

ASSEMBLY BILL NO. 4971
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 4971 (Second Reprint) without my approval.

Assembly Bill No. 4971 (Second Reprint) would require the New Jersey Economic Development Authority ("NJEDA") to establish a Small Business Interruption Grant Program (the "program"). Under the program, the NJEDA would provide grants to support businesses that employ fewer than 10 people and have \$1,500,000 or less in gross revenue annually. To qualify for a grant, the business would have to demonstrate to NJEDA that it has suffered economic loss due to an extended closure because of prolonged infrastructure or construction projects undertaken by the State or another public entity. The bill delegates to the NJEDA the responsibility of determining appropriate program grant amounts based on operating expenses incurred by a small business due to an extended closure.

Although the bill requires NJEDA to establish a grant program, neither the bill nor the Fiscal Year 2026 Appropriations Act appropriate any funds for the grant program. Instead, the bill establishes as a funding mechanism a requirement for the "entity responsible for the prolonged infrastructure or construction project" to contribute to a fund established by the bill. The bill does not clearly set forth the required contribution amount. Rather, the bill requires the entities responsible to contribute to the fund an amount greater than \$0 but not to exceed five percent of the estimated total infrastructure project costs. Moreover, the bill does not indicate how or by whom the "entity responsible" is to be determined.

I commend the bill's sponsors for their efforts to assist small businesses during challenging times. However, I am concerned that the bill fails to provide a feasible mechanism for funding the grants that the bill envisions. In lieu of an appropriation, the bill

requires the entity responsible for the prolonged infrastructure or construction project to fund the grants. Yet, as mentioned, it does not provide guidance as to what it means to be responsible for a prolonged infrastructure or construction project. For instance, if a negligent truck driver causes damage by ignoring a bridge's weight restrictions or an overpass's height restrictions, it is unclear whether the responsible entity is the truck driver or the owner of the truck or the State or local agency compelled to fix the damage. Additionally, infrastructure projects can be, and typically are, undertaken jointly with multiple entities, presenting further uncertainty as to which entity is the responsible entity required to contribute to the fund. At the same time, the bill lacks an enforcement mechanism for NJEDA to compel the responsible entities to contribute to this fund. In the absence of a defined and enforceable funding structure, the program cannot be expected to achieve its intended purpose.

Funding concerns aside, leaving programs like this to the NJEDA to design and implement as needed in emergency situations is a far more efficient approach, as it allows NJEDA the flexibility to shape its recovery programs so that they are responsive to rapidly fluctuating market conditions and situations on the ground. A recent example of NJEDA's ability to quickly stand up a program tailored to market needs occurred in April of 2025 when, following the declaration of a State of Emergency, NJEDA created a Route 80 Business Assistance Grant Program to make up to \$5 million in grant funding available to support certain Morris County, New Jersey small- and medium-sized businesses and non-profits that suffered negative financial impact because of the Route 80 sinkholes closures. During the Public Health Emergency and State of Emergency declared in response to the outbreak of Coronavirus disease 2019 (COVID-19), NJEDA established a suite of highly effective programs, including the Small Business Emergency Assistance Grant Program, Small Business Emergency Assistance Loan

Program, Community Development Finance Institution Emergency Loan Loss Reserve Fund, NJ Entrepreneur Support Program, and Emergency Technical Assistance Program, which provided a crucial lifeline to our State's business community as it faced unprecedented economic hardships due to the pandemic. While I understand the desire to establish a program through legislation, emergency assistance programs are more effective when they are tailored to the unique circumstances of the moment, rather than a one-size-fits-all approach.

Though my Administration earnestly supports providing relief for small businesses experiencing prolonged closures due to unforeseen events, the specific program established by this bill is unworkable in its current form.

Accordingly, I herewith return Assembly Bill No. 4971 (Second Reprint) without my approval.

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Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor