34:1B-289 & 34:1B-290, 34:1B-298 et al
LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2025 **CHAPTER:** 80

NJSA: 34:1B-289 & 34:1B-290, 34:1B-298 et al Modifies certain provisions of "New Jersey Innovation Evergreen Act."

BILL NO: A5795 (Substituted for S4619)

SPONSOR(S) Pintor Marin, Eliana and others

DATE INTRODUCED: 6/16/2025

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: --

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 6/30/2025

SENATE: 6/30/2025

DATE OF APPROVAL: 6/30/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (A5795 enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

A5795

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): No

TECHNICAL REVIEW OF BILL: No

COMMITTEE STATEMENT: **ASSEMBLY**: Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S4619

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): No

TECHNICAL REVIEW OF BILL: No

COMMITTEE STATEMENT: **ASSEMBLY**: No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

LEGISLATOR STATEMENT: No

FOLLOWING WERE PRINTED:
To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or mailto:refdesk@njstatelib.org

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Matthew Fazelpoor, 'Murphy signs bills to grow NJ startups, boost innovation', *NJBIZ* (online), 3 Jul 2025‹https://infoweb.newsbank.com/apps/news/document-view?p=NewsBank&docref=news/1A1B8202C03EB6B0›

CL/MMcB

P.L. 2025, CHAPTER 80, ***approved June 30, 2025***
Assembly, No. 5795

AN ACT concerning the New Jersey Innovation Evergreen Program and amending Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 21 of P.L.2020, c.156 (C.34:1B-289) is amended to read as follows:

21. As used in sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Follow-on investment" means a subsequent investment made by an investor who has a previous investment in a New Jersey high-growth business.

"Fund" means the "New Jersey Innovation Evergreen Fund" established by section 23 of P.L.2020, c.156 (C.34:1B-291).

"Headquarters" means the single location in which the chief executive officer, chief operating officer, or other high level officers of a business directs, controls, and coordinates the activities of the business.

"High-growth business" means a business that is growing significantly faster than the average growth rate of the economy or is a start-up company that is investing in developing a product or new business model that will allow it to grow significantly faster than the average growth rate of the economy within the next three to five years.

"Incentive area" means an area in this State: (1) designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan); or (2) that has been designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

"Innovation ecosystem" means funding, programs, and events that support the establishment and expansion of high-growth companies in targeted sectors. Examples of such funding, programs, and events include: mentoring programs for start-ups, meet-up or networking events, funding for locating a business in a collaborative workspace, programs that provide business services, and entrepreneurial education to companies.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

"Opportunity zone" means a federal population census tract in this State that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1 as may be amended.

"Principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; ⟦or⟧ (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State<u>; or (5) the business's headquarters is located in the State, and of all states, the largest percentage of the business's full-time employees, who are based in the United States and are not primarily engaged in retail sales, is located in New Jersey</u>.

"Program" means the New Jersey Innovation Evergreen Program established by section 22 of P.L.2020, c.156 (C.34:1B-290).

"Purchaser" means an entity registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury that purchases an allocation of tax credits under the program.

"Qualified business" means a business that, at the time of the first qualified investment in the business and throughout the period of the qualified investment under the program, is registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury; has its principal business operations located in the State and intends to maintain its principal business operations in the State after receiving a qualified investment under the program; is engaged in a targeted industry; and employs fewer than 250 persons at the time of the qualified investment.

"Qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm.

"Qualified venture firm" means a venture firm that is approved by the authority as a qualified venture firm pursuant to section 29 of P.L.2020, c.156 (C.34:1B-297).

"Special purpose vehicle" means an entity controlled by or under common control with a venture firm that is formed solely for the purpose of investing in a New Jersey high-growth business alongside the venture firm.

"Targeted industry" means any industry identified from time to time by the authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

"Venture firm" means a partnership, corporation, trust, or limited liability company that invests cash in a business during the early or expansion stages of a business in exchange for an equity stake in the business in which the investment is made. Venture firm may include a venture capital fund, a family office fund, or a corporate investor fund, provided that a professional manager administers the venture firm.

(cf: P.L.2023, c.118, s.1)

2. Section 22 of P.L.2020, c.156 (C.34:1B-290) is amended to read as follows:

22. The New Jersey Innovation Evergreen Program is established as a program under the jurisdiction of the New Jersey Economic Development Authority. The purpose of the program is to invest in innovation as a catalyst for economic growth and to advance the competitiveness of the State's businesses in the global economy. Beginning on the effective date of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), the authority shall auction up to $300,000,000 in tax credits in annual amounts not to exceed the limitations set forth in section 98 of P.L.2020, c.156 (C.34:1B-362). The authority shall not undertake an auction if, exclusive of reserves, including the reserve set aside for follow-on investments pursuant to subsection d. of section 23 of P.L.2020, c.156 (C.34:1B-291), more than ⟦$15,000,000⟧ $50,000,000 is available to the authority, from moneys received from any prior auction of tax credits pursuant to the program, to allocate to qualified venture firms.

(cf: P.L.2020, c.156, s.22)

3. Section 30 of P.L.2020, c.156 (C.34:1B-298) is amended to read as follows:

30. a. (1) The authority is authorized to allocate money credited to the fund to one or more qualified venture firms for qualified investments at the times, in the amounts, and subject to the terms and conditions that the authority shall determine to be necessary and appropriate to effectuate the purposes of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302); provided that no more than two qualified investments shall be made with each qualified venture firm in a calendar year.

(2) Each qualified investment shall not exceed [$5,000,000] $10,000,000 in initial investment, exclusive of follow-on investments; provided, however, if a qualified investment is in a business: (a) which utilizes intellectual property that is core to the its business model and was developed at a New Jersey-based college or university; (b) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a "minority business" or a "women's business" pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.), then the qualified investment shall not exceed [$6,250,000] $12,500,000 in initial investment, exclusive of follow-on investments. A qualified investment shall either: (a) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (b) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

(3) The fund shall not invest in a qualified venture firm if the authority determines that an undue financial advantage would inure to a purchaser if the investment occurs or if the investment would be inconsistent with the investment policies and goals of the State.

(4) The authority shall have a goal for 25 percent of the fund money that is allocated to qualified venture firms to be reserved for investment in businesses located in opportunity zones.

(5) Within one year of the effective date of P.L.2020, c.156 (C.34:1B-269 et al.), the authority shall undertake a disparity study of investment by venture firms in women- and minority-owned business enterprises in this State. Based on the finding of the disparity study, the authority, following board approval, may institute a set-aside plan to ensure that fund money allocated to qualified venture firms is reserved for investment in women- and minority-owned business enterprises in this State.

b. The authority shall make and enter into an agreement with each qualified venture firm to which the authority allocates money under the program. The agreement shall include provisions that require the qualified venture firm to:

(1) make investments in qualified businesses that equal or exceed the amount of capital received by the qualified venture firm from the fund under the program;

(2) cause an audit of the qualified venture firm's books and accounts, which a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, shall conduct at least once in each year in which the qualified venture firm is in receipt of fund money or in which the

qualified venture firm is responsible for the management of fund money allocated to the qualified venture firm by the authority;

(3) enter into an agreement with each qualified business that receives a qualified investment, which agreement shall, at a minimum, require the qualified business to use the qualified investment of capital to support its business operations in this State and to provide the information required under section 31 of P.L.2020, c.156 (C.34:1B-299);

(4) upon the identification of a qualified investment, create a special purpose vehicle for the qualified investment of the fund;

(5) upon the identification of a qualified investment, indicate the amount of follow-on investment the authority should reserve, and periodically provide updates concerning this amount;

(6) agree that the qualified venture firm will publicize its participation in the "New Jersey Innovation Evergreen Fund;"

(7) consent to the authority publicly disclosing the qualified venture firm on the list of qualified investment firms participating in the program; and

(8) consent to the disclosure of tax expenditure information as described in paragraph (8) of subsection b. of section 1 of P.L.2009, c.189 (C.52:27B-20a).

c. A qualified venture firm that has made and entered into an agreement with the authority in accordance with subsection b. of this section is authorized to make qualified investments of capital in one or more qualified businesses from fund money allocated to the qualified venture firm by the authority at the times, in the amounts, and subject to the terms and conditions that the qualified venture firm determines to be necessary and appropriate. The authority may limit the amount of allocated fund money that a qualified venture firm invests in a qualified business based upon the size of investments the qualified business has received, the source of the investments, and the industry in which the qualified business is engaged.

(cf: P.L.2020, c.156, s.30)

4. Section 31 of P.L.2020, c.156 (C.34:1B-299) is amended to read as follows:

31. a. A qualified venture firm shall annually report to the authority:

(1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year;

(2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year;

(3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the

number of employees of the business as of the date the investment was terminated;

(4) financials, audited by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm. Any information about the performance of an individual business, including the qualified business, shall be considered confidential and not subject to the requirements of P.L.1963, c.73 (C.47:1A-1 et seq.); and

(5) any other information the authority requires to ascertain the impact of the program on the economy of the State.

b. With respect to the information required under ⟦paragraphs (1) through⟧ <u>paragraph</u> (4) of subsection a. of this section, the report shall include a statement prepared by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate.

c. Not later than 60 days after the sale or other disposition of a qualified investment, the qualified venture firm shall provide to the authority a report on the amount of the stock sold or disposed of and the consideration received for the sale or disposition. The report shall detail the cumulative effect of sequentially introduced positive or negative values and include the gross income and details of any offsetting fees that reduce the net distribution. Any dividend or proceeds received by the authority for the sale or other disposition of a qualified investment shall be deposited into the fund and used in accordance with section 23 of P.L.2020, c.156 (C.34:1B-291).

d. A qualified venture firm shall, as required at the discretion of the authority, submit to the authority satisfactory evidence supporting the information detailed in the annual report and certifying that all information provided by the qualified venture firm to the authority is true, including information contained in the application for certification, the agreement between the qualified venture firm and authority, any amendment to that agreement, and any other information submitted by the qualified venture firm to the authority pursuant to sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302). The qualified venture firm, or an authorized agent of the qualified venture firm, shall certify under the penalty of perjury that the information provided pursuant to this section is true.

(cf: P.L.2020, c.156, s.31)

5. Section 34 of P.L.2020, c.156 (C.34:1B-302) is amended to read as follows:

34. a. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, regulations that the chief executive officer deems necessary to implement the provisions of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), which regulations shall be effective for a period not to exceed 180 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

b. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, such regulations as the chief executive officer deems necessary to implement the provisions of P.L. , c. (pending before the Legislature as this bill), which regulations shall be effective for a period not to exceed 365 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

(cf: P.L.2020, c.156, s.34)

6. This act shall take effect immediately.

STATEMENT

This bill modifies certain provisions governing the "New Jersey Innovation Evergreen Program" (program), through which the State invests in innovation by using proceeds from the auctioning of tax credits to fund qualified investments.

