

54:10A-5.29 & 54:10A-5.30, Sec.6 Repealer et al**LEGISLATIVE HISTORY CHECKLIST**

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LAWS OF: 2025 **CHAPTER:** 71**NJSA:** 54:10A-5.29 & 54:10A-5.30, Sec.6 Repealer et al Makes various changes to "New Jersey Angel Investor Tax Credit Act" and Technology Business Tax Certificate Transfer Program; repeals "New Jersey Ignite Act."**BILL NO:** S3189 (Substituted for A2365 (2R))**SPONSOR(S)** Zwicker, Andrew and others**DATE INTRODUCED:** 5/9/2024

COMMITTEE:	ASSEMBLY:	Appropriations
	SENATE:	Economic Growth Budget & Appropriations

AMENDED DURING PASSAGE: Yes**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** (S3189 ScaAca (2R) enacted)**ADVANCE LAW** Yes**PAMPHLET LAW** Yes**S3189****INTRODUCED BILL:** (Includes sponsor(s) statement) Yes**REPRINT(S):** Yes SEG 10/10/24 1R
AAP 6/19/25 2R**TECHNICAL REVIEW OF BILL:** No**COMMITTEE STATEMENT: ASSEMBLY:** Yes Appropriations**SENATE:** Yes Economic Growth
Budget & Appropriations(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 1/27/2025
9/18/2025

A2365 (2R)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S):	Yes	AAP 6/19/25 2R
TECHNICAL REVIEW OF BILL:	No	
COMMITTEE STATEMENT:	ASSEMBLY:	Yes Science, Innovation & Technology Appropriations
	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	6/24/2025
VETO MESSAGE:	No	
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes	
LEGISLATOR STATEMENT:	No	

FOLLOWING WERE PRINTED:

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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 71, *approved June 30, 2025*
Senate, No. 3189 (*Second Reprint*)

1 **AN ACT** ²**[**increasing the amount of the tax credits provided for
2 investments made in emerging technology businesses under**]**
3 making various changes to² the “New Jersey Angel Investor Tax
4 Credit Act²**[,]**” ²**[**and amending P.L.1997, c.349 and P.L.2013,
5 c.14**]** and the Technology Business Tax Certificate Transfer
6 Program, revising various parts of the statutory law, and
7 repealing parts of P.L.2020, c.156².
8
9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
10 *of New Jersey:*
11
12 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
13 read as follows:
14 2. As used in sections 1 through 3 of P.L.1997, c.349
15 (C.54:10A-5.28 through C.54:10A-5.30):
16 "Advanced computing" means a technology used in the
17 designing and developing of computing hardware and software,
18 including innovations in designing the full spectrum of hardware
19 from hand- held calculators to super computers, and peripheral
20 equipment.
21 "Advanced materials" means materials with engineered
22 properties created through the development of specialized
23 processing and synthesis technology, including ceramics, high
24 value-added metals, electronic materials, composites, polymers, and
25 biomaterials.
26 ²"Authority" means the New Jersey Economic Development
27 Authority established pursuant to section 4 of P.L.1974, c.80
28 (C.34:1B-4).²
29 "Biotechnology" means the continually expanding body of
30 fundamental knowledge about the functioning of biological systems
31 from the macro level to the molecular and sub-atomic levels, as
32 well as novel products, services, technologies, and sub-technologies
33 developed as a result of insights gained from research advances
34 which add to that body of fundamental knowledge.
35 "Carbon footprint reduction technology" means a technology
36 using equipment for the commercial, institutional, and industrial

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.
Matter enclosed in superscript numerals has been adopted as follows:
¹Senate SEG committee amendments adopted October 10, 2024.
²Assembly AAP committee amendments adopted June 19, 2025.

1 sectors that: increases energy efficiency; develops and delivers
2 renewable or non-carbon-emitting energy technologies; develops
3 innovative carbon emissions abatement with significant carbon
4 emissions reduction potential; or promotes measurable electricity
5 end-use energy efficiency.

6 "Control" with respect to a corporation means ownership,
7 directly or indirectly, of stock possessing 80 percent or more of the
8 total combined voting power of all classes of the stock of the
9 corporation entitled to vote; and "control" with respect to a trust
10 means ownership, directly or indirectly, of 80 percent or more of
11 the beneficial interest in the principal or income of the trust. The
12 ownership of stock in a corporation, of a capital or profits interest in
13 a partnership or association or of a beneficial interest in a trust shall
14 be determined in accordance with the rules for constructive
15 ownership of stock provided in subsection (c) of section 267 of the
16 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
17 than paragraph (3) of subsection (c) of that section.

18 "Controlled group" means one or more chains of corporations
19 connected through stock ownership with a common parent
20 corporation if stock possessing at least 80 percent of the voting
21 power of all classes of stock of each of the corporations is owned
22 directly or indirectly by one or more of the corporations and the
23 common parent owns directly stock possessing at least 80 percent of
24 the voting power of all classes of stock of at least one of the other
25 corporations.

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

28 "Diverse entrepreneur" means a New Jersey based business that
29 meets the criteria for a minority business or female business set
30 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

31 "Electronic device technology" means a technology involving
32 microelectronics, semiconductors, electronic equipment and
33 instrumentation, radio frequency, microwave and millimeter
34 electronics, and optical and optic-electrical devices, or data and
35 digital communications and imaging devices.

36 "Information technology" means software publishing, motion
37 picture and video production, television production and post-
38 production services, telecommunications, data processing, hosting
39 and related services, custom computer programming services,
40 computer system design, computer facilities management services,
41 other computer related services, and computer training.

42 "Life sciences" means the production of medical equipment,
43 ophthalmic goods, medical or dental instruments, diagnostic
44 substances, biopharmaceutical products, or physical and biological
45 research.

46 "Medical device technology" means a technology involving any
47 medical equipment or product (other than a pharmaceutical product)

1 that has therapeutic value, diagnostic value, or both, and is
2 regulated by the federal Food and Drug Administration.

3 "Mobile communications technology" means a technology
4 involving the functionality and reliability of the transmission of
5 voice and multimedia data using a communication infrastructure via
6 a computer or a mobile device, that shall include, but not be limited
7 to, smartphones, electronic books and tablets, digital audio players,
8 motor vehicle electronics, home entertainment systems, and other
9 wireless appliances, without having connected to any physical or
10 fixed link.

11 "New Jersey based business" means a company with fewer than
12 **[225]** 150 employees, of whom at least 75 percent are filling a
13 position in New Jersey, that is doing business, employing or owning
14 capital or property, or maintaining an office in this State.

15 "New Jersey emerging technology business" means a company
16 with fewer than **[225]** 150 employees, of whom at least 75 percent
17 are filling a position in New Jersey, that is doing business,
18 employing or owning capital or property, or maintaining an office
19 in this State and: has qualified research expenses paid or incurred
20 for research conducted in this State; conducts pilot scale
21 manufacturing in this State; or conducts technology
22 commercialization in this State in the fields of advanced computing,
23 advanced materials, biotechnology, carbon footprint reduction
24 technology, electronic device technology, information technology,
25 life sciences, medical device technology, mobile communications
26 technology, or renewable energy technology.

27 "New Jersey emerging technology business holding company"
28 means any corporation, association, firm, partnership, trust, or other
29 form of business organization, but not a natural person, which
30 directly or indirectly, owns, has the power or right to control, or has
31 the power to vote, a controlling share of the outstanding voting
32 securities of a corporation or other form of a New Jersey emerging
33 technology business.

34 "Partnership" means a syndicate, group, pool, joint venture, or
35 other unincorporated organization through or by means of which
36 any business, financial operation, or venture is carried on, and
37 which is not a trust or estate, a corporation, or a sole proprietorship.

38 "Pilot scale manufacturing" means the design, construction, and
39 testing of preproduction prototypes and models in the fields of
40 advanced computing, advanced materials, biotechnology, carbon
41 footprint reduction technology electronic device technology,
42 information technology, life sciences, medical device technology,
43 mobile communications technology, and renewable energy
44 technology, other than for commercial sale, excluding sales of
45 prototypes or sales for market testing if the total gross receipts, as
46 calculated in the manner provided in section 6 of P.L.1945, c.162
47 (C.54:10A-6), from the sales of the product, service, or process do
48 not exceed \$1,000,000.

1 "Qualified investment" means the non-refundable transfer of
2 cash to a New Jersey emerging technology business or to a New
3 Jersey emerging technology business holding company by a
4 taxpayer that is not a related person of the New Jersey emerging
5 technology business or the New Jersey emerging technology
6 business holding company, the transfer of which is in connection
7 with either: a transaction between or among the taxpayer and the
8 New Jersey emerging technology business or the New Jersey
9 emerging technology holding company or both in exchange for
10 stock, interests in partnerships or joint ventures, licenses (exclusive
11 or non-exclusive), rights to use technology, marketing rights,
12 warrants, options, or any items similar to those included herein,
13 including, but not limited to, options or rights to acquire any of the
14 items included herein; or a purchase, production, or research
15 agreement between or among the taxpayer and the New Jersey
16 emerging technology business or the New Jersey emerging
17 technology holding company or both. "Qualified investment" also
18 means the non-refundable transfer of cash or irrevocable contractual
19 commitment to a qualified venture fund.

20 "Qualified research expenses" means qualified research
21 expenses, as defined in section 41 of the federal Internal Revenue
22 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
23 fields of advanced computing, advanced materials, biotechnology,
24 carbon footprint reduction technology, electronic device
25 technology, information technology, life sciences, medical device
26 technology, mobile communications technology, or renewable
27 energy technology.

28 "Qualified venture fund" means a venture fund required by
29 contract to invest a minimum of 50 percent of its funds in New
30 Jersey based businesses that the authority, in its sole discretion,
31 based upon the qualified venture fund's investment history, if any,
32 its private placement memorandum and other relevant information,
33 has determined has the capacity to make the minimum investment.

34 "Related person" means:

35 a corporation, partnership, association or trust controlled by the
36 taxpayer;

37 an individual, corporation, partnership, association or trust that is
38 in the control of the taxpayer;

39 a corporation, partnership, association or trust controlled by an
40 individual, corporation, partnership, association or trust that is in
41 the control of the taxpayer; or

42 a member of the same controlled group as the taxpayer.

43 "Renewable energy technology" means a technology involving
44 the generation of electricity from solar energy; wind energy; wave
45 or tidal action; geothermal energy; the combustion of gas from the
46 anaerobic digestion of food waste and sewage sludge at a biomass
47 generating facility; the combustion of methane gas captured from a
48 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,

1 digester gas, biomass gas, or other renewable fuel but not powered
2 by a fossil fuel.

3 "Tax year" means the fiscal or calendar accounting period of a
4 taxpayer.

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

12 "Verified transfer of funds" means a non-refundable transfer of
13 funds equal to 100 percent of the taxpayer's qualified investment in
14 the New Jersey emerging technology business holding company to a
15 New Jersey emerging technology business by the New Jersey
16 emerging technology business holding company that is
17 accompanied by documentation, as required by the New Jersey
18 Economic Development Authority, which provides proof of a cash
19 transaction originating with a taxpayer and concluding with a New
20 Jersey emerging technology business, provided that the transactions
21 from origin to destination occur within the same tax year.

22 The definitions of "advanced computing," "advanced materials,"
23 "biotechnology," "carbon footprint reduction technology,"
24 "electronic device technology," "information technology," "life
25 sciences," "medical device technology," "mobile communications
26 technology," "New Jersey emerging technology business," "pilot
27 scale manufacturing," and "renewable energy technology" may be
28 modified by regulation to conform to definitions in other programs
29 administered by the authority.

30 (cf: P.L.2020, c.156, s.117)

31

32 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
33 read as follows:

34 3. a. (1) A taxpayer, upon approval of the taxpayer's
35 application therefor by the New Jersey Economic Development
36 Authority and in consultation with the director, shall be allowed a
37 credit against the tax imposed pursuant to section 5 of P.L.1945,
38 c.162 (C.54:10A-5) ²in the privilege period in which the taxpayer
39 applied², in an amount equal to ~~20~~ ¹~~60~~ ³⁵ percent of the
40 qualified investment made by the taxpayer in a New Jersey
41 emerging technology business, in a New Jersey emerging
42 technology business holding company that makes a verified transfer
43 of funds to a New Jersey emerging technology business, or in a
44 qualified venture fund; provided, however, a taxpayer may be
45 allowed a tax credit in an amount equal to ~~25~~ ¹~~65~~ ⁴⁰ percent
46 of the qualified investment if the taxpayer satisfies one of the
47 requirements set forth in paragraph (2) of this subsection. The value
48 of tax credits allowed to a taxpayer pursuant to this section shall not

1 exceed \$500,000 ²for the privilege period² for each qualified
2 investment made by the taxpayer.

3 (2) Subject to the limits established in paragraph (1) of this
4 subsection, the New Jersey Economic Development Authority, in
5 consultation with the director, shall increase the amount of a tax
6 credit allowed pursuant to this section by five percent if the
7 taxpayer makes a qualified investment in a New Jersey emerging
8 technology business, or in a New Jersey emerging technology
9 business holding company that makes a verified transfer of funds to
10 a New Jersey emerging technology business, or in a qualified
11 venture fund, if the New Jersey emerging technology business is
12 either located in a qualified opportunity zone pursuant to 26 U.S.C.
13 § 1400Z-1, or a low-income community as defined in subparagraph
14 (e) of 26 U.S.C. § 45D or

15 certified by the State as a minority business or a women's
16 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
17 in the case of a qualified venture fund, if the qualified venture fund
18 commits by contract to invest 50 percent of its funds in diverse
19 entrepreneurs.

20 b. A credit shall not be allowed pursuant to section 1 of
21 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
22 which a credit is allowed, or which are includable in the calculation
23 of a credit allowed, under this section. Notwithstanding any other
24 provision of law, the order of priority in which the credit allowed
25 by this section and any other credits allowed by law may be taken
26 shall be as prescribed by the director.

27 c. Except as provided in subsection d. of this section, the
28 amount of credit otherwise allowable under this section which
29 cannot be applied for the privilege period against tax liability
30 otherwise due for that privilege period may either be carried over, if
31 necessary, to the 15 privilege periods following the privilege period
32 for which the credit was allowed or, at the election of the taxpayer,
33 be claimed as and treated as an overpayment for the purposes of
34 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
35 (C.54:49-15.1) shall not apply.

36 d. A taxpayer may not carry over any amount of credit allowed
37 under subsection a. of this section to a privilege period during
38 which a corporate acquisition with respect to which the taxpayer
39 was a target corporation occurred or during which the taxpayer was
40 a party to a merger or a consolidation, or to any subsequent
41 privilege period, if the credit was allowed for a privilege period
42 prior to the year of acquisition, merger or consolidation, except that
43 if in the case of a corporate merger or corporate consolidation the
44 taxpayer can demonstrate, through the submission of a copy of the
45 plan of merger or consolidation and such other evidence as may be
46 required by the director, the identity of the constituent corporation
47 which was the acquiring person, a credit allowed to the acquiring
48 person may be carried over by the taxpayer. As used in this

1 subsection, "acquiring person" means the constituent corporation
2 the stockholders of which own the largest proportion of the total
3 voting power in the surviving or consolidated corporation after the
4 merger or consolidation.

