

A 5016 -- Redline

Introduced to Amended -- Establishes program in EDA to encourage employee ownership awareness and provide funding and advisory support.

Deletions ~~struck~~ · Insertions underlined

A5016 1R [First Reprint] ASSEMBLY, No.

Assemblywoman LISA SWAIN District 38 (Bergen) Assemblyman ROY FREIMAN District 16 (Hunterdon, Mercer, Middlesex and Somerset) Assemblyman AL BARLAS District 40 (Bergen, Essex and Passaic) ~~-Senator Co-Sponsored~~ ANDREW by: ZWICKER District 16 (Hunterdon, Mercer, Middlesex and Somerset) Senator SHIRLEY K. Assemblywoman TURNER Brennan, District Assemblymen 15 Scharfenberger (Hunterdon and Wainstein Mercer) -Co-Sponsored -by: SYNOPSIS ~~Establishes program in EDA to encourage employee ownership awareness and provide funding and advisory support.~~

Assemblywoman Brennan, Assemblymen Scharfenberger, Wainstein, Senators Timberlake and McKnight ~~CURRENT VERSION OF TEXT~~ As Establishes introduced program in EDA to encourage employee ownership awareness and provide funding and advisory support.

CURRENT VERSION OF TEXT As reported by the Senate Budget and Appropriations Committee on June 24, 2026, with amendments.

~~1. 1.~~ 1. As used in P.L. , c. (C.) (pending before the Legislature as this bill):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

~~"Director"~~ "1" "Director" means the Director of Employee Ownership designated pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this ~~bill~~ bill). 11 "Eligible business" means any business entity that: is currently located in New Jersey, as determined by the authority;

~~"Eligible business" means any business entity that: is currently located in New Jersey, as determined by the authority;~~

"Eligible contractor" means a contractor approved by the authority, pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill), to provide employee ownership feasibility study services for eligible businesses through the program.

"Employee ownership feasibility study services" means an in-depth, written assessment of an eligible business's potential and viable outcomes in transitioning to an employee ownership model, informed by the business owner's desired objectives in exploring an employee ownership model, and based on the following measures: (1) the business's current and anticipated earnings;

"Employee ownership model" means an arrangement in which a business's employees own shares in the business or the right to the value of shares in the business. "Employee ownership models" include, but are not limited to: employee stock ownership plans;

"Employee stock ownership plan" means an employee ownership model in which employees retain an interest in shares of a business through holding corporate stock in a trust.

"Fund" means the "Employee Ownership Assistance Fund" established pursuant to section ~~71~~ 71 ~~6.1~~ of P.L. , c. (C.) (pending before the Legislature as this bill).

"Participating business" means an eligible business that enters into an agreement under the program pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Program" means the "Employee Ownership Transition Program" established pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Revolving loan fund" means the "Employee Ownership Revolving Loan Fund" established pursuant to section ~~81~~ 81 ~~7.1~~ of ~~P.L. , c. (C.) (pending before the Legislature as this bill).~~

~~2. 2.~~ 2. a. The authority shall establish and maintain an "Employee Ownership Transition Program" for the purpose of encouraging businesses to explore transitioning ownership structure to an employee ownership model and providing educational resources to businesses about employee ownership models. In implementing the program, the authority shall:

~~(1) (1)~~ (1) provide financial assistance to defray the costs of employee ownership feasibility study services conducted by eligible contractors for participating businesses that consider transitioning to an employee ownership model, including an employee stock ownership plan, worker cooperative, employee ownership trust, or other broad-based employee ownership structure, subject to the provisions of sections 3 and 4 of P.L. , c. (C.) (pending before the Legislature as this bill);

~~(2) (2)~~ (2) provide consultative services to participating businesses that have elected to transition to an employee ownership model following the completion of an employee ownership feasibility study;

~~(3) (3)~~ (3) publish information and resources about employee ownership models for employees and employers on the authority's Internet website;

~~(4) (4)~~ (4) conduct outreach to businesses, in partnership with educational institutions, concerning the

advantages and implementation of employee ownership models generally;

~~(5)~~—(5) encourage businesses in this State to consider and transition to employee stock ownership plans and other variations of employee ownership models;

~~(6)~~—(6) provide, directly or through contracts with institutions of higher education or nonprofit organizations, education, outreach, and early-stage technical assistance concerning employee ownership models to businesses, including small or start-up businesses with fewer than 20 employees that may be years away from a succession decision, with the goal of enabling such businesses to proactively incorporate employee ownership models into their growth and succession planning;

and ~~—~~ ~~(7)~~—(7) provide or administer loan financing and other financial tools, subject to the availability of funds, to support employee ownership transitions, including through the "Employee Ownership Revolving Loan Fund" established pursuant to section ~~81[8]~~ 7.1 of ~~P.L. , c. (C.)~~ (pending before the Legislature as this bill).

b. The authority may implement the program in the form of a new program or the continuation of an existing program established prior to the effective date of P.L. , c. (C.) (pending before the Legislature as this bill) ~~and~~ 1[and] shall assign primary responsibility for the program to the Director of Employee Ownership, designated pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this ~~bill~~—bill)1.

~~(1)~~—(1) proof satisfactory to the authority that the applicant is an eligible business;

and ~~(2)~~—(2) a tax clearance certificate current at the time of application approval.

~~c.~~—c. (1) The authority shall review and approve applications submitted pursuant to this section on a rolling basis, subject to the availability of funds for the program.

~~(2)~~—(2) Upon approval of any application for financial assistance pursuant to this section, and upon the satisfaction of such additional requirements as the authority deems appropriate, the authority shall notify the eligible business of its decision and shall facilitate communication between the eligible business and an eligible contractor selected pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill). The authority shall require that the eligible business and eligible contractor conduct at least one meeting to discuss the characteristics of the eligible business and the objectives of the employee ownership feasibility study services. After the meeting, the eligible contractor shall provide an itemized electronic invoice for employee ownership feasibility study services to the authority and the eligible business.

~~(3)~~—(3) Upon receiving the itemized electronic invoice, the authority shall provide written notice to the eligible business and eligible contractor certifying the amount of financial assistance to be paid by the authority to the eligible contractor and the amount of the payment to be paid by the eligible business to the eligible contractor for the employee ownership feasibility study services.

~~(4)~~—(4) Upon agreement to the terms certified pursuant to paragraph (3) of this subsection, the authority shall facilitate the execution of a written agreement between the eligible contractor, participating business, and authority, which agreement shall include, at a minimum:

and ~~(b)~~—(b) the amount and schedule of payment to the eligible contractor by the participating business and by the authority.

~~4.~~—4. a. A contractor that seeks to provide employee ownership feasibility study services under the program may apply to the authority, in a form and manner prescribed by the authority, to participate in the program as an eligible contractor. In addition to any other information that the authority deems appropriate, the application shall include:

~~(1)~~—(1) proof satisfactory to the authority that the applicant is experienced in employee ownership transitions, including, but not limited to, employee stock ownership plans, worker cooperatives, and employee ownership trusts, or in mergers and acquisition services for closely held businesses;

~~(2)~~—(2) the qualifications and experience of the contractor, and its staff, in designing and developing feasibility studies and valuations, including examples of comparable services provided for previous clients;

and ~~—~~ ~~(3)~~—(3) the ability of the contractor to complete the scope of work expected for employee ownership feasibility study services under the program.

~~b.~~—b. Following the receipt of one or more applications pursuant to subsection a.

of this section, the authority shall ~~review~~ 1[review] and approve applications on a rolling ~~basis~~—basis publish and maintain a list of eligible contractors, including any eligible contractor that the authority may determine to be pre-qualified for application approval1. Upon approval of an application, the authority shall enter into a contract with the eligible contractor to provide employee ownership feasibility study services for participating businesses under the program, as directed by the authority.