Definition of Principal Business Operations

The bill amends the definition of the term "principal business operations," which term is used, in part, to determine eligibility for qualified businesses under the program. Under current law, for the purposes of the program, "principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State. The bill expands the scope of this definition to also include any instance in which: the business's headquarters is located in the State; and of all states, the largest percentage of the business's full-time employees, who based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Determination of Qualified Investments

Under the program, the New Jersey Economic Development Authority is authorized to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms based on the amount of qualified investments made by each firm to qualified businesses.

Under current law, the term "qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm. Current law also provides that the amount of each qualified investment may not exceed $5 million in initial investment, exclusive of follow-on investments, provided certain exceptions. Namely, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a minority business or a women's business.

This bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

The bill increases the maximum amount of the qualified investment that may be earned for initial investments in qualified businesses. Under the bill, the maximum qualified investment that may be earned for an initial investment is $10 million, provided certain exceptions. Additionally, the bill increases to $12.5 million the maximum qualified investment that may be earned for initial investments in any qualified business that: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (3) is certified by the State as a minority business or a women's business.

Availability of Funds for Investment

Current law prohibits the authority from undertaking a tax credit auction if, exclusive of reserves, more than $15 million is available to the authority from monies received from any prior auction of tax credits pursuant to the program. The bill amends this provision to prohibit the authority from undertaking an auction if more than $50 million is available from these monies.

Reporting Requirements

A qualified venture firm is required to annually report certain information to the authority under the program. Current law requires that the report include a statement prepared by a certified public accountant, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate. Specifically, a qualified venture firm is required to include such statements for the following: (1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year; (2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year; (3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated; and (4) financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle, which include a consolidated summary of the performance of the qualified venture firm.

The bill amends current law to provide that a qualified venture firm is only required to include a certified public accountant's statement to review and accuracy for financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm.

Modifies certain provisions of "New Jersey Innovation Evergreen Act."

CHAPTER 80

AN ACT concerning the New Jersey Innovation Evergreen Program and amending Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 21 of P.L.2020, c.156 (C.34:1B-289) is amended to read as follows:

C.34:1B-289 Definitions.

21. As used in sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Follow-on investment" means a subsequent investment made by an investor who has a previous investment in a New Jersey high-growth business.

"Fund" means the "New Jersey Innovation Evergreen Fund" established by section 23 of P.L.2020, c.156 (C.34:1B-291).

"Headquarters" means the single location in which the chief executive officer, chief operating officer, or other high level officers of a business directs, controls, and coordinates the activities of the business.

"High-growth business" means a business that is growing significantly faster than the average growth rate of the economy or is a start-up company that is investing in developing a product or new business model that will allow it to grow significantly faster than the average growth rate of the economy within the next three to five years.

"Incentive area" means an area in this State: (1) designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan); or (2) that has been designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

"Innovation ecosystem" means funding, programs, and events that support the establishment and expansion of high-growth companies in targeted sectors. Examples of such funding, programs, and events include: mentoring programs for start-ups, meet-up or networking events, funding for locating a business in a collaborative workspace, programs that provide business services, and entrepreneurial education to companies.

"Opportunity zone" means a federal population census tract in this State that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1 as may be amended.

"Principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State; or (5) the business's headquarters is located in the State, and of all states, the largest percentage of the business's full-time employees, who are based in the United States and are not primarily engaged in retail sales, is located in New Jersey.

"Program" means the New Jersey Innovation Evergreen Program established by section 22 of P.L.2020, c.156 (C.34:1B-290).

"Purchaser" means an entity registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury that purchases an allocation of tax credits under the program.

"Qualified business" means a business that, at the time of the first qualified investment in the business and throughout the period of the qualified investment under the program, is registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury; has its principal business operations located in the State and intends to maintain its principal business operations in the State after receiving a qualified investment under the program; is engaged in a targeted industry; and employs fewer than 250 persons at the time of the qualified investment.

"Qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm.

"Qualified venture firm" means a venture firm that is approved by the authority as a qualified venture firm pursuant to section 29 of P.L.2020, c.156 (C.34:1B-297).

"Special purpose vehicle" means an entity controlled by or under common control with a venture firm that is formed solely for the purpose of investing in a New Jersey high-growth business alongside the venture firm.

"Targeted industry" means any industry identified from time to time by the authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

"Venture firm" means a partnership, corporation, trust, or limited liability company that invests cash in a business during the early or expansion stages of a business in exchange for an equity stake in the business in which the investment is made. Venture firm may include a venture capital fund, a family office fund, or a corporate investor fund, provided that a professional manager administers the venture firm.

2. Section 22 of P.L.2020, c.156 (C.34:1B-290) is amended to read as follows:

C.34:1B-290 New Jersey Innovation Evergreen Program.

22. The New Jersey Innovation Evergreen Program is established as a program under the jurisdiction of the New Jersey Economic Development Authority. The purpose of the program is to invest in innovation as a catalyst for economic growth and to advance the competitiveness of the State's businesses in the global economy. Beginning on the effective date of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), the authority shall auction up to $300,000,000 in tax credits in annual amounts not to exceed the limitations set forth in section 98 of P.L.2020, c.156 (C.34:1B-362). The authority shall not undertake an auction if, exclusive of reserves, including the reserve set aside for follow-on investments pursuant to subsection d. of section 23 of P.L.2020, c.156 (C.34:1B-291), more than $50,000,000 is available to the authority, from moneys received from any prior auction of tax credits pursuant to the program, to allocate to qualified venture firms.

3. Section 30 of P.L.2020, c.156 (C.34:1B-298) is amended to read as follows:

C.34:1B-298 Allocation of money to venture firms.

30. a. (1) The authority is authorized to allocate money credited to the fund to one or more qualified venture firms for qualified investments at the times, in the amounts, and subject to

the terms and conditions that the authority shall determine to be necessary and appropriate to effectuate the purposes of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302); provided that no more than two qualified investments shall be made with each qualified venture firm in a calendar year.

(2) Each qualified investment shall not exceed $10,000,000 in initial investment, exclusive of follow-on investments; provided, however, if a qualified investment is in a business: (a) which utilizes intellectual property that is core to the its business model and was developed at a New Jersey-based college or university; (b) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a "minority business" or a "women's business" pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.), then the qualified investment shall not exceed $12,500,000 in initial investment, exclusive of follow-on investments. A qualified investment shall either: (a) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (b) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

(3) The fund shall not invest in a qualified venture firm if the authority determines that an undue financial advantage would inure to a purchaser if the investment occurs or if the investment would be inconsistent with the investment policies and goals of the State.

(4) The authority shall have a goal for 25 percent of the fund money that is allocated to qualified venture firms to be reserved for investment in businesses located in opportunity zones.

(5) Within one year of the effective date of P.L.2020, c.156 (C.34:1B-269 et al.), the authority shall undertake a disparity study of investment by venture firms in women- and minority-owned business enterprises in this State. Based on the finding of the disparity study, the authority, following board approval, may institute a set-aside plan to ensure that fund money allocated to qualified venture firms is reserved for investment in women- and minority-owned business enterprises in this State.

b. The authority shall make and enter into an agreement with each qualified venture firm to which the authority allocates money under the program. The agreement shall include provisions that require the qualified venture firm to:

(1) make investments in qualified businesses that equal or exceed the amount of capital received by the qualified venture firm from the fund under the program;

(2) cause an audit of the qualified venture firm's books and accounts, which a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, shall conduct at least once in each year in which the qualified venture firm is in receipt of fund money or in which the qualified venture firm is responsible for the management of fund money allocated to the qualified venture firm by the authority;

(3) enter into an agreement with each qualified business that receives a qualified investment, which agreement shall, at a minimum, require the qualified business to use the qualified investment of capital to support its business operations in this State and to provide the information required under section 31 of P.L.2020, c.156 (C.34:1B-299);

(4) upon the identification of a qualified investment, create a special purpose vehicle for the qualified investment of the fund;

(5) upon the identification of a qualified investment, indicate the amount of follow-on investment the authority should reserve, and periodically provide updates concerning this amount;

(6) agree that the qualified venture firm will publicize its participation in the "New Jersey Innovation Evergreen Fund;"

(7) consent to the authority publicly disclosing the qualified venture firm on the list of qualified investment firms participating in the program; and

(8) consent to the disclosure of tax expenditure information as described in paragraph (8) of subsection b. of section 1 of P.L.2009, c.189 (C.52:27B-20a).

c. A qualified venture firm that has made and entered into an agreement with the authority in accordance with subsection b. of this section is authorized to make qualified investments of capital in one or more qualified businesses from fund money allocated to the qualified venture firm by the authority at the times, in the amounts, and subject to the terms and conditions that the qualified venture firm determines to be necessary and appropriate. The authority may limit the amount of allocated fund money that a qualified venture firm invests in a qualified business based upon the size of investments the qualified business has received, the source of the investments, and the industry in which the qualified business is engaged.

4. Section 31 of P.L.2020, c.156 (C.34:1B-299) is amended to read as follows:

C.34:1B-299 Report by venture firm.

31. a. A qualified venture firm shall annually report to the authority:

(1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year;

(2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year;

(3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated;

(4) financials, audited by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm. Any information about the performance of an individual business, including the qualified business, shall be considered confidential and not subject to the requirements of P.L.1963, c.73 (C.47:1A-1 et seq.); and

(5) any other information the authority requires to ascertain the impact of the program on the economy of the State.

b. With respect to the information required under paragraph (4) of subsection a. of this section, the report shall include a statement prepared by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate.

c. Not later than 60 days after the sale or other disposition of a qualified investment, the qualified venture firm shall provide to the authority a report on the amount of the stock sold or disposed of and the consideration received for the sale or disposition. The report shall detail the cumulative effect of sequentially introduced positive or negative values and include the gross income and details of any offsetting fees that reduce the net distribution. Any dividend or proceeds received by the authority for the sale or other disposition of a qualified investment shall be deposited into the fund and used in accordance with section 23 of P.L.2020, c.156 (C.34:1B-291).

d. A qualified venture firm shall, as required at the discretion of the authority, submit to the authority satisfactory evidence supporting the information detailed in the annual report and certifying that all information provided by the qualified venture firm to the authority is true, including information contained in the application for certification, the agreement between the qualified venture firm and authority, any amendment to that agreement, and any other information submitted by the qualified venture firm to the authority pursuant to sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302). The qualified venture firm, or an authorized agent of the qualified venture firm, shall certify under the penalty of perjury that the information provided pursuant to this section is true.

5. Section 34 of P.L.2020, c.156 (C.34:1B-302) is amended to read as follows:

C.34:1B-302 Regulations.

34. a. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, regulations that the chief executive officer deems necessary to implement the provisions of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), which regulations shall be effective for a period not to exceed 180 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

b. Notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, such regulations as the chief executive officer deems necessary to implement the provisions of P.L.2025, c.80, which regulations shall be effective for a period not to exceed 365 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

6. This act shall take effect immediately.

Approved June 30, 2025.