5 e. ²**【The Executive Director】** (1) Except as provided in
6 paragraph (2) of this subsection, the Chief Executive Officer² of the
7 New Jersey Economic Development Authority, in consultation with
8 the director, shall adopt, pursuant to the "Administrative Procedure
9 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
10 that are necessary to implement sections 1 through 3 of P.L.1997,
11 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and section 4 of
12 P.L.2013, c.14 (C.54A:4-13), including, but not limited to:
13 examples of and the determination of qualified investments of
14 which applicants shall provide documentation with their tax credit
15 application; the promulgation of procedures and forms necessary to
16 apply for a credit; provisions for recapture in the event a taxpayer
17 receives a credit on the basis of its commitment to transfer cash to a
18 qualified venture fund and it does not fund its commitment; and
19 provisions for credit applicants to be charged an initial application
20 fee and ongoing service fees to cover the administrative costs
21 related to the credit.

22 ²(2) Notwithstanding the provisions of the "Administrative
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
24 contrary, the Chief Executive Officer of the New Jersey Economic
25 Development Authority may adopt, immediately upon filing with
26 the Office of Administrative Law, rules and regulations that the
27 chief executive officer deems necessary to implement the provisions
28 of this section, as amended by P.L. , c. (pending before the
29 Legislature as this bill), which regulations shall be effective for a
30 period not to exceed 365 days from the date of the filing. The chief
31 executive officer shall thereafter amend, adopt, or readopt the
32 regulations in accordance with the requirements of P.L.1968, c.410
33 (C.52:14B-1 et seq.).

34 (3)² The amount of credits approved by the ²**【Executive**
35 Director】 Chief Executive Officer² of the New Jersey Economic
36 Development Authority, ²**【and】² in consultation with the director,**
37 pursuant to subsection a. of this section and pursuant to section 4 of
38 P.L.2013, c.14 (C.54A:4-13), shall not exceed a cumulative total of
39 ²**【\$35,000,000】 \$25,000,000, plus the value of any unused tax**
40 benefits from the immediately preceding State fiscal year, as
41 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
42 7.42a),² in any calendar year ²,² to apply against the tax imposed
43 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax
44 imposed pursuant to the "New Jersey Gross Income Tax Act,"
45 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to
46 taxpayers in a calendar year exceeds the amount of credits available
47 in that year, then taxpayers who have first applied for and have not

1 been allowed a credit amount for that reason shall be allowed, in the
2 order in which they have submitted an application, the amount of
3 the tax credit on the first day of the next succeeding calendar year
4 in which tax credits under this section and section 4 of P.L.2013,
5 c.14 (C.54A:4-13) are not in excess of the amount of credits
6 available.

7 (cf: P.L.2020, c.156, s.118)

8
9 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
10 as follows:

11 4. a. (1) A taxpayer, upon approval of the taxpayer's
12 application therefor by the New Jersey Economic Development
13 Authority, and in consultation with the director, shall be allowed a
14 credit against the tax otherwise due for the taxable year ², in the
15 taxable year in which the taxpayer applied,² under the "New Jersey
16 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
17 to ~~20~~ ¹~~60~~ ³⁵ percent of the qualified investment made by the
18 taxpayer in a New Jersey emerging technology business, in a New
19 Jersey emerging technology business holding company that makes a
20 verified transfer of funds to a New Jersey emerging technology
21 business, or in a qualified venture fund; provided, however, a
22 taxpayer may be allowed a tax credit in an amount equal to ~~25~~
23 ¹~~65~~ ⁴⁰ percent of the qualified investment if the taxpayer
24 satisfies one of the requirements set forth in paragraph (2) of this
25 subsection. The value of tax credits allowed to a taxpayer pursuant
26 to this section shall not exceed \$500,000 ²~~for the taxable year~~²
27 for each qualified investment made by the taxpayer.

28 (2) Subject to the limits established in paragraph (1) of this
29 subsection, the New Jersey Economic Development Authority, in
30 consultation with the director, shall increase the amount of a tax
31 credit allowed pursuant to this section by five percent if the
32 taxpayer makes a qualified investment in a New Jersey emerging
33 technology business, in a New Jersey emerging technology business
34 holding company that makes a verified transfer of funds to a New
35 Jersey emerging technology business, or in a qualified venture fund,
36 if the New Jersey emerging technology business is either located in
37 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
38 low-income community as defined in subparagraph (e) of 26 U.S.C.
39 § 45D; or

40 certified by the State as a minority business or a women's
41 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
42 in the case of a qualified venture fund, if the qualified venture fund
43 commits by contract to invest 50 percent of its funds in diverse
44 entrepreneurs.

45 b. The amount of the credit allowed pursuant to this section
46 shall be applied against the tax otherwise due under the "New
47 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other

1 credits and payments. If the credit exceeds the amount of tax
2 liability otherwise due, that amount of excess shall be an
3 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
4 that subsection (f) of N.J.S.54A:9-7 shall not apply.

5 c. (1) A partnership shall not be allowed a credit under this
6 section directly, but the amount of credit of a taxpayer in respect of
7 a distributive share of partnership income under the "New Jersey
8 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
9 by allocating to the taxpayer that proportion of the credit acquired
10 by the partnership that is equal to the taxpayer's share, whether or
11 not distributed, of the total distributive income or gain of the
12 partnership for its taxable year ending within or with the taxpayer's
13 taxable year. For the purposes of subsection b. of this section, the
14 amount of tax liability that would be otherwise due of a taxpayer is
15 that proportion of the total liability of the taxpayer that the
16 taxpayer's share of the partnership income or gain included in gross
17 income bears to the total gross income of the taxpayer.

18 (2) The credit for a corporation that has made a valid election as
19 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
20 (C.54:10A-5.22) may be applied by the shareholders of the S
21 corporation against the tax liability otherwise due under the "New
22 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
23 the amount of credit that may be used by a shareholder of the S
24 corporation shall be determined by allocating to each shareholder of
25 the S corporation that proportion of the tax credit of the S
26 corporation that is equal to the shareholder's proportionate share of
27 the S corporation, whether or not distributed, of the total
28 distributive income or gain of the S corporation for its tax period
29 ending with or within the shareholder's tax period, and the credit
30 may be applied by the shareholders against the tax liability
31 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
32 N.J.S.54A:1-1 et seq.

33 d. ²**【The Executive Director】** (1) Except as provided in
34 paragraph (2) of this subsection, the Chief Executive Officer² of the
35 New Jersey Economic Development Authority, in consultation with
36 the director, shall adopt, pursuant to the "Administrative Procedure
37 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
38 that are necessary to implement sections 1 through 3 of P.L.1997,
39 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and this section,
40 including, but not limited to: examples of and the determination of
41 qualified investments of which applicants shall provide
42 documentation with their tax credit application; the promulgation of
43 procedures and forms necessary to apply for a credit; provisions for
44 recapture in the event a taxpayer receives a credit on the basis of its
45 commitment to transfer cash to a qualified venture fund and it does
46 not fund its commitment; and provisions for credit applicants to be
47 charged an initial application fee and ongoing service fees to cover
48 the administrative costs related to the credit.