1The c. — authority shall update the list of eligible contractors at least every two years following the initial publication of the list.1 c. Eligible contractors shall provide employee ownership feasibility study services to participating businesses on a rotating basis, as directed by the authority, subject to the terms of any written agreement executed pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

~~d.~~ d. (1) No more than five contractors shall be designated as eligible contractors authorized to provide employee ownership feasibility study services pursuant to the provisions of the program at any time.

~~(2)~~ (2) Any contractor that the authority has authorized to provide employee ownership feasibility study services prior to the effective date of P.L. , c. (C.) (pending before the Legislature as this bill) shall be deemed an eligible contractor under the program.

~~5. 1[5. a. The authority shall designate an employee of the authority or appoint a qualified individual to serve as the Director of Employee Ownership. The director shall report to the Chief Executive Officer of the authority.~~

a. The authority shall designate an employee of the authority or appoint a qualified individual to serve as the Director of Employee Ownership. The director shall report to the Chief Executive Officer of the authority.

~~c.~~ c. The director shall be responsible for:

~~(1)~~ (1) administering the Employee Ownership Transition Program established pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill);

~~(2)~~ (2) serving as the State's liaison for the implementation of employee ownership models, including coordinating among businesses, lenders, professional advisors, labor organizations, and employee ownership resource organizations;

~~(3)~~ (3) supplementing the program through the use of any other financial tools and products made available by the authority for employee ownership, business retention, succession, and wealth-building;

~~(4)~~ (4) developing and implementing strategies to increase awareness of employee ownership models among business owners, employees, and community stakeholders;

and ~~(5)~~ (5) advising the authority and the Advisory Commission on Employee Ownership, established pursuant to section 6 of P.L. , c. (C.) (pending before the Legislature as this bill), on any proposed changes to the program deemed necessary to expand the number of, and diversity of, employee-owned businesses in the ~~State.~~ State.]1 1[6.] 5.1 a. 1[There is established in, but not of, the authority,] The authority shall establish1 an Advisory 1[Commission] Committee1 on Employee Ownership. 1[The commission shall be advisory to the authority and the Director of Employee Ownership designated pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill).]1 b. The 1[commission] committee may call upon other State entities within the executive branch for guidance and expertise and1 shall consist of 1[13] nine1 members 1[, as follows] selected by the authority, which shall include1:

~~(1) 6. 1[the a. Chief There Executive is Officer established of in, but not of, the authority, and or Advisory the Commission Chief on executive Employee officer's Ownership, designee, The who commission shall be serve advisory ex to officio; the authority and the Director of Employee Ownership designated pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill)].~~

~~b. (2) The the commission Commissioner shall of consist Labor of and 13 Workforce members, Development, and or follows; the commissioner's designee, who shall serve ex officio;~~

~~(1) (3) the Chief State Executive Treasurer, Officer of the authority, or the chief State executive Treasurer's officer's designee, who shall serve ex officio;~~

~~and (2) the (4) Commissioner 10 of public Labor members, and who Workforce shall Development, be or appointed by the commissioner's Governor, designee, and who shall serve include: ex officio;~~

~~(3) (a) 11 the one representative of Rutgers, The State Treasurer, University or of New Jersey, from the State Institute Treasurer's for designee, the who Study shall of serve Employee ex Ownership officio; and Profit Sharing;~~

~~and (b) 1[(b)] (4) (2) 10 one public representative members, of the New Jersey/New York Center for Employee Ownership, who shall be appointed by upon the Governor, recommendation and of shall the include; Executive Director of the New Jersey/New York Center for Employee Ownership;~~

~~(a) 1[(c)] (3) 1 one representative executive of officer Rutgers, The State University of New Jersey, employee-owned from business the located Institute in for this the State; Study of Employee Ownership and Profit Sharing;~~

~~(b) 1[(d)] (4) 1 one representative employee of the an New employee-owned Jersey/New business York in Center for Employee Ownership, who shall be appointed upon the recommendation State; of the Executive Director of the New Jersey/New York Center for Employee Ownership;~~

~~(c) 1[(e)] (5) 1 one executive representative officer of an employee-owned labor business organization; located in this State;~~