ASSEMBLY, No. 5795

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 16, 2025

Sponsored by:
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex and Hudson)
Senator ANDREW ZWICKER
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblywoman MITCHELLE DRULIS
District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:
Assemblyman Freiman, Assemblywoman Drulis and Senator Greenstein

SYNOPSIS

Modifies certain provisions of "New Jersey Innovation Evergreen Act."

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/30/2025)

AN ACT concerning the New Jersey Innovation Evergreen Program and amending Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 21 of P.L.2020, c.156 (C.34:1B-289) is amended to read as follows:

21. As used in sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Follow-on investment" means a subsequent investment made by an investor who has a previous investment in a New Jersey high-growth business.

"Fund" means the "New Jersey Innovation Evergreen Fund" established by section 23 of P.L.2020, c.156 (C.34:1B-291).

<u>"Headquarters" means the single location in which the chief executive officer, chief operating officer, or other high level officers of a business directs, controls, and coordinates the activities of the business.</u>

"High-growth business" means a business that is growing significantly faster than the average growth rate of the economy or is a start-up company that is investing in developing a product or new business model that will allow it to grow significantly faster than the average growth rate of the economy within the next three to five years.

"Incentive area" means an area in this State: (1) designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan); or (2) that has been designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

"Innovation ecosystem" means funding, programs, and events that support the establishment and expansion of high-growth companies in targeted sectors. Examples of such funding, programs, and events include: mentoring programs for start-ups, meet-up or networking events, funding for locating a business in a collaborative workspace, programs that provide business services, and entrepreneurial education to companies.

"Opportunity zone" means a federal population census tract in this State that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1 as may be amended.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

"Principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; [or] (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State; or (5) the business’s headquarters is located in the State, and of all states, the largest percentage of the business’s full-time employees, who are based in the United States and are not primarily engaged in retail sales, is located in New Jersey.

"Program" means the New Jersey Innovation Evergreen Program established by section 22 of P.L.2020, c.156 (C.34:1B-290).

"Purchaser" means an entity registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury that purchases an allocation of tax credits under the program.

"Qualified business" means a business that, at the time of the first qualified investment in the business and throughout the period of the qualified investment under the program, is registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury; has its principal business operations located in the State and intends to maintain its principal business operations in the State after receiving a qualified investment under the program; is engaged in a targeted industry; and employs fewer than 250 persons at the time of the qualified investment.

"Qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm.

"Qualified venture firm" means a venture firm that is approved by the authority as a qualified venture firm pursuant to section 29 of P.L.2020, c.156 (C.34:1B-297).

"Special purpose vehicle" means an entity controlled by or under common control with a venture firm that is formed solely for the purpose of investing in a New Jersey high-growth business alongside the venture firm.

"Targeted industry" means any industry identified from time to time by the authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

"Venture firm" means a partnership, corporation, trust, or limited liability company that invests cash in a business during the early or expansion stages of a business in exchange for an equity stake in the business in which the investment is made. Venture firm may include a venture capital fund, a family office fund, or a corporate investor fund, provided that a professional manager administers the venture firm.

(cf: P.L.2023, c.118, s.1)

2. Section 22 of P.L.2020, c.156 (C.34:1B-290) is amended to read as follows:

22. The New Jersey Innovation Evergreen Program is established as a program under the jurisdiction of the New Jersey Economic Development Authority. The purpose of the program is to invest in innovation as a catalyst for economic growth and to advance the competitiveness of the State's businesses in the global economy. Beginning on the effective date of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), the authority shall auction up to $300,000,000 in tax credits in annual amounts not to exceed the limitations set forth in section 98 of P.L.2020, c.156 (C.34:1B-362). The authority shall not undertake an auction if, exclusive of reserves, including the reserve set aside for follow-on investments pursuant to subsection d. of section 23 of P.L.2020, c.156 (C.34:1B-291), more than **[**$15,000,000**]** <u>$50,000,000</u> is available to the authority, from moneys received from any prior auction of tax credits pursuant to the program, to allocate to qualified venture firms.

(cf: P.L.2020, c.156, s.22)

3. Section 30 of P.L.2020, c.156 (C.34:1B-298) is amended to read as follows:

30. a. (1) The authority is authorized to allocate money credited to the fund to one or more qualified venture firms for qualified investments at the times, in the amounts, and subject to the terms and conditions that the authority shall determine to be necessary and appropriate to effectuate the purposes of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302); provided that no more than two qualified investments shall be made with each qualified venture firm in a calendar year.

(2) Each qualified investment shall not exceed **[**$5,000,000**]** <u>$10,000,000</u> in initial investment, exclusive of follow-on investments; provided, however, if a qualified investment is in a business: (a) which utilizes intellectual property that is core to the its business model and was developed at a New Jersey-based

college or university; (b) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a "minority business" or a "women's business" pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.), then the qualified investment shall not exceed [$6,250,000] $12,500,000 in initial investment, exclusive of follow-on investments. A qualified investment shall either: (a) match a qualified venture firm’s initial investment in a qualified business for the purchase of shares of stock; or (b) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm’s prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

(3) The fund shall not invest in a qualified venture firm if the authority determines that an undue financial advantage would inure to a purchaser if the investment occurs or if the investment would be inconsistent with the investment policies and goals of the State.

(4) The authority shall have a goal for 25 percent of the fund money that is allocated to qualified venture firms to be reserved for investment in businesses located in opportunity zones.

(5) Within one year of the effective date of P.L.2020, c.156 (C.34:1B-269 et al.), the authority shall undertake a disparity study of investment by venture firms in women- and minority-owned business enterprises in this State. Based on the finding of the disparity study, the authority, following board approval, may institute a set-aside plan to ensure that fund money allocated to qualified venture firms is reserved for investment in women- and minority-owned business enterprises in this State.

b. The authority shall make and enter into an agreement with each qualified venture firm to which the authority allocates money under the program. The agreement shall include provisions that require the qualified venture firm to:

(1) make investments in qualified businesses that equal or exceed the amount of capital received by the qualified venture firm from the fund under the program;

(2) cause an audit of the qualified venture firm's books and accounts, which a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, shall conduct at least once in each year in which the qualified venture firm is in receipt of fund money or in which the qualified venture firm is responsible for the management of fund money allocated to the qualified venture firm by the authority;

(3) enter into an agreement with each qualified business that receives a qualified investment, which agreement shall, at a minimum, require the qualified business to use the qualified investment of capital to support its business operations in this State

and to provide the information required under section 31 of P.L.2020, c.156 (C.34:1B-299);

(4) upon the identification of a qualified investment, create a special purpose vehicle for the qualified investment of the fund;

(5) upon the identification of a qualified investment, indicate the amount of follow-on investment the authority should reserve, and periodically provide updates concerning this amount;

(6) agree that the qualified venture firm will publicize its participation in the "New Jersey Innovation Evergreen Fund;"

(7) consent to the authority publicly disclosing the qualified venture firm on the list of qualified investment firms participating in the program; and

(8) consent to the disclosure of tax expenditure information as described in paragraph (8) of subsection b. of section 1 of P.L.2009, c.189 (C.52:27B-20a).

c. A qualified venture firm that has made and entered into an agreement with the authority in accordance with subsection b. of this section is authorized to make qualified investments of capital in one or more qualified businesses from fund money allocated to the qualified venture firm by the authority at the times, in the amounts, and subject to the terms and conditions that the qualified venture firm determines to be necessary and appropriate. The authority may limit the amount of allocated fund money that a qualified venture firm invests in a qualified business based upon the size of investments the qualified business has received, the source of the investments, and the industry in which the qualified business is engaged.

(cf: P.L.2020, c.156, s.30)

4. Section 31 of P.L.2020, c.156 (C.34:1B-299) is amended to read as follows:

31. a. A qualified venture firm shall annually report to the authority:

(1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year;

(2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year;

(3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated;

(4) financials, audited by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the

performance of the qualified venture firm. Any information about the performance of an individual business, including the qualified business, shall be considered confidential and not subject to the requirements of P.L.1963, c.73 (C.47:1A-1 et seq.); and

(5) any other information the authority requires to ascertain the impact of the program on the economy of the State.

b. With respect to the information required under ⟦paragraphs (1) through⟧ <u>paragraph</u> (4) of subsection a. of this section, the report shall include a statement prepared by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate.

c. Not later than 60 days after the sale or other disposition of a qualified investment, the qualified venture firm shall provide to the authority a report on the amount of the stock sold or disposed of and the consideration received for the sale or disposition. The report shall detail the cumulative effect of sequentially introduced positive or negative values and include the gross income and details of any offsetting fees that reduce the net distribution. Any dividend or proceeds received by the authority for the sale or other disposition of a qualified investment shall be deposited into the fund and used in accordance with section 23 of P.L.2020, c.156 (C.34:1B-291).

d. A qualified venture firm shall, as required at the discretion of the authority, submit to the authority satisfactory evidence supporting the information detailed in the annual report and certifying that all information provided by the qualified venture firm to the authority is true, including information contained in the application for certification, the agreement between the qualified venture firm and authority, any amendment to that agreement, and any other information submitted by the qualified venture firm to the authority pursuant to sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302). The qualified venture firm, or an authorized agent of the qualified venture firm, shall certify under the penalty of perjury that the information provided pursuant to this section is true.

(cf: P.L.2020, c.156, s.31)

5. Section 34 of P.L.2020, c.156 (C.34:1B-302) is amended to read as follows:

34. <u>a.</u> Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, regulations that the chief executive officer deems necessary to implement the provisions of sections 20 through 34 of P.L.2020,

c.156 (C.34:1B-288 through C.34:1B-302), which regulations shall be effective for a period not to exceed 180 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

b. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, such regulations as the chief executive officer deems necessary to implement the provisions of P.L. , c. (pending before the Legislature as this bill), which regulations shall be effective for a period not to exceed 365 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

(cf: P.L.2020, c.156, s.34)

6. This act shall take effect immediately.

STATEMENT

This bill modifies certain provisions governing the "New Jersey Innovation Evergreen Program" (program), through which the State invests in innovation by using proceeds from the auctioning of tax credits to fund qualified investments.

Definition of Principal Business Operations

The bill amends the definition of the term "principal business operations," which term is used, in part, to determine eligibility for qualified businesses under the program. Under current law, for the purposes of the program, "principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State. The bill expands the scope of this definition to also include any instance in which: the business's headquarters is located in the State; and of all states, the largest percentage of the business's full-time employees, who based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Determination of Qualified Investments

Under the program, the New Jersey Economic Development Authority is authorized to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms based on the amount of qualified investments made by each firm to qualified businesses.

Under current law, the term "qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm. Current law also provides that the amount of each qualified investment may not exceed $5 million in initial investment, exclusive of follow-on investments, provided certain exceptions. Namely, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a minority business or a women's business.

This bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

The bill increases the maximum amount of the qualified investment that may be earned for initial investments in qualified businesses. Under the bill, the maximum qualified investment that may be earned for an initial investment is $10 million, provided certain exceptions. Additionally, the bill increases to $12.5 million the maximum qualified investment that may be earned for initial investments in any qualified business that: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (3) is certified by the State as a minority business or a women's business.

Availability of Funds for Investment

Current law prohibits the authority from undertaking a tax credit auction if, exclusive of reserves, more than $15 million is available to the authority from monies received from any prior auction of tax credits pursuant to the program. The bill amends this provision to prohibit the authority from undertaking an auction if more than $50 million is available from these monies.

Reporting Requirements

A qualified venture firm is required to annually report certain information to the authority under the program. Current law requires that the report include a statement prepared by a certified public accountant, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate. Specifically, a qualified venture firm is required to include such statements for the following: (1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year; (2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year; (3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated; and (4) financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle, which include a consolidated summary of the performance of the qualified venture firm.

The bill amends current law to provide that a qualified venture firm is only required to include a certified public accountant's statement to review and accuracy for financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5795

STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5795.

As reported, this bill modifies certain provisions governing the "New Jersey Innovation Evergreen Program" (program), through which the State invests in innovation by using proceeds from the auctioning of tax credits to fund qualified investments.

Definition of Principal Business Operations

The bill amends the definition of the term "principal business operations," which term is used, in part, to determine eligibility for qualified businesses under the program. Under current law, for the purposes of the program, "principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State. The bill expands the scope of this definition to also include any instance in which: the business's headquarters is located in the State; and of all states, the largest percentage of the business's full-time employees, who based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Determination of Qualified Investments

Under the program, the New Jersey Economic Development Authority is authorized to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms based on the amount of qualified investments made by each firm to qualified businesses.

Under current law, the term "qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm. Current law also provides that the amount of each qualified investment may not exceed $5 million in initial investment, exclusive of follow-on investments, provided certain exceptions. Namely, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a minority business or a women's business.

This bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

The bill increases the maximum amount of the qualified investment that may be earned for initial investments in qualified businesses. Under the bill, the maximum qualified investment that may be earned for an initial investment is $10 million, provided certain exceptions. Additionally, the bill increases to $12.5 million the maximum qualified investment that may be earned for initial investments in any qualified business that: (1) utilizes intellectual property that is core to the its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (3) is certified by the State as a minority business or a women's business.

Availability of Funds for Investment

Current law prohibits the authority from undertaking a tax credit auction if, exclusive of reserves, more than $15 million is available to the authority from moneys received from any prior auction of tax credits pursuant to the program. The bill amends this provision to prohibit the authority from undertaking an auction if more than $50 million is available from these moneys.

Reporting Requirements

A qualified venture firm is required to annually report certain information to the authority under the program. Current law requires that the report include a statement prepared by a certified public accountant, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate. Specifically, a qualified venture firm is required to include such statements for the following: (1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year; (2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year; (3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated; and (4) financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm.

The bill amends current law to provide that a qualified venture firm is only required to include a certified public accountant's statement to review and accuracy for financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that includes a consolidated summary of the performance of the qualified venture firm.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate net impact on State finances. The bill increases the maximum initial qualified investment amounts permitted through the New Jersey Innovation Evergreen Program and may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions through the program.

The provision of the bill expanding the definition of principal business operations will increase State costs to the extent that it allows additional businesses to qualify for investments under the program.

Increasing the New Jersey Innovation Evergreen Fund balance threshold from $15 million to $50 million may allow the authority to conduct additional tax credit auctions. In the short term, the State will realize additional revenues from payments received from tax credit purchasers. Over the long term, the State would experience a loss of revenues resulting from the utilization of tax credits purchased through the program.

The provisions of the bill increasing the maximum initial qualified investment that may be made in a qualified business will result in an increase in State costs to the extent that the authority permits the qualified venture firms to make larger investments in qualified businesses than permitted under current law. These costs may be offset by returns achieved by investments in qualified businesses. However, the OLS cannot predict if and when that will occur.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 5795

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 26, 2025

SUMMARY

Synopsis:	Modifies certain provisions of "New Jersey Innovation Evergreen Act."
Type of Impact:	Indeterminate net impact on State finances.
Agencies Affected:	New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	**Multi-Year Lifespan of Tax Credit Awards & Qualified Investments**
State Finances	Indeterminate Net Impact

- The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate net impact on State finances. The bill increases the maximum initial qualified investment amounts permitted through the New Jersey Innovation Evergreen Program and may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions through the program.

- The provision of the bill expanding the definition of principal business operations will increase State costs to the extent that it allows additional businesses to qualify for investments under the program.

- Increasing the New Jersey Innovation Evergreen Fund balance threshold from $15.0 million to $50.0 million may allow the authority to conduct additional tax credit auctions. In the short term, the State will realize additional revenues from payments received from tax credit purchasers. Over the long term, the State would experience a loss of revenues resulting from the utilization of tax credits purchased through the program.

- The provisions of the bill increasing the maximum initial qualified investment that may be made in a qualified business will result in an increase in State costs to the extent that the authority permits the qualified venture firms to make larger investments in qualified businesses than permitted under current law. These costs may be offset by returns achieved by investments in qualified businesses. However, the OLS cannot predict if and when that will occur.

BILL DESCRIPTION

The bill modifies certain provisions of the New Jersey Innovation Evergreen Act, which governs the New Jersey Innovation Evergreen Program.

Definition of Principal Business Operations. Current law allows the authority to make qualified investments in qualified businesses. To be eligible to receive a qualified investment, a qualified business is required to have its principal business operations located in New Jersey. The bill expands the scope of the term "principal business operations" to include any instance in which a business's headquarters is located in the State, and of all states, the largest percentage of a business's full-time employees, who are based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Tax Credit Auctions. Current law prohibits the authority from undertaking a tax credit auction, if, exclusive of reserves, more than $15.0 million is available the authority from the monies received from any prior auction of tax credits through the program. The bill amends current law to prohibit the authority from undertaking an auction if more than $50.0 million is available from these monies. Increasing this threshold will allow the authority to conduct additional tax credit auctions.

Amount of Qualified Investments. The Act authorizes the authority to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms, based on the amount of qualified investments made by each firm to qualified businesses. Current law provides that the amount of each qualified investment may not exceed $5.0 million in initial investment, exclusive of follow-on investments. The bill increases the maximum qualified investment that may be earned for an initial investment to $10.0 million.

However, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) the qualified business utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) the qualified business is considered a university spin-off business as determined by the authority; or (3) the qualified business is certified as a minority business or a women's business. The bill increases the maximum initial qualified investment in a qualified business that meets one of the three aforementioned criteria to $12.5 million.

The bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will have an indeterminate net impact on State finances. The bill may result in an increase in State costs, an increase in State revenues, and a loss of State revenues. These additional State costs and revenue losses may be offset by returns and dividends generated by qualified investments in qualified businesses. The OLS cannot predict if, and when, this will occur.

Tax Credit Auctions. The New Jersey Innovation Evergreen Act seeks to address New Jersey's lack of venture capital financing through the sale of up to $300.0 million in tax credits over a nine-year period. The Act allows the authority to conduct competitive auctions of tax credits.

As of June 17, 2025, the authority has held one tax credit auction under the New Jersey Innovation Evergreen Program. In December 2022, the authority approved the sale of $50 million in tax credits for an aggregate purchase price of $41.1 million. The auction proceeds were supplemented by a Fiscal Year 2023 appropriation of $5.0 million from the State General Fund. The OLS notes that current law allows the authority to auction up to an additional $250 million in tax credits through the end of FY 2029 (June 30, 2029). According to the authority's website, there is approximately $22.0 million of unallocated capital in the New Jersey Innovation Evergreen Fund. Because the amount available to the authority from the December 2022 auction is greater than $15.0 million, the authority is prohibited from undertaking another tax credit auction.

To the extent that the bill allows the authority to conduct additional tax credit auctions, the State would receive additional revenues in the form of payments from the purchasers of tax credits. Current law requires these revenues to be deposited into the New Jersey Innovation Evergreen Fund and allocated by the authority to qualified venture firms to make qualified investments of capital in qualified businesses, and to pay the administrative, legal, and auditing expenses associated with the program.

However, if all remaining tax credits are purchased and utilized by taxpayers, the State will incur revenue losses of up to $250 million. However, the OLS notes that any revenue loss will be: a) temporally limited because current law places restrictions on the time period during which the authority may auction tax credits under the program; and b) spread out over several years since tax credits auctioned under the New Jersey Innovation Evergreen Program may be carried forward for up to seven privilege periods following the privilege periods in which the credit was first allowed.

Qualified Investments. The Act allows the authority to allocate the proceeds generated from the sale of the tax credits to one or more qualified venture firms, which in turn, make investments in qualified businesses. Each qualified venture firm may apply to the authority to utilize monies in the New Jersey Innovation Evergreen Fund to make up to two investments per year in qualified businesses. The expansion of the definition of "principal business operations" proposed by the bill may allow additional businesses to qualify for an investment under the New Jersey Innovation Evergreen Program. To the extent that the bill increases the amount and frequency of investments under the program, the State will experience an increase in costs.

An investment in a qualified business may achieve a positive return for the State. These returns may offset the cost of any investments in a qualified business. However, the OLS cannot predict if, and when, this will occur. Current law requires dividends and returns on investments to be deposited into the New Jersey Innovation Evergreen Fund. Once the fund's holdings reach $500 million, 50 percent of any return on investment in a qualified business that is in excess of twice the original and follow-on investment is paid to the State General Fund.

Section: *Revenue, Finance and Appropriations*

Analyst: *Scott A. Brodsky*
Staff Fiscal & Budget Analyst

Approved: *Thomas Koenig*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 4619

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 19, 2025

Sponsored by:
Senator ANDREW ZWICKER
District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:
Senator Greenstein

SYNOPSIS

Modifies certain provisions of “New Jersey Innovation Evergreen Act.”

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/23/2025)

AN ACT concerning the New Jersey Innovation Evergreen Program and amending Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 21 of P.L.2020, c.156 (C.34:1B-289) is amended to read as follows:

21. As used in sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302):

"Authority" means the New Jersey Economic Development Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Follow-on investment" means a subsequent investment made by an investor who has a previous investment in a New Jersey high-growth business.

"Fund" means the "New Jersey Innovation Evergreen Fund" established by section 23 of P.L.2020, c.156 (C.34:1B-291).

<u>"Headquarters" means the single location in which the chief executive officer, chief operating officer, or other high level officers of a business directs, controls, and coordinates the activities of the business.</u>

"High-growth business" means a business that is growing significantly faster than the average growth rate of the economy or is a start-up company that is investing in developing a product or new business model that will allow it to grow significantly faster than the average growth rate of the economy within the next three to five years.

"Incentive area" means an area in this State: (1) designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan); or (2) that has been designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

"Innovation ecosystem" means funding, programs, and events that support the establishment and expansion of high-growth companies in targeted sectors. Examples of such funding, programs, and events include: mentoring programs for start-ups, meet-up or networking events, funding for locating a business in a collaborative workspace, programs that provide business services, and entrepreneurial education to companies.