1 ²(2) Notwithstanding the provisions of the “Administrative
2 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the
3 contrary, the Chief Executive Officer of the New Jersey Economic
4 Development Authority may adopt, immediately upon filing with
5 the Office of Administrative Law, rules and regulations that the
6 chief executive officer deems necessary to implement the provisions
7 of this section, as amended by P.L. , c. (pending before the
8 Legislature as this bill), which regulations shall be effective for a
9 period not to exceed 365 days from the date of the filing. The chief
10 executive officer shall thereafter amend, adopt, or readopt the
11 regulations in accordance with the requirements of P.L.1968, c.410
12 (C.52:14B-1 et seq.).

13 (3)²The amount of credits approved by the ²【Executive
14 Director】 Chief Executive Officer² of the New Jersey Economic
15 Development Authority and the Director of the Division of
16 Taxation in the Department of the Treasury, pursuant to subsection
17 a. of this section and pursuant to section 3 of P.L.1997, c.349
18 (C.54:10A-5.30), shall not exceed a cumulative total of
19 ²【\$35,000,000】 \$25,000,000, plus the value of any unused tax
20 benefits from the immediately preceding State fiscal year, as
21 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
22 7.42a),² in any calendar year ²,² to apply against the tax imposed
23 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and the tax
24 imposed pursuant to the "New Jersey Gross Income Tax Act,"
25 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed
26 to taxpayers in a calendar year exceeds the amount of credits
27 available in that year, then taxpayers who have first applied for and
28 have not been allowed a credit amount for that reason shall be
29 allowed, in the order in which they have submitted an application,
30 the amount of the tax credit on the first day of the next succeeding
31 calendar year in which tax credits under this section and section 3
32 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of the amount
33 of credits available.

34 e. As used in this section:

35 "Advanced computing" means a technology used in the
36 designing and developing of computing hardware and software,
37 including innovations in designing the full spectrum of hardware
38 from hand-held calculators to super computers, and peripheral
39 equipment.

40 "Advanced materials" means materials with engineered
41 properties created through the development of specialized
42 processing and synthesis technology, including ceramics, high
43 value-added metals, electronic materials, composites, polymers, and
44 biomaterials.

45 ²"Authority" means the New Jersey Economic Development
46 Authority established pursuant to section 4 of P.L.1974, c.80
47 (C.34:1B-4).²

1 "Biotechnology" means the continually expanding body of
2 fundamental knowledge about the functioning of biological systems
3 from the macro level to the molecular and sub-atomic levels, as
4 well as novel products, services, technologies, and sub-technologies
5 developed as a result of insights gained from research advances
6 which add to that body of fundamental knowledge.

7 "Carbon footprint reduction technology" means a technology
8 using equipment for the commercial, institutional, and industrial
9 sectors that: increases energy efficiency; develops and delivers
10 renewable or non-carbon-emitting energy technologies; develops
11 innovative carbon emissions abatement with significant carbon
12 emissions reduction potential; or promotes measurable electricity
13 end-use energy efficiency.

14 "Control" with respect to a corporation, means ownership,
15 directly or indirectly, of stock possessing 80 percent or more of the
16 total combined voting power of all classes of the stock of the
17 corporation entitled to vote; and "control," with respect to a trust,
18 means ownership, directly or indirectly, of 80 percent or more of
19 the beneficial interest in the principal or income of the trust. The
20 ownership of stock in a corporation, of a capital or profits interest in
21 a partnership or association or of a beneficial interest in a trust shall
22 be determined in accordance with the rules for constructive
23 ownership of stock provided in subsection (c) of section 267 of the
24 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
25 paragraph (3) of subsection (c) of that section.

26 "Controlled group" means one or more chains of corporations
27 connected through stock ownership with a common parent
28 corporation if stock possessing at least 80 percent of the voting
29 power of all classes of stock of each of the corporations is owned
30 directly or indirectly by one or more of the corporations and the
31 common parent owns directly stock possessing at least 80 percent of
32 the voting power of all classes of stock of at least one of the other
33 corporations.

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

36 "Diverse entrepreneur" means a New Jersey based business that
37 meets the criteria for a minority business or female business set
38 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

39 "Electronic device technology" means a technology involving
40 microelectronics, semiconductors, electronic equipment and
41 instrumentation, radio frequency, microwave and millimeter
42 electronics, and optical and optic-electrical devices, or data and
43 digital communications and imaging devices.

44 "Information technology" means software publishing, motion
45 picture and video production, television production and post-
46 production services, telecommunications, data processing, hosting
47 and related services, custom computer programming services,

1 computer system design, computer facilities management services,
2 other computer related services, and computer training.

3 "Life sciences" means the production of medical equipment,
4 ophthalmic goods, medical or dental instruments, diagnostic
5 substances, biopharmaceutical products, or physical and biological
6 research.

7 "Medical device technology" means a technology involving any
8 medical equipment or product (other than a pharmaceutical product)
9 that has therapeutic value, diagnostic value, or both, and is
10 regulated by the federal Food and Drug Administration.

11 "Mobile communications technology" means a technology
12 involving the functionality and reliability of the transmission of
13 voice and multimedia data using a communication infrastructure via
14 a computer or a mobile device, that shall include, but not be limited
15 to, smartphones, electronic books and tablets, digital audio players,
16 motor vehicle electronics, home entertainment systems, and other
17 wireless appliances, without having connected to any physical or
18 fixed link.

19 "New Jersey based business" means a company with fewer than
20 **[225]** 150 employees, of whom at least 75 percent are filling a
21 position in New Jersey, that is doing business, employing or owning
22 capital or property, or maintaining an office in this State.

23 "New Jersey emerging technology business" means a company
24 with fewer than **[225]** 150 employees, of whom at least 75 percent
25 are filling a position in New Jersey, that is doing business,
26 employing or owning capital or property, or maintaining an office
27 in this State and: has qualified research expenses paid or incurred
28 for research conducted in this State; conducts pilot scale
29 manufacturing in this State; or conducts technology
30 commercialization in this State in the fields of advanced computing,
31 advanced materials, biotechnology, carbon footprint reduction
32 technology, electronic device technology, information technology,
33 life sciences, medical device technology, mobile communications
34 technology, or renewable energy technology.

35 "New Jersey emerging technology business holding company"
36 means any corporation, association, firm, partnership, trust or other
37 form of business organization, but not a natural person, which
38 directly or indirectly, owns, has the power or right to control, or has
39 the power to vote, a controlling share of the outstanding voting
40 securities of a corporation or other form of a New Jersey emerging
41 technology business.

42 "Partnership" means a syndicate, group, pool, joint venture, or
43 other unincorporated organization through or by means of which
44 any business, financial operation, or venture is carried on, and
45 which is not a trust or estate, a corporation, or a sole proprietorship.

46 "Pilot scale manufacturing" means design, construction, and
47 testing of preproduction prototypes and models in the fields of
48 advanced computing, advanced materials, biotechnology, carbon

1 footprint reduction technology electronic device technology,
2 information technology, life sciences, medical device technology,
3 mobile communications technology, or renewable energy
4 technology, other than for commercial sale, excluding sales of
5 prototypes or sales for market testing if the total gross receipts, as
6 calculated in the manner provided in section 6 of P.L.1945, c.162
7 (C.54:10A-6), from the sales of the product, service, or process do
8 not exceed \$1,000,000.