~~(d) 1[(f)] (6) 1 one employee representative of an employee-owned financial business institution in or the fund State; that finances employee ownership transitions;~~

~~(e) 1[(g)] (7) 1 one representative individual of who serves or has served as a labor fiduciary organization; or trustee for an employee stock ownership plan or employee ownership trust;~~

~~(f) 1[(h)] (8) 1 one representative professional of 1 financial 1 a advisor financial with~~

~~institution experience or in fund employee that ownership finances transitions, employee including ownership transitions transitions; to cooperative or trust structures;~~

~~and (g) — one [1] individual (9) 1 who [two serves public or members] has one served individual 1 as with a expertise fiduciary in or economic trustee development, for an employee stock ownership, ownership community plan wealth? building, or employee small ownership business trust; assistance.~~

~~(h) — c. — one [The professional public advisor members with shall experience serve for terms of four years, except that of the first members appointed, three shall be appointed for a term of two years, three shall be appointed for a term of three years, and four shall be appointed for a term of four years. Each member shall serve until a successor has been appointed and qualified, and vacancies shall be filled in employee the ownership same transitions, manner including as transitions the to original cooperative appointments or for trust the structures; remainder of the unexpired term. A public member shall be eligible for reappointment to the commission.~~

~~d. The commission shall meet at least four times each year. The members of the commission shall select a chair and — vice-chair (i) — from two among public the members with thereof. expertise Seven members of the commission shall constitute a quorum at any meeting thereof. No vacancy in economic the development, membership employee of ownership, the community commission wealth? building, shall or impair small the business right assistance. of a quorum of the members to exercise all the powers and perform all the duties of the commission.~~

~~e. — e. 11 The public [commission] members committee 1 shall shall: serve for terms of four years, except that of the first members appointed, three shall be appointed for a term of two years, three shall be appointed for a term of three years, and four shall be appointed for a term of four years. Each member shall serve until a successor has been appointed and qualified, and vacancies shall be filled in the same manner as the original appointments for the remainder of the unexpired term. A public member shall be eligible for reappointment to the commission.~~

~~d. — (1) The advise commission shall meet at least four times each year. The members of the commission authority shall 1 [and select a chair and vice-chair from among the members Director thereof. Seven members of the Employee commission Ownership] 1 shall on constitute strategies to quorum expand at employee any ownership meeting models thereof. No vacancy in the membership State; of the commission shall impair the right of a quorum of the members to exercise all the powers and perform all the duties of the commission.~~

~~and e. — (2) The make commission recommendations shall: regarding program design, outreach, and metrics for success, including the use of financial tools to encourage employee ownership transitions.~~

~~(1) — 1 [7.] advise 6.1 the a. The authority shall establish and the maintain Director a of fund, Employee known as the "Employee Ownership on Assistance strategies Fund," to expand support employee the ownership purposes model of in P.L. , c. (C.) (pending before the State; Legislature as this bill), including the provision of:~~

~~and — (2) — (1) make financial recommendations assistance regarding to program defray design, the outreach, costs and of metrics employee for ownership success, feasibility including study the services use conducted of by financial eligible tools contractors pursuant to encourage section employee 3 ownership of transitions. P.L. , c. (C.) (pending before the Legislature as this bill);~~

~~and 7. — (2) a. education. The outreach, authority shall establish and maintain technical assistance fund, to known businesses as in the accordance "Employee with Ownership Assistance Fund," to support the purposes of set P.L. , forth c. — in) subsection (pending a. before the Legislature as this bill), including the provision of:~~

~~(1) — financial assistance to defray the costs of employee ownership feasibility study services conducted by eligible contractors pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill);~~

~~and — (2) — education, outreach, and technical assistance to businesses in accordance with the purposes set forth in subsection a.~~

~~(1) — (1) such monies as may be appropriated or made available to the authority for the purpose of the fund;~~