"Opportunity zone" means a federal population census tract in this State that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1 as may be amended.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

"Principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; ⟦or⟧ (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State<u>; or (5) the business’s headquarters is located in the State, and of all states, the largest percentage of the business’s full-time employees, who are based in the United States and are not primarily engaged in retail sales, is located in New Jersey</u>.

"Program" means the New Jersey Innovation Evergreen Program established by section 22 of P.L.2020, c.156 (C.34:1B-290).

"Purchaser" means an entity registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury that purchases an allocation of tax credits under the program.

"Qualified business" means a business that, at the time of the first qualified investment in the business and throughout the period of the qualified investment under the program, is registered to do business in this State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury; has its principal business operations located in the State and intends to maintain its principal business operations in the State after receiving a qualified investment under the program; is engaged in a targeted industry; and employs fewer than 250 persons at the time of the qualified investment.

"Qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm.

"Qualified venture firm" means a venture firm that is approved by the authority as a qualified venture firm pursuant to section 29 of P.L.2020, c.156 (C.34:1B-297).

"Special purpose vehicle" means an entity controlled by or under common control with a venture firm that is formed solely for the purpose of investing in a New Jersey high-growth business alongside the venture firm.

"Targeted industry" means any industry identified from time to time by the authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

"Venture firm" means a partnership, corporation, trust, or limited liability company that invests cash in a business during the early or expansion stages of a business in exchange for an equity stake in the business in which the investment is made. Venture firm may include a venture capital fund, a family office fund, or a corporate investor fund, provided that a professional manager administers the venture firm.

(cf: P.L.2023, c.118, s.1)

2. Section 22 of P.L.2020, c.156 (C.34:1B-290) is amended to read as follows:

22. The New Jersey Innovation Evergreen Program is established as a program under the jurisdiction of the New Jersey Economic Development Authority. The purpose of the program is to invest in innovation as a catalyst for economic growth and to advance the competitiveness of the State's businesses in the global economy. Beginning on the effective date of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302), the authority shall auction up to $300,000,000 in tax credits in annual amounts not to exceed the limitations set forth in section 98 of P.L.2020, c.156 (C.34:1B-362). The authority shall not undertake an auction if, exclusive of reserves, including the reserve set aside for follow-on investments pursuant to subsection d. of section 23 of P.L.2020, c.156 (C.34:1B-291), more than ⟦$15,000,000⟧ $50,000,000 is available to the authority, from moneys received from any prior auction of tax credits pursuant to the program, to allocate to qualified venture firms.

(cf: P.L.2020, c.156, s.22)

3. Section 30 of P.L.2020, c.156 (C.34:1B-298) is amended to read as follows:

30. a. (1) The authority is authorized to allocate money credited to the fund to one or more qualified venture firms for qualified investments at the times, in the amounts, and subject to the terms and conditions that the authority shall determine to be necessary and appropriate to effectuate the purposes of sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302); provided that no more than two qualified investments shall be made with each qualified venture firm in a calendar year.

(2) Each qualified investment shall not exceed ⟦$5,000,000⟧ $10,000,000 in initial investment, exclusive of follow-on investments; provided, however, if a qualified investment is in a business: (a) which utilizes intellectual property that is core to the its business model and was developed at a New Jersey-based

college or university; (b) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a "minority business" or a "women's business" pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.), then the qualified investment shall not exceed **[**$6,250,000**]** <u>$12,500,000</u> in initial investment, exclusive of follow-on investments. <u>A qualified investment shall either: (a) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (b) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.</u>

(3) The fund shall not invest in a qualified venture firm if the authority determines that an undue financial advantage would inure to a purchaser if the investment occurs or if the investment would be inconsistent with the investment policies and goals of the State.

(4) The authority shall have a goal for 25 percent of the fund money that is allocated to qualified venture firms to be reserved for investment in businesses located in opportunity zones.

(5) Within one year of the effective date of P.L.2020, c.156 (C.34:1B-269 et al.), the authority shall undertake a disparity study of investment by venture firms in women- and minority-owned business enterprises in this State. Based on the finding of the disparity study, the authority, following board approval, may institute a set-aside plan to ensure that fund money allocated to qualified venture firms is reserved for investment in women- and minority-owned business enterprises in this State.

b. The authority shall make and enter into an agreement with each qualified venture firm to which the authority allocates money under the program. The agreement shall include provisions that require the qualified venture firm to:

(1) make investments in qualified businesses that equal or exceed the amount of capital received by the qualified venture firm from the fund under the program;

(2) cause an audit of the qualified venture firm's books and accounts, which a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, shall conduct at least once in each year in which the qualified venture firm is in receipt of fund money or in which the qualified venture firm is responsible for the management of fund money allocated to the qualified venture firm by the authority;

(3) enter into an agreement with each qualified business that receives a qualified investment, which agreement shall, at a minimum, require the qualified business to use the qualified investment of capital to support its business operations in this State

and to provide the information required under section 31 of P.L.2020, c.156 (C.34:1B-299);

(4) upon the identification of a qualified investment, create a special purpose vehicle for the qualified investment of the fund;

(5) upon the identification of a qualified investment, indicate the amount of follow-on investment the authority should reserve, and periodically provide updates concerning this amount;

(6) agree that the qualified venture firm will publicize its participation in the "New Jersey Innovation Evergreen Fund;"

(7) consent to the authority publicly disclosing the qualified venture firm on the list of qualified investment firms participating in the program; and

(8) consent to the disclosure of tax expenditure information as described in paragraph (8) of subsection b. of section 1 of P.L.2009, c.189 (C.52:27B-20a).

c. A qualified venture firm that has made and entered into an agreement with the authority in accordance with subsection b. of this section is authorized to make qualified investments of capital in one or more qualified businesses from fund money allocated to the qualified venture firm by the authority at the times, in the amounts, and subject to the terms and conditions that the qualified venture firm determines to be necessary and appropriate. The authority may limit the amount of allocated fund money that a qualified venture firm invests in a qualified business based upon the size of investments the qualified business has received, the source of the investments, and the industry in which the qualified business is engaged.

(cf: P.L.2020, c.156, s.30)

4. Section 31 of P.L.2020, c.156 (C.34:1B-299) is amended to read as follows:

31. a. A qualified venture firm shall annually report to the authority:

(1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year;

(2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year;

(3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated;

(4) financials, audited by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the

performance of the qualified venture firm. Any information about the performance of an individual business, including the qualified business, shall be considered confidential and not subject to the requirements of P.L.1963, c.73 (C.47:1A-1 et seq.); and

(5) any other information the authority requires to ascertain the impact of the program on the economy of the State.

b. With respect to the information required under ⟦paragraphs (1) through⟧ paragraph (4) of subsection a. of this section, the report shall include a statement prepared by a certified public accountant, who is licensed in accordance with the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.), or licensed in accordance with the laws of another state, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate.

c. Not later than 60 days after the sale or other disposition of a qualified investment, the qualified venture firm shall provide to the authority a report on the amount of the stock sold or disposed of and the consideration received for the sale or disposition. The report shall detail the cumulative effect of sequentially introduced positive or negative values and include the gross income and details of any offsetting fees that reduce the net distribution. Any dividend or proceeds received by the authority for the sale or other disposition of a qualified investment shall be deposited into the fund and used in accordance with section 23 of P.L.2020, c.156 (C.34:1B-291).

d. A qualified venture firm shall, as required at the discretion of the authority, submit to the authority satisfactory evidence supporting the information detailed in the annual report and certifying that all information provided by the qualified venture firm to the authority is true, including information contained in the application for certification, the agreement between the qualified venture firm and authority, any amendment to that agreement, and any other information submitted by the qualified venture firm to the authority pursuant to sections 20 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302). The qualified venture firm, or an authorized agent of the qualified venture firm, shall certify under the penalty of perjury that the information provided pursuant to this section is true.

(cf: P.L.2020, c.156, s.31)

5. Section 34 of P.L.2020, c.156 (C.34:1B-302) is amended to read as follows:

34. a. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, regulations that the chief executive officer deems necessary to implement the provisions of sections 20 through 34 of P.L.2020,

c.156 (C.34:1B-288 through C.34:1B-302), which regulations shall be effective for a period not to exceed 180 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

<u>b. Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the chief executive officer of the authority may adopt, immediately, upon filing with the Office of Administrative Law, such regulations as the chief executive officer deems necessary to implement the provisions of P.L. , c. (pending before the Legislature as this bill), which regulations shall be effective for a period not to exceed 365 days from the date of the filing. The chief executive officer shall thereafter amend, adopt, or readopt the regulations in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).</u>

(cf: P.L.2020, c.156, s.34)

6. This act shall take effect immediately.

STATEMENT

This bill modifies certain provisions governing the "New Jersey Innovation Evergreen Program" (program), through which the State invests in innovation by using proceeds from the auctioning of tax credits to fund qualified investments.

Definition of Principal Business Operations

The bill amends the definition of the term "principal business operations," which term is used, in part, to determine eligibility for qualified businesses under the program. Under current law, for the purposes of the program, "principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State. The bill expands the scope of this definition to also include any instance in which: the business's headquarters is located in the State; and of all states, the largest percentage of the business's full-time employees, who based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Determination of Qualified Investments

Under the program, the New Jersey Economic Development Authority is authorized to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms based on the amount of qualified investments made by each firm to qualified businesses.

Under current law, the term "qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm. Current law also provides that the amount of each qualified investment may not exceed $5 million in initial investment, exclusive of follow-on investments, provided certain exceptions. Namely, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a minority business or a women's business.

This bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

The bill increases the maximum amount of the qualified investment that may be earned for initial investments in qualified businesses. Under the bill, the maximum qualified investment that may be earned for an initial investment is $10 million, provided certain exceptions. Additionally, the bill increases to $12.5 million the maximum qualified investment that may be earned for initial investments in any qualified business that: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (3) is certified by the State as a minority business or a women's business.

Availability of Funds for Investment

Current law prohibits the authority from undertaking a tax credit auction if, exclusive of reserves, more than $15 million is available to the authority from monies received from any prior auction of tax credits pursuant to the program. The bill amends this provision to prohibit the authority from undertaking an auction if more than $50 million is available from these monies.

Reporting Requirements

A qualified venture firm is required to annually report certain information to the authority under the program. Current law requires that the report include a statement prepared by a certified public accountant, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate. Specifically, a qualified venture firm is required to include such statements for the following: (1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year; (2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year; (3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated; and (4) financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle, which include a consolidated summary of the performance of the qualified venture firm.

The bill amends current law to provide that a qualified venture firm is only required to include a certified public accountant’s statement to review and accuracy for financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4619

STATE OF NEW JERSEY

DATED: JUNE 26, 2025

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4619.