9 "Qualified investment" means the non-refundable transfer of
10 cash to a New Jersey emerging technology business or to a New
11 Jersey emerging technology business holding company by a
12 taxpayer that is not a related person of the New Jersey emerging
13 technology business or the New Jersey emerging technology
14 business holding company, the transfer of which is in connection
15 with either: a transaction between or among the taxpayer and the
16 New Jersey emerging technology business or the New Jersey
17 emerging technology holding company or both in exchange for
18 stock, interests in partnerships or joint ventures, licenses (exclusive
19 or non-exclusive), rights to use technology, marketing rights,
20 warrants, options, or any items similar to those included herein,
21 including, but not limited to, options or rights to acquire any of the
22 items included herein; or a purchase, production, or research
23 agreement between or among the taxpayer and the New Jersey
24 emerging technology business or the New Jersey emerging
25 technology holding company or both. "Qualified investment" also
26 means the non-refundable transfer of cash or irrevocable contractual
27 commitment to transfer cash to a qualified venture fund.

28 "Qualified research expenses" means qualified research
29 expenses, as defined in section 41 of the federal Internal Revenue
30 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
31 fields of advanced computing, advanced materials, biotechnology,
32 electronic device technology, information technology, life sciences,
33 medical device technology, mobile communications technology, or
34 renewable energy technology.

35 "Qualified venture fund" means a venture fund required by
36 contract to invest a minimum of 50 percent of its funds in New
37 Jersey based businesses that the authority, in its sole discretion,
38 based upon the qualified venture fund's investment history, if any,
39 its private placement memorandum and other relevant information,
40 has determined has the capacity to make the minimum investment.

41 "Related person" means:

42 a corporation, partnership, association or trust controlled by the
43 taxpayer;

44 an individual, corporation, partnership, association or trust that is
45 in the control of the taxpayer;

46 a corporation, partnership, association or trust controlled by an
47 individual, corporation, partnership, association or trust that is in
48 the control of the taxpayer; or

1 a member of the same controlled group as the taxpayer.

2 "Renewable energy technology" means a technology involving
3 the generation of electricity from solar energy; wind energy; wave
4 or tidal action; geothermal energy; the combustion of gas from the
5 anaerobic digestion of food waste and sewage sludge at a biomass
6 generating facility; the combustion of methane gas captured from a
7 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
8 digester gas, biomass gas, or other renewable fuel but not powered
9 by a fossil fuel.

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

17 "Verified transfer of funds" means a non-refundable transfer of
18 funds equal to 100 percent of the taxpayer's qualified investment in
19 the New Jersey emerging technology business holding company to a
20 New Jersey emerging technology business by the New Jersey
21 emerging technology business holding company that is
22 accompanied by documentation, as required by the New Jersey
23 Economic Development Authority, which provides proof of a cash
24 transaction originating with a taxpayer and concluding with a New
25 Jersey emerging technology business, provided that the transactions
26 from origin to destination occur within the same taxable year.

27 The definitions of "advanced computing," "advanced materials,"
28 "biotechnology," "carbon footprint reduction technology,"
29 "electronic device technology," "information technology," "life
30 sciences," "medical device technology," "mobile communications
31 technology," "New Jersey emerging technology business," "pilot
32 scale manufacturing," and "renewable energy technology" may be
33 modified by regulation to conform to definitions in other programs
34 administered by the authority.

35 (cf: P.L.2020, c.156, s.119)

36

37 ²⁴. Section 1 of P.L.1997, c.334 (C.34:1B-7.42a) is amended to
38 read as follows:

39 1. a. The New Jersey Economic Development Authority shall
40 establish within the New Jersey Emerging Technology and
41 Biotechnology Financial Assistance Program established pursuant
42 to P.L.1995, c.137 (C.34:1B-7.37 et seq.), a corporation business
43 tax benefit certificate transfer program to allow new or expanding
44 emerging technology and biotechnology companies in this State
45 with unused amounts of research and development tax credits
46 otherwise allowable which cannot be applied for the credit's tax
47 year due to the limitations of subsection b. of section 1 of P.L.1993,
48 c.175 (C.54:10A-5.24) and unused prior net operating loss

1 conversion carryover or net operating loss carryover pursuant to
2 section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax
3 benefits for use by other corporation business taxpayers in this
4 State, provided that the taxpayer receiving the surrendered tax
5 benefits is not affiliated with a corporation that is surrendering its
6 tax benefits under the program established under P.L.1997, c.334.
7 For the purposes of this section, the test of affiliation is whether the
8 same entity directly or indirectly owns or controls five percent or
9 more of the voting rights or five percent or more of the value of all
10 classes of stock of both the taxpayer receiving the benefits and a
11 corporation that is surrendering the benefits. The tax benefits may
12 be used on the corporation business tax returns to be filed by those
13 taxpayers in exchange for private financial assistance to be provided
14 by the corporation business taxpayer that is the recipient of the
15 corporation business tax benefit certificate to assist in the funding
16 of costs incurred by the new or expanding emerging technology and
17 biotechnology company. For purposes of this subsection, a member
18 of a combined group may sell prior net operating loss conversion
19 carryover to other members of the combined group, if otherwise
20 applicable and allowable under section 2 of P.L.1997, c.334
21 (C.54:10A-4.2) and this section; provided, however, such sale of
22 prior net operating loss conversion carryover shall be made at arm's
23 length price at the same rate as though the sale was to an unrelated
24 taxpayer.

25 b. The authority, in cooperation with the Division of Taxation
26 in the Department of the Treasury, shall review and approve
27 applications by new or expanding emerging technology and
28 biotechnology companies in this State with unused but otherwise
29 allowable carryover of research and development tax credits
30 pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), and
31 unused but otherwise allowable prior net operating loss conversion
32 carryover or net operating loss carryover pursuant to section 4 of
33 P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits in
34 exchange for private financial assistance to be made by the
35 corporation business taxpayer that is the recipient of the corporation
36 business tax benefit certificate in an amount equal to at least 80
37 percent of the amount of the surrendered tax benefit. Provided that
38 the amount of the surrendered tax benefit for a surrendered research
39 and development tax credit carryover is the amount of the credit,
40 and provided that the amount of the surrendered tax benefit for a
41 surrendered prior net operating loss conversion carryover or net
42 operating loss carryover is that amount for the tax year in which the
43 benefit is transferred and subsequently multiplied by the
44 corporation business tax rate provided pursuant to subsection (c) of
45 section 5 of P.L.1945, c.162 (C.54:10A-5). The authority shall be
46 authorized to approve the transfer of no more than \$75,000,000 of
47 tax benefits in a State fiscal year. If the total amount of transferable
48 tax benefits requested to be surrendered by approved applicants

1 exceeds \$75,000,000 for a State fiscal year, the authority, in
2 cooperation with the Division of Taxation in the Department of the
3 Treasury, shall not be authorized to approve the transfer of more
4 than \$75,000,000 for that State fiscal year and shall allocate the
5 transfer of tax benefits by approved companies using the following
6 method:

7 (1) an eligible applicant with \$250,000 or less of transferable
8 tax benefits shall be authorized to surrender the entire amount of its
9 transferable tax benefits;

10 (2) an eligible applicant with more than \$250,000 of transferable
11 tax benefits shall be authorized to surrender a minimum of
12 \$250,000 of its transferable tax benefits;

13 (3) (Deleted by amendment, P.L.2009, c.90.)

