments.

The bill provides that the department is to credit the fund with: moneys appropriated by the Legislature for the purpose of the fund; distributions from payments or repayments made to the fund; earnings received, if any, from the investment or reinvestment of money credited to the fund; and any money that, from time to time, may otherwise become available for the purposes of the fund. The bill appropriates to the fund from the General Fund \$20 million to effectuate the purposes of this bill.

On or before June 30 of the second year following the effective date of this bill, the State Treasurer, in consultation with the New Jersey Housing and Mortgage Finance Agency, is to prepare and submit a written report regarding the use of funds appropriated to the Social Impact Investment Fund.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section: Local Government
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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.).