



NJ gears up \$10M of loans for businesses recovering from COVID

By: Daniel J. Munoz

The New Jersey Economic Development Authority said June 9 it will open applications for a \$10 million pandemic-relief loan program as the state embarks on its recovery from the COVID-19 recession.

Loans will be capped at \$100,000 per business and last 10 years with a 0% interest rate and deferred payments for the first two years. NJEDA officials expect the loan pre-registration period to open in July.

It's the latest in hundreds of millions of dollars in state support meant to hold establishments over during the litany of COVID-19 mandated closures that have pummeled businesses such as gyms, restaurants, bars, hotels, salons and retail outlets. State officials contend the finances in this latest round could be a shot in the arm for employers, especially small businesses, eyeing how to scale up their operations in the midst of the reopening.

“As we move into recovery from the COVID-19 pandemic, it is essential that we continue to provide the resources business owners need to reopen and thrive,” reads a June 9 statement from Tim Sullivan, head of the NJEDA.

The loans would provide “much-needed financing” to New Jersey businesses focused on growing their operations, and “that have been left out of previous COVID-19 relief programs,” Sullivan continued.

Loans are initially limited to businesses with up to \$10 million in annual revenue and that have added at least 500 square feet of new commercial space after Jan. 1. Employers not meeting this commercial space requirement would be able to apply for loans 10 days after applications open.

Real estate holding companies, home-based businesses and gambling and adult companies are not eligible for the loans. The funds can be used for rent and mortgage, inventory, utilities, payroll and personal protective equipment.

The funds could not go toward debt refinancing, construction, personal expenses of the business owners and furniture purchases over \$1,200.

A third of the loans, \$3.5 million, are set aside for businesses within the state's 715 poorest communities, known as Opportunity Zone eligible census tracts.

State officials rolled out a previous round of loans last year for businesses to stay afloat amid COVID-19 closures and the ensuing restrictions on how they could do business. All told, the NJEDA said it approved \$250 million of grants, loans and other relief to 55,000 businesses over the course of the pandemic. That's on top of another \$85 million in COVID-19 relief grants that businesses can still apply for, and another \$235 million that Gov. Phil Murphy said he wants for businesses across the state.

Under the federal Paycheck Protection Program, the U.S. Small Business Administration approved 157,405 forgivable loans totaling \$17.3 billion in 2020, and in 2021 approved 134,362 loans totaling roughly \$8 billion.