14 (4) an eligible applicant with more than \$250,000 shall also be
15 authorized to surrender additional transferable tax benefits
16 determined by multiplying the applicant's transferable tax benefits
17 less the minimum transferable tax benefits that company is
18 authorized to surrender under paragraph (2) of this subsection by a
19 fraction, the numerator of which is the total amount of transferable
20 tax benefits that the authority is authorized to approve less the total
21 amount of transferable tax benefits approved under paragraphs (1),
22 (2), and (5) of this subsection and the denominator of which is the
23 total amount of transferable tax benefits requested to be surrendered
24 by all eligible applicants less the total amount of transferable tax
25 benefits approved under paragraphs (1), (2), and (5) of this
26 subsection;

27 (5) The authority shall establish the boundaries for three
28 innovation zones to be geographically distributed in the northern,
29 central, and southern portions of this State. Of the \$75,000,000 of
30 transferable tax benefits authorized for each State fiscal year,
31 \$15,000,000 shall be allocated for the surrender of transferable tax
32 benefits exclusively by new and expanding emerging technology
33 and biotechnology companies that operate within the boundaries of
34 the innovation zones or opportunity zones, or for new and
35 expanding emerging technology and biotechnology companies that
36 are certified as a woman- or minority-owned business at the time of
37 program application, except that any portion of the \$15,000,000 that
38 is not so approved shall be available for that State fiscal year for the
39 surrender of transferable tax benefits by new and expanding
40 emerging technology and biotechnology companies that do not
41 operate within the boundaries of an innovation zone or opportunity
42 zone, or for a new and expanding emerging technology and
43 biotechnology company that is certified as a woman- or minority-
44 owned business at the time of program application.

45 If the total amount of transferable tax benefits that would be
46 authorized using the above method exceeds \$75,000,000 for a State
47 fiscal year, then the authority, in cooperation with the Division of
48 Taxation in the Department of the Treasury, shall limit the total

1 amount of tax benefits authorized to be transferred to \$75,000,000
2 by applying the above method on an apportioned basis.

3 For purposes of this section transferable tax benefits include an
4 eligible applicant's unused but otherwise allowable prior net
5 operating loss conversion carryover or net operating loss carryover
6 determined pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4)
7 for the tax year in which the benefit is transferred and subsequently
8 multiplied by the corporation business tax rate as provided in
9 subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5) plus the
10 total amount of the applicant's unused but otherwise allowable
11 carryover of research and development tax credits. An eligible
12 applicant's transferable tax benefits shall be limited to net operating
13 losses and research and development tax credits that the applicant
14 requests to surrender in its application to the authority and shall not,
15 in total, exceed the maximum amount of tax benefits that the
16 applicant is eligible to surrender.

17 No application for a corporation business tax benefit transfer
18 certificate shall be approved in which the new or expanding
19 emerging technology or biotechnology company (1) has
20 demonstrated positive net operating income in any of the two
21 previous full years of ongoing operations as determined on its
22 financial statements issued according to generally accepted
23 accounting standards endorsed by the Financial Accounting
24 Standards Board; or (2) is directly or indirectly at least 50 percent
25 owned or controlled by another corporation that has demonstrated
26 positive net operating income in any of the two previous full years
27 of ongoing operations as determined on its financial statements
28 issued according to generally accepted accounting standards
29 endorsed by the Financial Accounting Standards Board or is part of
30 a consolidated group of affiliated corporations, as filed for federal
31 income tax purposes, that in the aggregate has demonstrated
32 positive net operating income in any of the two previous full years
33 of ongoing operations as determined on its combined financial
34 statements issued according to generally accepted accounting
35 standards endorsed by the Financial Accounting Standards Board.

36 For purposes of this subsection, a member of a combined group
37 may sell prior net operating loss conversion carryover to other
38 members of the combined group, if otherwise applicable and
39 allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and
40 this section; provided, however, such sale of prior net operating loss
41 conversion carryover shall be made at arm's length price at the same
42 rate as though the sale was to an unrelated taxpayer.

43 The maximum lifetime value of surrendered tax benefits that a
44 corporation shall be permitted to surrender pursuant to the program
45 is \$20,000,000. Applications must be received on or before June 30
46 of each State fiscal year.

47 The authority, in consultation with the Division of Taxation,
48 shall establish rules for the recapture of all, or a portion of, the

1 amount of a grant of a corporation business tax benefit certificate
2 from the new or expanding emerging technology and biotechnology
3 company having surrendered tax benefits pursuant to this section in
4 the event the taxpayer fails to use the private financial assistance
5 received for the surrender of tax benefits as required by this section
6 or fails to maintain a headquarters or a base of operation in this
7 State during the five years following receipt of the private financial
8 assistance; except if the failure to maintain a headquarters or a base
9 of operation in this State is due to the liquidation of the new or
10 expanding emerging technology and biotechnology company.

11 c. The authority, in cooperation with the Division of Taxation
12 in the Department of the Treasury, shall review and approve
13 applications by taxpayers under the Corporation Business Tax Act
14 (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), to acquire
15 surrendered tax benefits approved pursuant to subsection b. of this
16 section which shall be issued in the form of corporation business
17 tax benefit transfer certificates, in exchange for private financial
18 assistance to be made by the taxpayer in an amount equal to at least
19 80 percent of the amount of the surrendered tax benefit of an
20 emerging technology or biotechnology company in the State. A
21 corporation business tax benefit transfer certificate shall not be
22 issued unless the applicant certifies that as of the date of the
23 exchange of the corporation business tax benefit certificate it is
24 operating as a new or expanding emerging technology or
25 biotechnology company and has no current intention to cease
26 operating as a new or expanding emerging technology or
27 biotechnology company.

28 The managerial member of a combined group shall be the
29 member that acquires a corporation business tax benefit certificate
30 on behalf of the combined group for use on the combined return.

31 The private financial assistance shall assist in funding expenses
32 incurred in connection with the operation of the new or expanding
33 emerging technology or biotechnology company in the State,
34 including but not limited to the expenses of fixed assets, such as the
35 construction and acquisition and development of real estate,
36 materials, start-up, tenant fit-out, working capital, salaries, research
37 and development expenditures and any other expenses determined
38 by the authority to be necessary to carry out the purposes of the
39 New Jersey Emerging Technology and Biotechnology Financial
40 Assistance Program.

41 The authority shall require a corporation business taxpayer that
42 acquires a corporation business tax benefit certificate to enter into a
43 written agreement with the new or expanding emerging technology
44 or biotechnology company concerning the terms and conditions of
45 the private financial assistance made in exchange for the certificate.
46 The written agreement may contain terms concerning the
47 maintenance by the new or expanding emerging technology or

1 biotechnology company of a headquarters or a base of operation in
2 this State.

3 d. (Deleted by amendment, P.L.2009, c.90.)

4 e. Notwithstanding any provision of law to the contrary, if, in
5 any fiscal year, the value of transferable tax benefits transferred
6 pursuant to subsection b. of this section is less than the maximum
7 value of tax benefits that may be transferred pursuant to subsection
8 b. of this section, the authority, in consultation with the Director of
9 the Division of Taxation in the Department of the Treasury, shall
10 certify the amount of the excess value of transferable tax benefits.
11 The amount of the excess value of transferable tax benefits shall be
12 added to the cumulative total amount of tax credits authorized
13 pursuant to subsection e. of section 3 of P.L.1997, c.349 (C.54:10A-
14 5.30) and subsection d. of section 4 of P.L.2013, c.14 (C.54A:4-13)
15 for the immediately succeeding calendar year.²

16 (cf: P.L.2021, c.160, s.52)

17
18 ²5. Section 8 of P.L.1995, c.137 (C.34:1B-7.44) is amended to
19 read as follows:

20 8. a. The authority shall adopt, pursuant to the "Administrative
21 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and
22 regulations necessary to effectuate the purposes of this act. In
23 developing procedures and forms to be used in connection with the
24 application for and approval of financial assistance pursuant to this
25 act, the authority shall consider the special needs and problems of
26 emerging technology and biotechnology companies in the State.