~~and (2) — (2) any return on investment of monies deposited in the fund.~~

~~8. — 1 [8.] 7.1 a. The authority shall establish and maintain a non-lapsing revolving fund, to be known as the "Employee Ownership Revolving Loan Fund," that shall serve as the repository of all monies used by the authority to provide loans pursuant to this section.~~

~~b. — b. The revolving loan fund shall be credited with:~~

~~(1) — (1) such monies as are appropriated to the authority for deposit into the revolving loan fund;~~

~~(2) — (2) such monies as are made available to the authority from the federal government or any other public source for deposit into the revolving loan fund;~~

~~(3) — (3) any monies received by the authority as a gift, grant, donation, bequest, or other contribution from private or philanthropic sources for the purposes of the revolving loan fund;~~

~~(4) — (4) any monies transferred to the revolving loan fund by the authority from any other fund or~~

account of the authority, as authorized by law;

~~(5)~~ (5) any return on investment of monies deposited into the revolving loan fund;

and ~~_____ (6)~~ (6) any monies received by the authority from the repayment of principal and interest, or other amounts received in connection with low-interest loans made from the revolving loan fund pursuant to this section.

~~c.~~ c. The authority shall issue low-interest loans from the revolving loan fund to eligible businesses, participating businesses, and any other entities determined to be appropriate by the authority, for the purpose of facilitating:

~~(1)~~ (1) a majority employee ownership transition;

and ~~_____ (2)~~ (2) reasonable transaction-related and post-transition needs that support the long-term sustainability of an employee-owned business, as determined by the authority.

~~d.~~ d. An eligible business, participating business, or other entity authorized by the authority shall submit an application for a low-interest loan to the authority in a form and manner as prescribed by the ~~authority~~ authority 1, following the completion of employee ownership feasibility study services. Upon approval of the application, the authority shall enter into a loan agreement with the eligible business, participating business, or other authorized entity, as the case may be, which loan agreement shall include, but not be limited to, the following: underwriting criteria;

~~e.~~ e. The authority may use no more than five percent of the total amount of interest or other charges received each year in connection with loans issued pursuant to this section to offset the administrative costs of operating the revolving loan fund.

~~9. 1[9.] The~~ 8.1 1[The New Jersey Economic Development Authority shall adopt, pursuant to to]
Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), ~~seq.)~~ 1to the contrary, the chief executive officer of the authority may adopt, immediately upon filing with the Office of Administrative Law, rules and regulations consistent with the purposes of P.L. , c. (C.) (pending before the Legislature as this ~~bill~~ bill). 1The rules and regulations adopted pursuant to this section shall be effective for a period not to exceed 365 days following the date of filing and may thereafter be amended, adopted, or readopted in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).1 1[10.] 9.1 This act shall take effect immediately.

~~10. This act shall take effect immediately.~~

~~STATEMENT _____ This bill requires the New Jersey Economic Development Authority (EDA) to establish an "Employee Ownership Transition Program" (program) to provide financial assistance and educational resources to encourage businesses to explore transitioning their ownership structure to an employee ownership model and to provide educational resources to businesses about employee ownership models. Additionally, this bill requires the EDA to designate a Director of Employee Ownership to administer the program and to establish an Advisory Commission on Employee Ownership to advise the EDA on strategies to encourage and expand employee ownership in the State.~~

~~Employee Ownership Transition Program _____ The purpose of the program would be to encourage businesses to explore transitioning to employee ownership models and provide educational resources about employee ownership models. The bill defines "employee ownership model" to mean an arrangement in which a business's employees own shares in the business or the right to the value of shares in the business. Employee ownership models include, but are not limited to: employee stock ownership plans;~~

~~worker cooperatives;~~

~~employee ownership trusts;~~

~~direct employee ownership;~~

~~stock options;~~

~~stock grants;~~

~~synthetic equity;~~

~~and any other broad-based employee ownership structure.~~

~~Under the program, the EDA would provide the following services: (1) financial assistance to support the payment of eligible contractors for the provision of employee ownership feasibility study services for eligible businesses;~~

~~(2) consultative services to businesses that have elected to transition to an employee ownership model following the completion of a feasibility study;~~

~~(3) information and educational services and resources about employee ownership models for employees and employers, made available on the EDA's Internet website;~~

~~(4) outreach services to businesses, in partnership with educational institutions concerning the advantages and implementation of employee ownership models generally;~~

~~(5) encouragement of businesses in this State to consider and transition to employee stock ownership plans and other variations of employee ownership models;~~

~~(6) educational services, outreach services, and early stage technical assistance concerning employee~~

~~ownership models to businesses, including small or start-up business with fewer than 20 full-time employees that may be years away from a succession decision, to help such businesses proactively incorporate employee ownership into their growth and succession planning;~~

~~and (7) loan financing and other financial tools to support employee ownership transitions, including through the Employee Ownership Revolving Loan Fund established under the bill.~~

~~A contractor that seeks to provide employee ownership feasibility study services under the program would be required to apply to the EDA to participate in the program. As part of its application, an applicant would be required to provide: (1) proof that the applicant is experienced in employee ownership transitions;~~

~~(2) evidence regarding the qualifications and experience of the applicant in designing and developing feasibility studies and valuations;~~

~~and (3) information regarding the ability of the contractor to complete the scope of work expected for employee ownership feasibility study services under the program. Upon approval of an application, the EDA would enter into a contract with the contractor to provide employee ownership feasibility study services for eligible businesses under the program.~~

~~Under the program, an eligible business may apply to the EDA for assistance in defraying the costs of employee ownership feasibility study services. Employee ownership feasibility study services are defined under the bill to include an in-depth, written assessment of the business's potential and viable outcomes in transitioning to an employee ownership model, informed by the business owner's desired objectives in exploring an employee ownership model, based on certain measures listed in the bill.~~

~~Upon approval of an application, the EDA would notify the eligible business and facilitate communication between the eligible business and an eligible contractor. As part of this initial coordination, the EDA would require that the eligible business and eligible contractor conduct at least one meeting to discuss the characteristics of the eligible business and the objectives of the employee ownership feasibility study services. After this meeting, the eligible contractor would provide the EDA and the eligible business with an itemized electronic invoice for employee ownership feasibility study services to be completed.~~

~~Prior to the EDA, eligible business, and eligible contractor entering into a written agreement for employee ownership feasibility study services, the EDA would be required to certify the amount of financial assistance to be paid by the EDA to the eligible contractor and the amount of the payment to be paid by the eligible business. Under the program, the EDA would provide financial assistance to the eligible contractor in an amount equal to the lesser of 90 percent of the pre-approved services costs of the employee ownership feasibility study services or \$35,000.~~

~~For purposes of supporting the program, the EDA would be required to establish and maintain the "Employee Ownership Assistance Fund." The EDA is required to maintain the fund to support the program, including the provision of financial assistance to defray the costs of employee ownership feasibility study services conducted by eligible contractors and the provision of education, outreach, and technical assistance to businesses in accordance with the purposes set forth in the bill. This fund would be credited with such monies as may be appropriated or made available to the EDA for the purpose of the fund and any return on investment of monies deposited in the fund.~~

~~Currently, the EDA administers the "Employee Stock Ownership Plan Assistance Program" that provides partially covered employee stock ownership plan feasibility study services for New Jersey businesses that are interested in transitioning to employee owned businesses. This bill seeks to codify and expand this program. Additionally, under this bill, any eligible contractors that are approved under the existing program would automatically qualify as eligible contractors for the "Employee Ownership Transition Program." Director of Employee Ownership The bill requires the EDA to designate an employee of the authority or appoint a qualified individual to serve as the Director of Employee Ownership, who would report directly to the Chief Executive Officer of the EDA. Qualifications for the role of director include training or experience in employee ownership, business succession planning, economic development, workforce development, or corporate finance.~~

~~The director would be responsible for administering the Employee Ownership Transition Program established by this bill. The director would be required to: (1) administer the program;~~

~~(2) serve as the State's liaison for implementing employee ownership models, including coordinating with businesses, lenders, professional advisors, labor organizations, and employee ownership resource organizations;~~

