The New Jersey Economic Recovery Act of 2020: An Overview of the Main Street Recovery Finance Program

Client Alert

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The New Jersey Economic Recovery Act of 2020, a seven-year, $14 billion package of incentive programs intended to encourage New Jersey job growth, property development and redevelopment, community partnerships, and numerous other economic development initiatives, was signed into law by Governor Phil Murphy on January 7, 2021.

This Client Alert focuses on the Main Street Recovery Finance Program enacted under the new legislation. The program's goal is to provide financial assistance to eligible small businesses in communities that have been severely impacted by the COVID-19 pandemic in the form of grants, loans and loan guarantees.

Funding

Under the program, $50 million has been allocated by the State of New Jersey for the purpose of assisting eligible small businesses throughout the state, with at least 40% reserved for microbusinesses that are certified as a "minority business" or a "women's business." The program will be administered by the New Jersey Economic Development Authority (EDA) through its Main Street Recovery Fund and will be in effect until March 1, 2025.

Eligibility and Application Process

To qualify for assistance under the Main Street Recovery Finance Program, a business must have less than $1 million in annual revenue according to its most recent tax return and must also have fewer than 10 full-time employees. To receive a grant, the small business must also demonstrate that each of its employees is paid not less than $15 per hour or 120% of the required minimum wage, whichever is higher. Employees who are paid with gratuities or tips must be paid not less than 120% of the minimum wage.

Additional eligibility details have yet to be publicized, however the legislation as enacted states that when determining awards, the EDA "may consider a business's benefit to the community in which it is situated and the degree to which the business enhances and promotes job creation and economic development in communities that have been severely impacted by the COVID-19 pandemic."

The application portal for the Main Street Recovery Finance Program is not yet available. The EDA has advised that it will publicize additional details prior to launching the portal.

Awards

Award sizes will be determined during the regulatory process. Grant awards may be used for capital improvements or to cover operating expenses. In addition to financial support, the program will also provide technical assistance to microbusinesses. Grant awards for capital improvements must comply with prevailing wage rates and green building manual requirements.

Additionally, funds from the program may be available to eligible community development finance institutions in the form of loans and grants for purposes of strengthening capital structures, leveraging additional debt capital, and increasing loans and investments in economically disadvantaged communities.

In order to receive an award from the Main Street Recovery Fund, businesses must be in good standing with the New Jersey Departments of Labor, Treasury and Environmental Protection.

Next Steps

The EDA will be promulgating rules related to the implementation of the Main Street Recovery Finance Program. We will keep you updated on this and other developments related to programs enacted under the New Jersey Economic Recovery Act of 2020.

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