27 b. Notwithstanding the provisions of the "Administrative
28 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
29 contrary, the Chief Executive Officer of the New Jersey Economic
30 Development Authority may adopt, immediately upon filing with
31 the Office of Administrative Law, rules and regulations that the
32 chief executive officer deems necessary to implement the provisions
33 of P.L. , c. (C.) (pending before the Legislature as this
34 bill), which regulations shall be effective for a period not to exceed
35 365 days from the date of the filing. The chief executive officer
36 shall thereafter amend, adopt, or readopt the regulations in
37 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
38 et seq.).²

39 (cf: P.L.1995, c.137, s.8)

40
41 ²6. Sections 92 through 97 of P.L.2020, c.156 (C.34:1B-356
42 through C.34:1B-361) are repealed.²

43
44 ²[4.] ^{7.}² This act shall take effect immediately and shall apply
45 to ²any applications for the Angel Investor Tax Credit, submitted
46 pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30) and
47 section 4 of P.L.2013, c.14 (C.54A:4-13), that are approved for²

1 taxable years and privilege periods beginning on or after January 1
2 of the year next following the date of enactment.

3

4

5

6

7 Makes various changes to “New Jersey Angel Investor Tax
8 Credit Act” and Technology Business Tax Certificate Transfer
9 Program; repeals “New Jersey Ignite Act.”

CHAPTER 71

AN ACT making various changes to the “New Jersey Angel Investor Tax Credit Act” and the Technology Business Tax Certificate Transfer Program, revising various parts of the statutory law, and repealing parts of P.L.2020, c.156.

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

1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to read as follows:

C.54:10A-5.29 Definitions relative to emergency businesses.

2. As used in sections 1 through 3 of P.L.1997, c.349 (C.54:10A-5.28 through 54:10A-5.30):

"Advanced computing" means a technology used in the designing and developing of computing hardware and software, including innovations in designing the full spectrum of hardware from hand-held calculators to super computers, and peripheral equipment.

"Advanced materials" means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value-added metals, electronic materials, composites, polymers, and biomaterials.

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

"Biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and sub-atomic levels, as well as novel products, services, technologies, and sub-technologies developed as a result of insights gained from research advances which add to that body of fundamental knowledge.

"Carbon footprint reduction technology" means a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency, develops and delivers renewable or non-carbon-emitting energy technologies, develops innovative carbon emissions abatement with significant carbon emissions reduction potential, or promotes measurable electricity end-use energy efficiency.

"Control," with respect to a corporation, means ownership, directly or indirectly, of stock possessing 80 percent or more of the total combined voting power of all classes of the stock of the corporation entitled to vote; and "control," with respect to a trust, means ownership, directly or indirectly, of 80 percent or more of the beneficial interest in the principal or income of the trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association, or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in subsection (c) of section 267 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than paragraph (3) of subsection (c) of that section.

"Controlled group" means one or more chains of corporations connected through stock ownership with a common parent corporation if stock possessing at least 80 percent of the voting power of all classes of stock of each of the corporations is owned directly or indirectly by one or more of the corporations and the common parent owns directly stock possessing at least 80 percent of the voting power of all classes of stock of at least one of the other corporations.

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

"Diverse entrepreneur" means a New Jersey-based business that meets the criteria for a minority business or female business set forth in section 3 of P.L.1983, c.482 (C.52:32-19).

"Electronic device technology" means a technology involving microelectronics, semiconductors, electronic equipment and instrumentation, radio frequency, microwave and millimeter electronics, and optical and optic-electrical devices or data and digital communications and imaging devices.

"Information technology" means software publishing, motion picture and video production, television production and post-production services, telecommunications, data processing, hosting and related services, custom computer programming services, computer system design, computer facilities management services, other computer related services, and computer training.

"Life sciences" means the production of medical equipment, ophthalmic goods, medical or dental instruments, diagnostic substances, biopharmaceutical products, or physical and biological research.

"Medical device technology" means a technology involving any medical equipment or product (other than a pharmaceutical product) that has therapeutic value, diagnostic value, or both, and is regulated by the federal Food and Drug Administration.

"Mobile communications technology" means a technology involving the functionality and reliability of the transmission of voice and multimedia data using a communication infrastructure via a computer or a mobile device that shall include, but not be limited to, smartphones, electronic books and tablets, digital audio players, motor vehicle electronics, home entertainment systems, and other wireless appliances, without having connected to any physical or fixed link.

"New Jersey-based business" means a company with fewer than 150 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State.

"New Jersey emerging technology business" means a company with fewer than 150 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State and: has qualified research expenses paid or incurred for research conducted in this State; conducts pilot scale manufacturing in this State; or conducts technology commercialization in this State in the fields of advanced computing, advanced materials, biotechnology, carbon footprint reduction technology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology.

"New Jersey emerging technology business holding company" means any corporation, association, firm, partnership, trust, or other form of business organization, but not a natural person, which directly or indirectly owns, has the power or right to control, or has the power to vote a controlling share of the outstanding voting securities of a corporation or other form of a New Jersey emerging technology business.

"Partnership" means a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on and which is not a trust or estate, a corporation, or a sole proprietorship.

"Pilot scale manufacturing" means the design, construction, and testing of preproduction prototypes and models in the fields of advanced computing, advanced materials, biotechnology, carbon footprint reduction technology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, and renewable energy technology, other than for commercial sale, excluding sales of prototypes or sales for market testing if the total gross receipts, as calculated in the manner provided in section 6 of P.L.1945, c.162 (C.54:10A-6), from the sales of the product, service, or process do not exceed \$1,000,000.

"Qualified investment" means the non-refundable transfer of cash to a New Jersey emerging technology business or to a New Jersey emerging technology business holding company by a taxpayer that is not a related person of the New Jersey emerging technology business or the New Jersey emerging technology business holding company, the transfer of which is in connection with either: a transaction between or among the taxpayer and the New Jersey

emerging technology business or the New Jersey emerging technology holding company or both in exchange for stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options, or any items similar to those included herein, including, but not limited to, options or rights to acquire any of the items included herein or a purchase, production, or research agreement between or among the taxpayer and the New Jersey emerging technology business or the New Jersey emerging technology holding company or both. "Qualified investment" also means the non-refundable transfer of cash or irrevocable contractual commitment to a qualified venture fund.

"Qualified research expenses" means qualified research expenses, as defined in section 41 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the fields of advanced computing, advanced materials, biotechnology, carbon footprint reduction technology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology.

"Qualified venture fund" means a venture fund required by contract to invest a minimum of 50 percent of its funds in New Jersey-based businesses that the authority, in its sole discretion, based upon the qualified venture fund's investment history, if any, its private placement memorandum and other relevant information, has determined has the capacity to make the minimum investment.

"Related person" means:

- a corporation, partnership, association, or trust controlled by the taxpayer;
- an individual, corporation, partnership, association, or trust that is in the control of the taxpayer;
- a corporation, partnership, association, or trust controlled by an individual, corporation, partnership, association, or trust that is in the control of the taxpayer; or
- a member of the same controlled group as the taxpayer.

"Renewable energy technology" means a technology involving the generation of electricity from solar energy; wind energy; wave or tidal action; geothermal energy; the combustion of gas from the anaerobic digestion of food waste and sewage sludge at a biomass generating facility; the combustion of methane gas captured from a landfill; and a fuel cell powered by methanol, ethanol, landfill gas, digester gas, biomass gas, or other renewable fuel, but not powered by a fossil fuel.

