Governor Sherrill Signs Legislation Expanding Employee Ownership in the Garden State

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Bill Offers Financial Assistance for Low-Interest Loans to Support Transitions and Employee Ownership Feasibility Studies

TRENTON – Governor Mikie Sherrill today signed legislation enhancing state resources for small businesses transitioning to employee ownership models, easing access to a proven wealth-building engine for firms and workers. The legislation equips the New Jersey Economic Development Authority (NJEDA) with a range of tools to establish the Employee Ownership Transition Program, which will include reimbursements for feasibility studies, consultative services, outreach, and the establishment of a revolving loan fund to directly finance employee ownership conversions.

"Helping businesses stay rooted in New Jersey is vital to protecting thousands of jobs and millions of dollars in investment," said Governor Sherrill. "Investment in proven business succession strategies like employee ownership will protect jobs and maintain the vibrancy of our communities, and with the NJEDA's Employee Ownership Transition Program, small business owners across the state will have the resources needed to responsibly plan for the future."

Employee ownership plans are successful nationwide and around the state, creating and sustaining wealth for employee owners. New Jersey is home to nearly 90 ESOPs, with nearly $65 billion in plan assets covering over 423,000 current employees and retirees and an average stock account for eligible current employees of nearly $190,000.

The legislation signed today, S4218/A5016, expands the NJEDA's existing efforts in supporting transitions to employee ownership through the Employee Stock Ownership Plan (ESOP) Assistance Program. The bill enables the Authority to:

- Provide financial assistance to defray the costs of employee ownership feasibility study services;
- Offer consultative services to participating businesses that have elected to transition to an employee ownership model;
- Administer loan financing and other financial tools through a newly-established Employee Ownership Revolving Loan Fund, the first such fund in the nation to directly finance employee ownership formation;
- Publish information and resources about employee ownership models for employees and employers on the NJEDA website;
- Conduct outreach to businesses, in partnership with educational institutions, on the advantages and implementation of employee ownership models;
- Furnish education, outreach, and early-stage technical assistance on employee ownership models, enabling businesses to proactively incorporate employee ownership models into growth and succession planning.

"As more small business owners consider retirement and the future of their company, Governor Sherrill is helping expand state resources in an effort to foster sustainable business transition plans, strengthen communities, and protect jobs," **said NJEDA Chief Executive Officer Evan Weiss**. "Through the Employee Ownership Transition Program, the NJEDA will make it easier to establish employee ownership models, creating life-changing economic opportunities for workers and their families."

Sponsors of the legislation include Senators Andrew Zwicker and Shirley K. Turner, and Assemblymembers Lisa Swain, Roy Freiman, and Al Barlas.

"New Jersey is facing a generational transition in business ownership, so we need new policies that will keep successful companies throughout the state operating and growing in the years to come," **said Senator Andrew Zwicker**. "Employee ownership is a proven model that helps workers build wealth, strengthen their businesses, and preserve well-paying jobs in their communities. This legislation will allow the EDA to help businesses make the transition to employee ownership possible."

"With the passage and signing of S4218/A5016, the New Jerseyans who help build our local businesses can now fully share in their success," **said Assemblywoman Lisa Swain.** "By supporting and expanding employee stock ownership programs, we're giving hardworking constituents a real shot at building generational wealth while handing small business owners a strategy to keep their doors open for the long term. When workers own a piece of the company they dedicate their careers to, everyone wins: our talent stays put, our neighborhoods thrive, and our local economy gets stronger."

What They're Saying

"A New Jersey economy with more employee-owned businesses is more resilient when the economy turns, more productive when it grows, and better at building wealth for the people who do the work. That is the economy this law builds toward. The revolving loan fund created today lets NJEDA put patient capital behind sales of businesses to their employees and recycles it as loans are repaid. At a moment when the returns to capital are pulling away from the returns to labor, employee ownership puts New Jersey's workers on both sides of the ledger. We thank Governor Sherrill, Senator Zwicker, and Assemblywoman Swain for their leadership and look forward to working with NJEDA to put these tools to work and make New Jersey the friendliest state in the nation for employee ownership," **said Julien Rosenbloom, Senior Associate at Lafayette Square Institute**.

"Every state should be paying attention to New Jersey as it sets an example for how employee ownership can drive economic development, preserve local businesses and jobs, build wealth for workers, and create a more inclusive economy. We applaud Governor Sherrill, Senator Zwicker, and Assemblywoman Swain for moving this policy forward and demonstrating what's possible when a state invests in its business workers, and communities," **said Alanna McCargo, Senior Fellow at the Clinton Policy Institute**.

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Office of Governor
PO Box 001
Trenton, NJ 08625