As reported, this bill modifies certain provisions governing the "New Jersey Innovation Evergreen Program" (program), through which the State invests in innovation by using proceeds from the auctioning of tax credits to fund qualified investments.

Definition of Principal Business Operations

The bill amends the definition of the term "principal business operations," which term is used, in part, to determine eligibility for qualified businesses under the program. Under current law, for the purposes of the program, "principal business operations" means any of the following: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business's full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State. The bill expands the scope of this definition to also include any instance in which: the business's headquarters is located in the State; and of all states, the largest percentage of the business's full-time employees, who based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Determination of Qualified Investments

Under the program, the New Jersey Economic Development Authority is authorized to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms based on the amount of qualified investments made by each firm to qualified businesses.

Under current law, the term "qualified investment" means the direct investment of money by the fund in a qualified business for the purchase of shares of stock, with an option to make an additional investment in an option or warrant or a follow-on investment, in the discretion of the authority, all of which is matched by an investment by a qualified venture firm. Current law also provides that the amount of each qualified investment may not exceed $5 million in initial investment, exclusive of follow-on investments, provided certain exceptions. Namely, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (c) is certified by the State as a minority business or a women's business.

This bill amends current law to require that a qualified investment either: (1) match a qualified venture firm's initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm's prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

The bill increases the maximum amount of the qualified investment that may be earned for initial investments in qualified businesses. Under the bill, the maximum qualified investment that may be earned for an initial investment is $10 million, provided certain exceptions. Additionally, the bill increases to $12.5 million the maximum qualified investment that may be earned for initial investments in any qualified business that: (1) utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) is considered a university spin-off business as determined by the authority; or (3) is certified by the State as a minority business or a women's business.

Availability of Funds for Investment

Current law prohibits the authority from undertaking a tax credit auction if, exclusive of reserves, more than $15 million is available to the authority from monies received from any prior auction of tax credits pursuant to the program. The bill amends this provision to prohibit the authority from undertaking an auction if more than $50 million is available from these monies.

Reporting Requirements

A qualified venture firm is required to annually report certain information to the authority under the program. Current law requires that the report include a statement prepared by a certified public accountant, certifying that the accountant has reviewed the report and that the information and representations contained in the report are accurate. Specifically, a qualified venture firm is required to include such statements for the following: (1) the amount of the qualified investment, if any, uninvested at the end of the preceding calendar year; (2) all qualified investments made during the preceding calendar year, including the number and wages of employees of each qualified business at the time the venture firm made the qualified investment and as of December 31 of that year; (3) for any qualified investment in which the qualified venture firm no longer has a position as of the end of the calendar year, the number of employees of the business as of the date the investment was terminated; and (4) financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle, which include a consolidated summary of the performance of the qualified venture firm.

The bill amends current law to provide that a qualified venture firm is only required to include a certified public accountant's statement to review and accuracy for financials, audited by a certified public accountant, of the qualified venture firm and the special purpose vehicle that include a consolidated summary of the performance of the qualified venture firm.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate net impact on State finances. The bill increases the maximum initial qualified investment amounts permitted through the New Jersey Innovation Evergreen Program and may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions through the program.

The provision of the bill expanding the definition of principal business operations will increase State costs to the extent that is allows additional businesses to qualify for investments under the program.

Increasing the New Jersey Innovation Evergreen Fund balance threshold from $15.0 million to $50.0 million may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions. In the short term, the State will realize additional revenues from payments received from tax credit purchasers. Over the long term, the State would experience a loss of revenues resulting from the utilization of tax credits purchased through the program.

The provisions of the bill increasing the maximum initial qualified investment that may be made in a qualified business will result in an increase in State costs to the extent that the authority permits the qualified venture firms to make larger investments in qualified businesses than permitted under current law. These costs may be offset by returns achieved by investments in qualified businesses. However, the OLS cannot predict if and when that will occur.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4619
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 30, 2025

SUMMARY

Synopsis:	Modifies certain provisions of "New Jersey Innovation Evergreen Act."
Type of Impact:	Indeterminate net impact on State finances.
Agencies Affected:	New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	**Multi-Year Lifespan of Tax Credit Awards & Qualified Investments**
State Finances	Indeterminate Net Impact

- The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate net impact on State finances. The bill increases the maximum initial qualified investment amounts permitted through the New Jersey Innovation Evergreen Program and may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions through the program.

- The provision of the bill expanding the definition of principal business operations will increase State costs to the extent that is allows additional businesses to qualify for investments under the program.

- Increasing the New Jersey Innovation Evergreen Fund balance threshold from $15.0 million to $50.0 million may allow the New Jersey Economic Development Authority to conduct additional tax credit auctions. In the short term, the State will realize additional revenues from payments received from tax credit purchasers. Over the long term, the State would experience a loss of revenues resulting from the utilization of tax credits purchased through the program.

- The provisions of the bill increasing the maximum initial qualified investment that may be made in a qualified business will result in an increase in State costs to the extent that the authority permits the qualified venture firms to make larger investments in qualified businesses than permitted under current law. These costs may be offset by returns achieved by investments in qualified businesses. However, the OLS cannot predict if and when that will occur.

BILL DESCRIPTION

The bill modifies certain provisions of the New Jersey Innovation Evergreen Act, which governs the New Jersey Innovation Evergreen Program.

Definition of Principal Business Operations. Current law allows the authority to make qualified investments in qualified businesses. To be eligible to receive a qualified investment, a qualified business is required to have its principal business operations located in New Jersey. The bill expands the scope of the term “principal business operations” to include any instance in which a business’s headquarters is located in the State, and of all states, the largest percentage of a business’s full-time employees, who are based in the United States and are not primarily engaged in retail sales, are located in New Jersey.

Tax Credit Auctions. Current law prohibits the authority from undertaking a tax credit auction, if, exclusive of reserves, more than $15.0 million is available the authority from the monies received from any prior auction of tax credits through the program. The bill amends current law to prohibit the authority from undertaking an auction if more than $50.0 million is available from these monies. Increasing this threshold will allow the authority to conduct additional tax credit auctions.

Amount of Qualified Investments. The Act authorizes the authority to allocate monies, generated from the proceeds of tax credit auctions, to one or more qualified venture firms, based on the amount of qualified investments made by each firm to qualified businesses. Current law provides that the amount of each qualified investment may not exceed $5.0 million in initial investment, exclusive of follow-on investments. The bill increases the maximum qualified investment that may be earned for an initial investment to $10.0 million.

However, a maximum qualified investment of $6.25 million may be earned for initial investments made to any qualified business that meets one of the following criteria: (1) the qualified business utilizes intellectual property that is core to its business model and was developed at a New Jersey-based college or university; (2) the qualified business is considered a university spin-off business as determined by the authority; or (3) the qualified business is certified as a minority business or a women’s business. The bill increases the maximum initial qualified investment in a qualified business that meets one of the three aforementioned criteria to $12.5 million.

The bill amends current law to require that a qualified investment either: (1) match a qualified venture firm’s initial investment in a qualified business for the purchase of shares of stock; or (2) in instances where the venture firm has a prior investment in the qualified business, occur at a higher valuation compared to the venture firm’s prior investments into the qualified business, as established by an independent third-party valuation or through participation by a third-party investor at the same valuation as the qualified venture firm.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will have an indeterminate net impact on State finances. The bill may result in an increase in State costs, an increase in State revenues, and a loss of State revenues. These additional State costs and revenue losses may be offset by returns and dividends generated by qualified investments in qualified businesses. The OLS cannot predict if, and when, this will occur.

Tax Credit Auctions. The New Jersey Innovation Evergreen Act seeks to address New Jersey's lack of venture capital financing through the sale of up to $300.0 million in tax credits over a nine-year period. The Act allows the authority to conduct competitive auctions of tax credits.

As of June 17, 2025, the authority has held one tax credit auction under the New Jersey Innovation Evergreen Program. In December 2022, the authority approved the sale of $50 million in tax credits for an aggregate purchase price of $41.1 million. The auction proceeds were supplemented by Fiscal Year 2023 appropriation of $5.0 million from the State General Fund. The OLS notes that current law allows the authority to auction up to an additional $250 million in tax credits through the end of FY 2029 (June 30, 2029). According to the authority's website, there is approximately $22.0 million of unallocated capital in the New Jersey Innovation Evergreen Fund. Because the amount available to the authority from the December 2022 auction is greater than $15.0 million, the authority is prohibited from undertaking another tax credit auction.

To the extent that the bill allows the authority to conduct additional tax credit auctions, the State would receive additional revenues in the form of payments from the purchasers of tax credits. Current law requires these revenues to be deposited into the New Jersey Innovation Evergreen Fund and allocated by the authority to qualified venture firms to make qualified investments of capital in qualified businesses, and to pay the administrative, legal, and auditing expenses associated with the program.

However, if all remaining tax credits are purchased and utilized by taxpayers, the State will incur revenue losses of up to $250 million. However, the OLS notes that any revenue loss will be: a) temporally limited because current law places restrictions on the time period during which the authority may auction tax credits under the program; and b) spread out over several years since tax credits auctioned under the New Jersey Innovation Evergreen Program may be carried forward for up to seven privilege periods following the privilege periods in which the credit was first allowed.

Qualified Investments. The Act allows the authority to allocate the proceeds generated from the sale of the tax credits to one or more qualified venture firms, which in, turn, make investments in qualified businesses. Each qualified venture firm may apply to the authority to utilize moneys in the New Jersey Innovation Evergreen Fund to make up to two investments per year in qualified businesses. The expansion of the definition of "principal business operations" proposed by the bill may allow additional businesses to qualify for an investment under the New Jersey Innovation Evergreen Program. To the extent that the bill increases the amount and frequency of investments under the program, the State will experience an increase in costs.

An investment in a qualified business may achieve a positive return for the State. These returns may offset the cost of any investments in a qualified business. However, the OLS cannot predict if, and when, this will occur. Current law requires dividends and returns on investments to be deposited into the New Jersey Innovation Evergreen Fund. Once the fund's holdings reach $500 million, 50 percent of any return on investment in a qualified business that is in excess of twice the original and follow-on investment is paid to the State General Fund.

