

Technology Innovation
Products
May 2024 Office Hours

Technology Innovation

Team

- ▶ Clark Smith – Director
- ▶ Monika Athwal – Manager
- ▶ Sara Cadeddu – Senior Officer
- ▶ Christopher Shyers – Senior Officer
- ▶ Fariha Sheikh – Analyst
- ▶ Abdelrhman Seliman – Intern
- ▶ Sumaiyya Asim – Intern
- ▶ Daniela Diaz – Intern

Programs

- ▶ Angel Investor Tax Credit
- ▶ Technology Business Tax Certificate Transfer Program (NOL)
- ▶ NJ Entrepreneur Support Program
- ▶ Angel Match Program
- ▶ NJ Accelerate
- ▶ NJ Ignite
- ▶ Edison Innovation Fund

Angel Tax Credit (ATC) Program – Refundable Tax Credit

Program Overview

Investors in a qualifying NJ emerging technology or life science business may benefit from a 20%-25% investment tax credit. Annual program allocation of \$35 million.

- ▶ Full-time employees (FTE)
 - ▶ at least 1, fewer than 225
 - ▶ 75% in New Jersey
- ▶ Must be an emerging technology – commercializing an eligible technology
- ▶ Investment must be a non-refundable transfer of cash
- ▶ Fully submitted application within 6 months of closing investment
- ▶ Bonus for W/MBE or Opportunity Zone companies

3000+
angel
investments

**\$900
Million+**
in investment

**\$113
Million+**
in tax credits

130+
technology
businesses

NOL Program – Sellable Tax Credit

Program Overview

Enables unprofitable NJ-based technology or biotechnology companies to sell a percentage of accrued losses to unrelated profitable corporations.

\$75M allocated annually

\$1B+ to **over 570** companies since program start



Tech or biotech companies with:

- ▶ At least 1/5/10 FTE working in NJ
 - ▶ Fewer than 225 FTE in the US
- ▶ Protected, Proprietary Intellectual Property (PPIP)
- ▶ 2 consecutive years of operating losses
- ▶ CPA prepared financial statements
- ▶ Taxable corporate structure

NJ Entrepreneur Support Program (ESP) – Loan Guarantee

Program Overview

Provides a guarantee of up to 80% to investor loans/convertible notes advanced for working capital to businesses. Multiple guarantees per company up to the \$400,000 cap may be eligible.

- ▶ Up to \$400K
- ▶ 1 year term
- ▶ 80% Note /Loan Amount
- ▶ Note/loan maturity must be at least 1 year
- ▶ Angels & Funds
- ▶ No Revenue Requirement
- ▶ FT Employees – 50% in NJ
- ▶ \$5 million allocation

Angel Match Program - Direct Investment

Program Overview

Matches investors' direct investment in early-stage, product-based technology companies within targeted industries on a 1-to-1 basis with unsecured convertible notes ranging from \$100,000 to \$500,000. Investments must be made by at least two external investors and be structured as preferred equity with a defined price per share.

- ▶ \$100K-\$500K Notes
- ▶ 10-year term, 3% interest rate
- ▶ No payments for first 7 years
- ▶ 1-to-1 match
- ▶ Unsecured
- ▶ Angels & Funds eligible
- ▶ Product based sales revenue – Min \$100K
- ▶ FT Employees – 50% & 2 Founders in NJ

Other NJEDA Highlighted Initiatives

Venture Programs

- ▶ NJ Founders & Funders
- ▶ Golden Seeds
- ▶ NJ Innovation Evergreen Fund
- ▶ SEDI and Black & Latino Seed Funds

Clean Energy

- ▶ NJ Clean Energy Loans (NJ CELs)
- ▶ NJ ZIP

Commission on Science Innovation & Technology (CSIT)

- ▶ Catalyst Seed Grants
- ▶ Catalyst R&D Vouchers

THE TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER (NOL) PROGRAM

Christopher Shyers
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Innovation Programs

Technology Business Tax Certificate Transfer (NOL) Program

Program Overview:

Enables unprofitable NJ-based technology or biotechnology companies to **sell** a percentage of accrued losses to unrelated profitable corporations.