~~(3) supplement the program through the use of any other financial tools and products made available by the EDA for employee ownership, business retention, succession, and wealth building;~~

~~(4) develop and implement strategies to increase awareness of employee ownership models among business owners, employees, and community stakeholders;~~

~~and (5) advise the EDA and the Advisory Commission on Employee Ownership, also established under the bill, of any proposed changes to the program that would be necessary to expand the number of, and diversity of, employee-owned businesses in the State.~~

~~Advisory Commission on Employee Ownership The bill establishes an Advisory Commission on Employee~~

~~Ownership. The commission would be advisory to the EDA and the Director of Employee Ownership, also established under the bill.~~

~~The commission would be required to advise the EDA and the Director of Employee Ownership on strategies to expand employee ownership models in the State and make recommendations regarding program design, outreach, and metrics for success, including the use of financial tools to encourage employee ownership transitions.~~

~~The commission would consist of 13 members, as follows: (1) the Chief Executive Officer of the EDA, or the chief executive officer's designee;~~

~~(2) the Commissioner of Labor and Workforce Development, or the commissioner's designee;~~

~~(3) the State Treasurer, or the State Treasurer's designee;~~

~~and (4) 10 public members, who would be appointed by the Governor.~~

~~The 10 public members of the commission would consist of: (1) one representative of Rutgers, The State University of New Jersey, from the Institute for the Study of Employee Ownership and Profit Sharing;~~

~~(2) one representative of the New Jersey/New York Center for Employee Ownership, who would be appointed upon the recommendation of the Executive Director of the New Jersey/New York Center for Employee Ownership;~~

~~(3) one executive officer of an employee-owned business located in this State;~~

~~(4) one employee of an employee-owned business in the State;~~

~~(5) one representative of a labor organization;~~

~~(6) one representative of a financial institution or fund that finances employee ownership transitions;~~

~~(7) one individual who serves or has served as a fiduciary or trustee for an employee stock ownership plan or employee ownership trust;~~

~~(8) one professional advisor with experience in employee ownership transitions, including transitions to cooperative or trust structures;~~

~~and (9) two public members with expertise in economic development, employee ownership, community wealth-building, or small business assistance.~~

~~Under the bill, the commission would be required to meet at least four times each year. A chair and vice-chair would be selected by the members of the commission from among its members. Seven members would constitute a quorum for purposes of transacting business, regardless of any vacancy on the commission. Under the bill, a public member would be appointed to the commission for four years, except that of the first members appointed, three would be appointed for a term of two years, three would be appointed for a term of three years, and four would be appointed for a term of four years. Public members would be appointed by the Governor with the advice and consent of the Senate and would be eligible for reappointment.~~

~~Employee Ownership Revolving Loan Fund The bill requires the EDA to establish a non-lapsing revolving loan fund, to be known as the "Employee Ownership Revolving Loan Fund," to provide low-interest loans to support employee ownership transitions.~~

~~Under the bill, the EDA may issue low-interest loans from the revolving loan fund to eligible businesses, participating businesses, and any other entities determined to be appropriate by the EDA, for the purpose of facilitating: (1) majority employee ownership transitions;~~

~~and (2) reasonable transaction-related and post-transition needs that support the long-term sustainability of an employee-owned business. An eligible business, participating business, or other entity authorized by the EDA would be required to submit an application for a low-interest loan to the EDA and, upon approval of this application, enter into a loan agreement with the EDA. This loan agreement would include the following terms: underwriting criteria;~~

~~maximum loan amounts;~~

~~interest rates;~~

~~repayment terms;~~

~~permitted uses of proceeds;~~

~~and any reporting requirements determined by the EDA.~~

~~Under the bill, the revolving loan fund may be credited with monies received by the EDA from various sources, including State appropriations, federal funds, charitable contributions, internal transfers, and investment returns.~~

~~The bill also provides that the EDA may use no more than five percent of the total amount of interest or other charges received each year in connection with issued loans to offset the administrative costs of operating the revolving loan fund.~~