Section: *Revenue, Finance and Appropriations*

Analyst: *Scott A. Brodsky*
Staff Fiscal & Budget Analyst

Approved: *Thomas Koenig*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Bills Gov Acted On

Posted on - 06/30/2025

The Governor has acted on the following bills:

BILL SIGNINGS:

S-4620/A-5879 (McKnight, Mukherji/McCann Stamato) - Amends Fiscal Year 2025 annual appropriations act to assign distribution of Old Courthouse asbestos remediation funding from Hudson County to Jersey City

S-2788wGR/A-4569 (Cruz-Perez, Turner/Freiman, Katz, Simmons) - Appropriates $128.241 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for farmland preservation purposes

A-5100/S-3991 (Rodriguez/Stack) - Re-appropriates unexpended balance of FY 2024 appropriation for Town of West New York to support recreation center; appropriates $3 million for Town of West New York – Recreation Center to restore lapsed FY 2024 funding

A-5807/S-4655 (Pintor Marin/Sarlo) - Makes FY2025 supplemental appropriations of $142,615,000; adds various language provisions to FY2025 Appropriations Act

A-5803/SCS for S-3064 (Bagolie/McKeon, Turner) - Modifies tax on certain forms of online gaming and wagering

ACS for A-4455/SCS for S-4503 (Freiman, Schaer, Karabinchak /Sarlo, Mukherji) - Allows exemption from New Jersey gross income of certain capital gains from sale or exchange of qualified small business stock

A-5805/SCS for S-4659 and 4661 (Venezia/Sarlo, Vitale) - Modifies tax rate on certain nicotine products

A-5804/S-4666 (Reynolds-Jackson/Wimberly) - Modifies payer of additional fees and taxes imposed on certain real property transfers; modifies fees and taxes imposed on property transfers valued over $2 million

A-5809/S-4656 (Murphy/Vitale) - “Healthcare Finance Enhancement Act”

S-3189/A-2365 (Zwicker, Sarlo/Tully, Murphy, DePhillips) - Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act”

S-4654/A-5878 (Scutari, A.M. Bucco/Schnall, Inganamort) - Provides for publication of required legal notices on government Internet websites and through certain online news publications

A-5801/S-4692 (Freiman/Sarlo) - Appropriates $247,128,000 from “New Jersey Debt Defeasance and Prevention Fund”; establishes process for authorizing future appropriations for debt defeasance and capital projects

(BUDGET BILL – w/Rev Cert. LIV, Summary)

BILL VETOED:

S-2026/A-5800 (Sarlo/Pintor Marin, Park) – w/LINE ITEM Appropriates $58,782,119,000 in State funds and $31,007,261,743 in federal funds for the State budget for fiscal year 2026

BILL SIGNINGS:

A-5810/S-4660 (Pintor Marin, Dolon, Bagolie/McKeon, McKnight) - Promotes equity in health insurance appeal process

S-4632/A-5812 (Scutari, Ruiz/Schaer) - Establishes grant program in DOE for public schools to purchase and install point-of-use filtered bottle-filling stations and filtered faucets

S-3618/A-4926 (Smith, Greenstein/Calabrese, Tully, Haider) - Directs DEP and DOT to establish “Wildlife Corridor Action Plan”

S-3933/A-5075 (Ruiz, McKnight/Swain, Morales, Bagolie) - Establishes School Supervisor Mentorship Pilot Program; appropriates $500,000

A-5077/S-4375 (Morales, Bagolie, Carter/Ruiz, Zwicker) - Extends statutory pause on collection of student growth objective data

A-5795/S-4619 (Pintor Marin, Freiman, Drulis/Zwicker) - Modifies certain provisions of "New Jersey Innovation Evergreen Act"

S-4618/A-5827 (Mukherji, Gopal/Pintor Marin, Peterpaul, Donlon) - Modifies certain requirements and award availability under film and digital media content production tax credit program

S-4122/A-5257 (Burzichelli/Stanley, Egan) - Revises apportionment of State lottery contributions

Governor Murphy Signs Package of Bills to Support Innovative Businesses in New Jersey

Posted on - 06/30/2025

TRENTON – Governor Murphy today signed a three-bill package to help support New Jersey's thriving innovation ecosystem by enabling entrepreneurs to start and grow their businesses in the Garden State.

"Over the course of our administration, we have firmly established New Jersey as a global leader in technology and innovation. Aided by strategic investments to provide our entrepreneurs with the tools and resources necessary to drive their businesses forward, New Jersey has become the destination to both start and scale a business," **said Governor Murphy**. "Today's bill signing underscores our commitment to aspiring entrepreneurs and innovative companies while driving our state's economy forward."

"Governor Murphy and the New Jersey Legislature have consistently recognized the vital role entrepreneurs play in New Jersey's economy and remain committed to providing them with the resources needed to build and grow successful businesses," **said NJEDA Chief Executive Officer Tim Sullivan**. "The New Jersey Innovation Evergreen Fund and Angel Tax Credit programs have become key NJEDA tools to help bolster early-stage innovation companies, resulting in greater investment into the life sciences, technology, and clean energy sectors. The package of bills signed today will increase participation into the programs, unlock capital for entrepreneurs, and spur greater venture investment. Additionally, the QSBS bill perfectly complements the suite of innovation programs built under the Murphy Administration and will encourage entrepreneurs to continue building new businesses in New Jersey. Together, these bills will support new cutting-edge businesses, job creation, and a stronger innovation economy."

The three bills signed today include:

- A5795/S4619, which modifies the New Jersey Innovation Evergreen Act to increase the maximum amount of the qualified investment. The bill would also allow for a "qualified investment" to be a venture firm's second or later investment into a business if it is larger than the first investment or occurs at a higher valuation than the first investment. It also allows the Economic Development Authority to conduct additional tax credit auctions through the program.

- A2365/S3189, which increases the amount of the tax credit provided under the New Jersey Angel Investor Tax Credit Act. The bill allows the Economic Development Authority to utilize unused credits from the annual allocation from the Technology Business Tax Certificate Transfer Program to support the award of tax credits under the "New Jersey Angel Investor Tax Credit Act." It also revises the definitions of "New Jersey based business" and "New Jersey emerging technology business" to lower the maximum number of employees that a business may employ to qualify for the tax credit.

- A4455/S4503, which allows exemption from New Jersey gross income of certain capital gains from sale or exchange of qualified small business stock (QSBS) after December 31, 2025.

“These bills will support emerging businesses, attract private investment, and ensure that our economy benefits from the incredible talent and research institutions already based in our state,” **said Senator Andrew Zwicker**. “By supporting fledgling startups and women and minority-owned businesses through the use of tax credits and public matching funds, we will ensure they can grow and thrive in New Jersey. These changes will allow entrepreneurs to continue to innovate the next breakthrough technologies in our state, creating high-quality jobs and positioning New Jersey as the best place to start a business.”

“We aspire to make New Jersey the best State for people to start a business, especially in emerging technology industries. This legislation is the next step in making that aspiration a reality,” **said Senator Paul Sarlo**. “Raising the Angel Investor Tax Credit will exponentially increase the investment that we see in start-ups across our State, helping small businesses to grow and create the breakthrough technologies of tomorrow.”

“By joining the other 45 states that recognize QSBS, New Jersey is sending a clear signal that we welcome innovation and are committed to fostering long-term investment in our small and emerging businesses. We’re giving entrepreneurs, investors, and job creators a powerful reason to build and stay in the Garden State,” **said Senator Raj Mukherji.** “This law is a smart, strategic incentive that will remove a competitive disadvantage and drive economic growth, especially for startups.”

“This bill aims to revise the New Jersey Innovation Evergreen Fund policies, further strengthening the State’s ability to invest in promising startups, encouraging their growth, and creating a stronger incentive for others to build their business right here in New Jersey,” **said Assemblywoman Eliana Pintor Marin**. “By expanding both the scope of potential investments as well as the amount we can invest, we are telling these innovative businesses that they have our support.”

“New Jersey’s innovation industry drives our economy, creates good-paying jobs, and delivers revolutionary breakthroughs that impact the entire world,” **said Assemblyman Chris Tully, Chair of the Assembly Science, Innovation and Technology Committee**. “Through A2365, we’re encouraging early-stage investment in New Jersey companies by increasing the tax credits available to eligible investors.

“Young companies rely on angel funding to grow their businesses and entrepreneurs have repeatedly hailed the Angel Investor Tax Credit Program as an important tool in attracting investments,” **said Assemblywoman Carol Murphy**. “By increasing the amount that a taxpayer can receive for their investments into a New Jersey-based company through this program, we’re reaffirming our commitment to the state’s innovation sector and to small businesses throughout the Garden State.”

“The goal here is to further incentivize investment in New Jersey’s early stage startups, not just to grow the technology industry, but to support jobs and stimulate the economy. This legislation signals to the industry that New Jersey can not only compete nationally, but globally in the innovation economy,” **said Assemblyman Christopher P. DePhillips**.

“New Jersey has always been a place where businesses and startups can grow, but to stay competitive, we need to keep supporting investment in our small and mid-sized businesses,” **said Assemblyman Roy Freiman**. “This legislation is an essential step in protecting the backbone of our economy and ensuring the tools to thrive are not only available, but accessible to those that need them most.”

“By making it easier to attract capital, we can help grow local businesses and build a more inclusive economy that benefits everyone,” **said Assemblyman Gary Schaer**. “Through this legislation we remove one of the barriers that has unfortunately made New Jersey less competitive for investors. By aligning ourselves with the federal standard, we're giving small businesses a better shot at success and strengthening the communities they support."

"Through this bill we send a clear message to the rest of the country that New Jersey is ready to support innovation, economic growth, and the job growth that follows," **said Assemblyman Robert Karabinchak**. "By encouraging long-term investment in local companies, we're giving these businesses the tools they need to thrive and ensuring that the next generation of talent and innovation happens right here in New Jersey."

"Coinciding with the State budget, BioNJ commends the Governor and Legislature for passing several pieces of legislation that will enhance New Jersey's competitiveness and foster innovation-driven growth. The expansion of the Angel Investor Tax Credit program, along with novel policies to incentivize the development of manufacturing in New Jersey — including the Next New Jersey Manufacturing Program and New Jersey Innovation Evergreen Act — are prudent measures to support continued growth of our life sciences sector," **said Debbie Hart, President and CEO of BioNJ**. "We appreciate the receptivity that the Governor and Legislature both demonstrated regarding opportunities for the State to sustain our reputation as being the Medicine Chest of the World. BioNJ remains committed to working alongside policymakers to advance innovation in New Jersey, Because Patients Can't Wait®."

"The Innovation Evergreen Fund and the Angel Tax Credit were great programs to support the entrepreneurial ecosystem in New Jersey, and I am very glad that the Governor has taken to heart suggestions that will make them even better," **said Stephen Socolof, Managing Partner, Tech Council Ventures**. "QSBS also aligns New Jersey with many other states as well as federal tax incentives for long-term business investment. Thanks to the Governor for making these changes."

Governor Murphy Signs Fiscal Year 2026 Budget into Law

Posted on - 06/30/2025

Budget Builds on Governor Murphy's Historic Record of Fiscal Responsibility – With a $6.7 Billion Surplus to Help Weather Future Financial Challenges Compared to Just $409 Million Surplus Inherited in 2018

Budget Provides An All-Time High Level of Property Tax Relief, the Highest Level of School Funding in History, and a Fifth Consecutive Full Pension Payment

Budget Makes Historic Investments in Women's Health Care and Provides Funding to Fully Modernize NJ TRANSIT's Fleet

TRENTON – Governor Phil Murphy today signed into law the Fiscal Year 2026 Appropriations Act, marking a culmination of the Murphy Administration's longstanding commitment to fiscal responsibility, affordability, and opportunity. Over nine budgets spanning nearly eight years in office, Governor Murphy has presided over sustained economic growth while making long overdue investments in addressing the needs of working New Jerseyans, from property tax relief, to school funding, to restoring funding for the State's pension systems.