Tech or biotech companies with:

- ▶ At least 1/5/10 FTE working in NJ
- ▶ No more than 224 FTE in the US
- ▶ Public-Private Investment Program
- ▶ 2 consecutive years of operating losses
- ▶ CPA prepared financial statements
- ▶ Taxable corporate structure

Technology Business Tax Certificate Transfer (NOL) Program

Realize near term non-dilutive cash injection to sustain and scale operations

Company lifetime cap:

\$20M

Earmark for IZ/OZ or M/WBE companies:

\$15M

Program yearly cap:

\$75M

Protected Proprietary Intellectual Property

25th

2024 is the 25th year of the NOL program

580

580 NJ technology/life science companies have benefitted

\$1.95B

Over \$1.95 billion tax credits have been issued since 1999

Protected Proprietary Intellectual Property

- **Patents or patent applications:**
 - Assigned to Applicant
- **Exclusive license agreement:**
 - Patent owner grant control of all aspects to commercialize technology
- **Copyright Registration:**
 - (Software) filed at US Library of Congress
- **Applicant must demonstrate:**
 - PPIP is the Applicant's primary business
 - PPIP enables the Applicant to meet the definition of a Biotechnology Business or Technology Business
 - PPIP must not be expired

Financial Statement & Tax Requirements

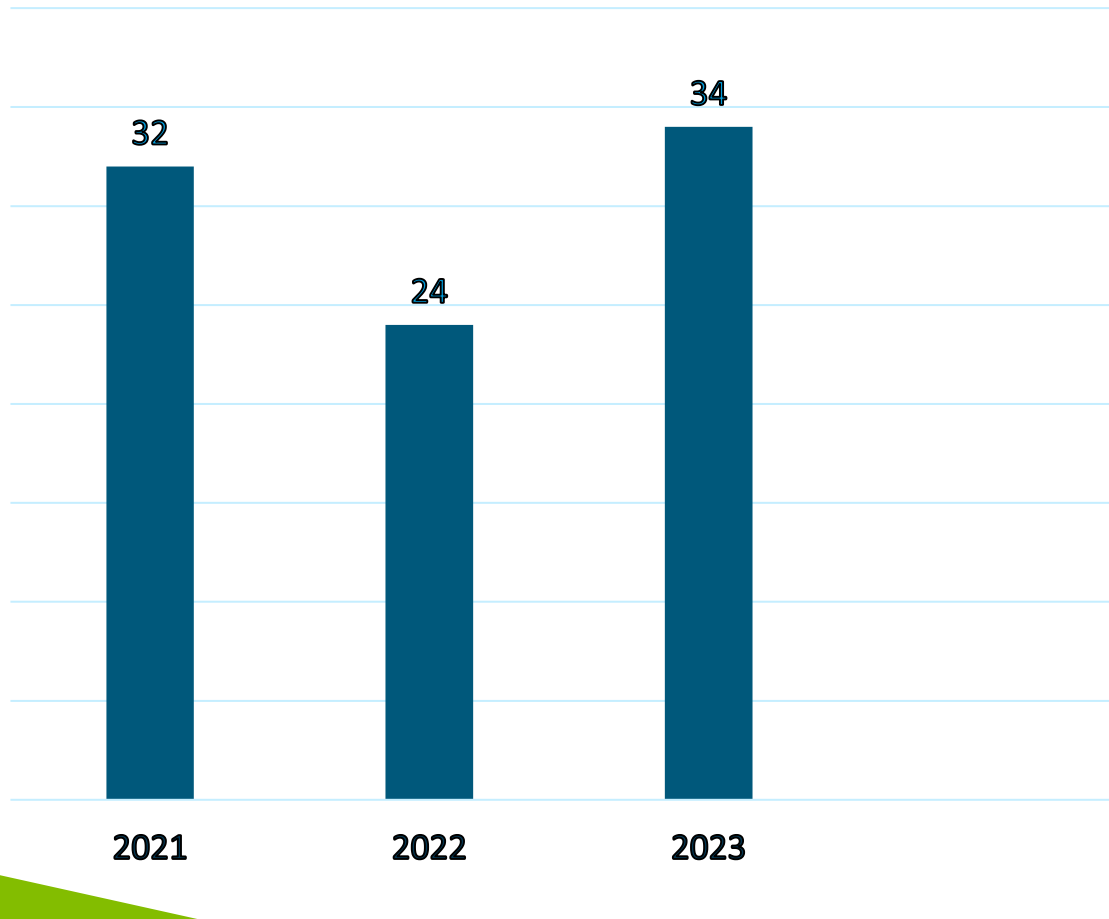
To be eligible an applicant must have no positive operating income for last 2 years as shown on Financial Statements with all schedules and footnotes **prepared according to US GAAP, by an independent CPA** (compilation, review or audit are all acceptable)

NOL Program Timeline

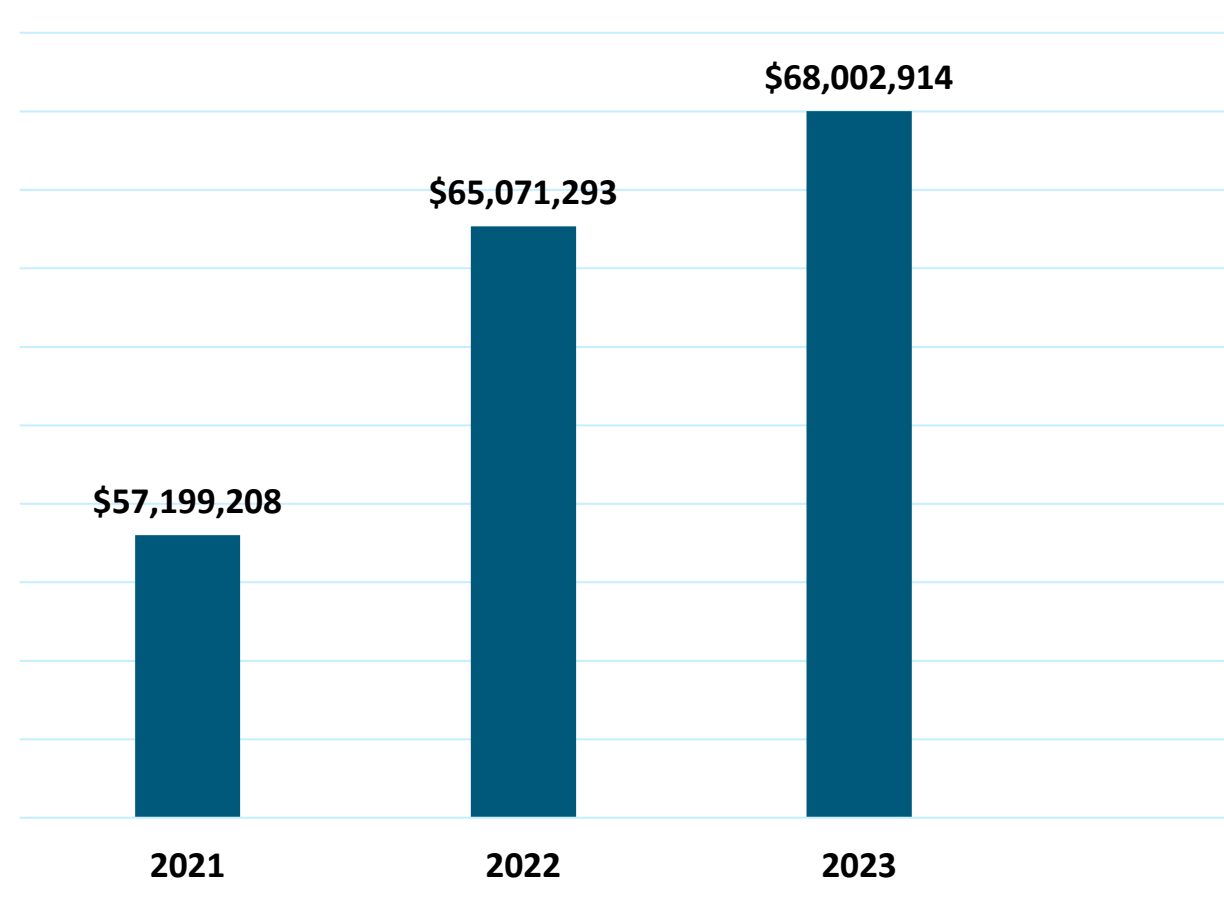


NOL Program Highlights

of Companies Awarded



\$ Amount Awarded



NOL Program Impact

Testimonials

“The NOL Program was a consistent source of funding for us and was among the many state resources that helped sustain us until we were acquired by Qorvo in 2021. My advice to entrepreneurs just starting out is simple: Apply for this program. It gives you cash without requiring you to give up equity.”

–Dr. Christopher Dries, former United Silicon Carbide President and CEO and current General Manager of Power Device Solutions for Qorvo

Thank You!

NJEDA