The $58.78 billion Fiscal Year 2026 (FY2026) budget, which was passed by the Legislature earlier today, redirects over 75 percent of the total budget back into our communities in the form of grants-in-aid for property tax relief, social services, higher education, as well as State aid to schools, municipalities, and counties. The budget includes an all-time high level of direct property tax relief for homeowners and renters, yields the highest level of school funding in history, and delivers a fifth consecutive full pension payment. It also prioritizes quality health services for women and families, and it invests in beginning to fully modernize NJ TRANSIT's fleet.

Upon taking office, Governor Murphy inherited a $409 million surplus from his predecessor. Eight years later, the Governor will leave his successor with a surplus 16 times greater than that amount—$6.7 billion.

"This budget exemplifies our dedication to fiscal responsibility, affordability, and opportunity for all New Jerseyans," **said Governor Murphy**. "Over nearly eight years in office, we have maintained a steadfast commitment to building a stronger and fairer New Jersey and righting our fiscal ship. I'm proud that this budget caps off an eight-year journey to turn our state around and delivers greater economic security and opportunity to every family. With the help of our legislative partners, we are moving New Jersey toward a brighter future for every child, student, worker, parent, and senior citizen who calls our great state home."

"The budget upholds our administration's promise to make sure that New Jersey remains the best state in the nation to live, work, raise a family, and retire," **said Lieutenant Governor Tahesha Way**. "Over the past seven and a half years, we have made historic strides in making our state more affordable for hardworking residents and families through expanded tax relief and major investments in affordable housing, social services, and education. This state budget is a direct result of the strong collaboration between Governor Murphy, Treasurer Muoio, and legislative leadership."

"This budget is the culmination of a nearly eight-year effort to improve conditions for all New Jerseyans, building a fiscally stronger state that is more affordable for all," **said State Treasurer Elizabeth Maher Muoio**. "As always, this budget could not have been completed without the hard work of my staff at the Department of the Treasury and particularly the folks at the Office of Management and Budget and the Office of Revenue and Economic Analysis. I want to thank all of them for their tireless work, dedication, and exemplary professionalism over the past seven and a half years."

"This is a fiscally responsible budget that puts New Jersey families first. At a time when working people are being left behind by misguided decisions in Washington, we're making smart, strategic investments that deliver meaningful support, especially through historic property tax reductions, strong funding for public education, higher education, healthcare, transit, and a full pension payment," **said Senate President Nick Scutari, Senate Majority Leader M. Teresa Ruiz and Senator Paul Sarlo, Chair of the Senate Budget Committee**. "We're grateful to Governor Murphy and our colleagues in the Legislature for coming together to enact a disciplined, forward-looking budget that safeguards essential services, expands opportunity, and reinforces New Jersey's long-term fiscal strength."

Fiscal Responsibility
The budget once again provides a full payment to the pension systems. This year's $7.2 billion payment marks the fifth year in a row Governor Murphy has fully funded the systems. Total pension contributions by the Murphy Administration are on track to exceed $47 billion – nearly four times the $12.2 billion in total contributions of the previous six governors combined.

With an eye toward ensuring New Jersey remains prepared for the future, this budget provides a surplus of $6.7 billion, more than ten times larger than the average surplus under the previous administration.

Additionally, the budget includes $788 million in funding from the Corporate Transit Fee dedicated to support NJ TRANSIT and builds upon $1.358 billion in interest saved by taxpayers over the last four years by paying down debt and minimizing new debt taken on.

The budget also includes several tax policy changes, including increases for the highest tier of realty transfer fees, sports betting, and cigarettes and vaping, as well as a new exemption for small business investment and reforms to the Angel Investor Tax Credit.

These changes, along with the cuts in appropriations, help ensure that revenues are more closely in line with expenditures.

Affordability and Economic Security
Continuing efforts to make New Jersey affordable for all, this budget includes nearly $4.3 billion in direct property tax relief for New Jersey homeowners and renters, including $2.4 billion for the continuation of the popular ANCHOR program, which last year delivered more than $2.2 billion in property tax relief to nearly two million residents. The budget also continues the Senior Freeze program, with a $239 million allocation to benefit more than 235,000 taxpayers.

The budget also includes additional funding for the landmark Stay NJ program, allocating $600 million in resources to significantly reduce property taxes for more than 432,000 senior homeowners. Stay NJ is expected to launch for the 2025 tax season and will reimburse eligible seniors for up to 50 percent of their property tax bills.

Continuing the focus on making the state more affordable for working and middle-class families, the budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit.

The tax relief included in this budget brings the total relief provided by the Murphy Administration and our partners in the Legislature to more than double any prior administration.

Continuing efforts to provide quality health services for all, a top priority of this administration, the budget includes $165 million for the continuation of Cover All Kids; $55.4 million for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold programs, helping more than 149,000 seniors and residents with disabilities; $52 million for family planning services and reproductive health programs; and $35.8 million for Family Connects NJ, which has provided nearly 2,500 free in-home nurse visits to families with newborns and is now available in 11 counties; and $52 million for family planning services and reproductive health programs.

The proposal also includes $10 million for a new initiative to provide State employees with full pay while they take family leave to care for a newborn, adopted, or fostered child.

Supporting the Next Generation of New Jerseyans
Last year, Governor Murphy became the first Governor to fully fund the K-12 school funding formula. This budget builds on that commitment, providing record-high school funding in FY2026. The budget includes a record $12.1 billion for K-12 schools, a nearly $4 billion increase since FY2018. This budget also addresses feedback from school districts by capping losses in major school aid categories and reducing input volatility, ensuring no district sees a steep reduction in aid from one year to the next. A district's K-12 State aid will not decrease by an amount greater than 3% of the prior year's State aid in the four primary categories: equalization, special education, security, and transportation.

The budget also proposes $7.5 million in new grant funding to support districts in providing high-impact tutoring to students in need of extra academic support, as well as $3 million in incentive grants for schools that want to go entirely phone-free, giving students the best opportunity to learn without distraction.

Continuing the push for universal pre-school throughout New Jersey, the FY2026 budget proposes $1.27 billion for Preschool Education Aid. Since 2018, the Murphy Administration has expanded pre-K to 229 school districts and created nearly 20,000 new seats.

Building New Jersey's Future
In an effort to fortify our transportation infrastructure, this budget includes $1.23 billion for critical investments in State and local highway and bridge projects, and another $767 million for NJ TRANSIT to begin to fully modernize its fleet.

To ensure stability and future success for New Jersey's institutions of higher education, this budget provides $755.2 million in institutional support for State colleges and universities, as well as $169.1 million for county colleges and $8.6 million for independent institutions of higher education in New Jersey. This totals $932.9 million, a nearly 50% increase over the $629.6 million in funding provided in FY2018.

The budget agreement also provides for $250 million in bonding for capital grants to higher education institutions. This builds on the $400 million in capital grants announced in 2023.

The budget also sets aside $222 million from the Debt Defeasance and Prevention Fund for a critical investment in the construction of a new correctional facility to replace the Edna Mahan Correctional Facility for Women.

An additional one-page policy summary on the central commitments of the FY2026 budget can be found online here.

Governor Murphy signed the Appropriations Act into law today:

S-2026/A-5800 (Sarlo/Pintor Marin, Park) – w/LINE ITEM Appropriates $58,782,119,000 in State funds and $31,007,261,743 in federal funds for the State budget for fiscal year 2026

Line Item Veto Message

Line Item Veto Summary

Revenue Certification

In addition to the Appropriations Act, Governor Murphy also signed the following bills into law today:

S-4620/A-5879 (McKnight, Mukherji/McCann Stamato) - Amends Fiscal Year 2025 annual appropriations act to assign distribution of Old Courthouse asbestos remediation funding from Hudson County to Jersey City

S-2788wGR/A-4569 (Cruz-Perez, Turner/Freiman, Katz, Simmons) - Appropriates $128.241 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for farmland preservation purposes

A-5100/S-3991 (Rodriguez/Stack) - Re-appropriates unexpended balance of FY 2024 appropriation for Town of West New York to support recreation center; appropriates $3 million for Town of West New York – Recreation Center to restore lapsed FY 2024 funding

A-5807/S-4655 (Pintor Marin/Sarlo) - Makes FY2025 supplemental appropriations of $142,615,000; adds various language provisions to FY2025 Appropriations Act

A-5803/SCS for S-3064 (Bagolie/McKeon, Turner) - Modifies tax on certain forms of online gaming and wagering

ACS for A-4455/SCS for S-4503 (Freiman, Schaer, Karabinchak /Sarlo, Mukherji) - Allows exemption from New Jersey gross income of certain capital gains from sale or exchange of qualified small business stock

A-5805/SCS for S-4659 and 4661 (Venezia/Sarlo, Vitale) - Modifies tax rate on certain nicotine products

A-5804/S-4666 (Reynolds-Jackson/Wimberly) - Modifies payer of additional fees and taxes imposed on certain real property transfers; modifies fees and taxes imposed on property transfers valued over $2 million

A-5809/S-4656 (Murphy/Vitale) - “Healthcare Finance Enhancement Act

S-3189/A-2365 (Zwicker, Sarlo/Tully, Murphy, DePhillips) - Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act”

S-4654/A-5878 (Scutari, A.M. Bucco/Schnall, Inganamort) - Provides for publication of required legal notices on government Internet websites and through certain online news publications

A-5801/S-4692 (Freiman/Sarlo) - Appropriates $247,128,000 from “New Jersey Debt Defeasance and Prevention Fund”; establishes process for authorizing future appropriations for debt defeasance and capital projects

A-5810/S-4660 (Pintor Marin, Dolon, Bagolie/McKeon, McKnight) - Promotes equity in health insurance appeal process

S-4632/A-5812 (Scutari, Ruiz/Schaer) - Establishes grant program in DOE for public schools to purchase and install point-of-use filtered bottle-filling stations and filtered faucets

S-3618/A-4926 (Smith, Greenstein/Calabrese, Tully, Haider) - Directs DEP and DOT to establish “Wildlife Corridor Action Plan”

S-3933/A-5075 (Ruiz, McKnight/Swain, Morales, Bagolie) - Establishes School Supervisor Mentorship Pilot Program; appropriates $500,000

A-5077/S-4375 (Morales, Bagolie, Carter/Ruiz, Zwicker) - Extends statutory pause on collection of student growth objective data

A-5795/S-4619 (Pintor Marin, Freiman, Drulis/Zwicker) - Modifies certain provisions of “New Jersey Innovation Evergreen Act”

S-4618/A-5827 (Mukherji, Gopal/Pintor Marin, Peterpaul, Donlon) - Modifies certain requirements and award availability under film and digital media content production tax credit program

S-4122/A-5257 (Burzichelli/Stanley, Egan) - Revises apportionment of State lottery contributions