"Tax year" means the fiscal or calendar accounting period of a taxpayer.

"Venture fund" 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.

"Verified transfer of funds" means a non-refundable transfer of funds equal to 100 percent of the taxpayer's qualified investment in the New Jersey emerging technology business holding company to a New Jersey emerging technology business by the New Jersey emerging technology business holding company that is accompanied by documentation, as required by the New Jersey Economic Development Authority, which provides proof of a cash transaction originating with a taxpayer and concluding with a New Jersey emerging technology business, provided that the transactions from origin to destination occur within the same tax year.

The definitions of "advanced computing," "advanced materials," "biotechnology," "carbon footprint reduction technology," "electronic device technology," "information technology," "life sciences," "medical device technology," "mobile communications technology," "New Jersey emerging technology business," "pilot scale manufacturing," and "renewable energy

technology" may be modified by regulation to conform to definitions in other programs administered by the authority.

2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to read as follows:

C.54:10A-5.30 Taxpayer allowed credit.

3. a. (1) A taxpayer, upon approval of the taxpayer's application therefor by the New Jersey Economic Development Authority and in consultation with the director, shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in the privilege period in which the taxpayer applied, in an amount equal to 35 percent of the qualified investment made by the taxpayer in a New Jersey emerging technology business, in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business, or in a qualified venture fund, provided, however, a taxpayer may be allowed a tax credit in an amount equal to 40 percent of the qualified investment if the taxpayer satisfies one of the requirements set forth in paragraph (2) of this subsection. The value of tax credits allowed to a taxpayer pursuant to this section shall not exceed \$500,000 for each qualified investment made by the taxpayer.

(2) Subject to the limits established in paragraph (1) of this subsection, the New Jersey Economic Development Authority, in consultation with the director, shall increase the amount of a tax credit allowed pursuant to this section by five percent if the taxpayer makes a qualified investment in a New Jersey emerging technology business, or in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business, or in a qualified venture fund, if the New Jersey emerging technology business is either located in a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1, or a low-income community as defined in subparagraph (e) of 26 U.S.C. s.45D or 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.) and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs.

b. A credit shall not be allowed pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for which a credit is allowed or which are includable in the calculation of a credit allowed, under this section. Notwithstanding any other provision of law, the order of priority in which the credit allowed by this section and any other credits allowed by law may be taken shall be as prescribed by the director.

c. Except as provided in subsection d. of this section, the amount of credit otherwise allowable under this section which cannot be applied for the privilege period against tax liability otherwise due for that privilege period may either be carried over, if necessary, to the 15 privilege periods following the privilege period for which the credit was allowed or, at the election of the taxpayer, be claimed as and treated as an overpayment for the purposes of R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not apply.

d. A taxpayer may not carry over any amount of credit allowed under subsection a. of this section to a privilege period during which a corporate acquisition, with respect to which the taxpayer was a target corporation, occurred or during which the taxpayer was a party to a merger or a consolidation or to any subsequent privilege period, if the credit was allowed for a privilege period prior to the year of acquisition, merger, or consolidation, except that if in the case of a corporate merger or corporate consolidation the taxpayer can demonstrate, through the submission of a copy of the plan of merger or consolidation and such other evidence as may be required by the director, the identity of the constituent corporation which was the acquiring person, a credit allowed to the acquiring person may be carried over by the

taxpayer. As used in this subsection, "acquiring person" means the constituent corporation the stockholders of which own the largest proportion of the total voting power in the surviving or consolidated corporation after the merger or consolidation.

e. (1) Except as provided in paragraph (2) of this subsection, the Chief Executive Officer of the New Jersey Economic Development Authority, in consultation with the director, shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-5.28 through 54:10A-5.30) and section 4 of P.L.2013, c.14 (C.54A:4-13), including, but not limited to: examples of and the determination of qualified investments of which applicants shall provide documentation with their tax credit application, the promulgation of procedures and forms necessary to apply for a credit, provisions for recapture in the event a taxpayer receives a credit on the basis of its commitment to transfer cash to a qualified venture fund and it does not fund its commitment, and provisions for credit applicants to be charged an initial application fee and ongoing service fees to cover the administrative costs related to the credit.

(2) 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 New Jersey Economic Development Authority may adopt, immediately upon filing with the Office of Administrative Law, rules and regulations that the chief executive officer deems necessary to implement the provisions of this section, as amended by P.L.2025, c.71, 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.).

(3) The amount of credits approved by the Chief Executive Officer of the New Jersey Economic Development Authority, in consultation with the director, pursuant to subsection a. of this section and pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13), shall not exceed a cumulative total of \$25,000,000, plus the value of any unused tax benefits from the immediately preceding State fiscal year, as determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-7.42a), in any calendar year, to apply against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to taxpayers in a calendar year exceeds the amount of credits available in that year, then taxpayers who have first applied for and have not been allowed a credit amount for that reason shall be allowed, in the order in which they have submitted an application, the amount of the tax credit on the first day of the next succeeding calendar year in which tax credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-13) are not in excess of the amount of credits available.

3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read as follows:

C.54A:4-13 Credit against tax due.

4. a. (1) A taxpayer, upon approval of the taxpayer's application therefor by the New Jersey Economic Development Authority, and in consultation with the director, shall be allowed a credit against the tax otherwise due for the taxable year in the taxable year in which the taxpayer applied, under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 35 percent of the qualified investment made by the taxpayer in a New Jersey emerging technology business, in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business, or in a qualified venture fund; provided, however, a taxpayer may be allowed a tax credit in an

amount equal to 40 percent of the qualified investment if the taxpayer satisfies one of the requirements set forth in paragraph (2) of this subsection. The value of tax credits allowed to a taxpayer pursuant to this section shall not exceed \$500,000 for each qualified investment made by the taxpayer.

(2) Subject to the limits established in paragraph (1) of this subsection, the New Jersey Economic Development Authority, in consultation with the director, shall increase the amount of a tax credit allowed pursuant to this section by five percent if the taxpayer makes a qualified investment in a New Jersey emerging technology business, in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business, or in a qualified venture fund, if the New Jersey emerging technology business is either located in a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1, or a low-income community as defined in subparagraph (e) of 26 U.S.C. s.45D; or 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.) and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs.

b. The amount of the credit allowed pursuant to this section shall be applied against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other credits and payments. If the credit exceeds the amount of tax liability otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S.54A:9-7, provided, however, that subsection (f) of N.J.S.54A:9-7 shall not apply.

c. (1) A partnership shall not be allowed a credit under this section directly, but the amount of credit of a taxpayer in respect of a distributive share of partnership income under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined by allocating to the taxpayer that proportion of the credit acquired by the partnership that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the partnership for its taxable year ending within or with the taxpayer's taxable year. For the purposes of subsection b. of this section, the amount of tax liability that would be otherwise due of a taxpayer is that proportion of the total liability of the taxpayer that the taxpayer's share of the partnership income or gain included in gross income bears to the total gross income of the taxpayer.

(2) The credit for a corporation that has made a valid election as a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173 (C.54:10A-5.22) may be applied by the shareholders of the S corporation against the tax liability otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that the amount of credit that may be used by a shareholder of the S corporation shall be determined by allocating to each shareholder of the S corporation that proportion of the tax credit of the S corporation that is equal to the shareholder's proportionate share of the S corporation, whether or not distributed, of the total distributive income or gain of the S corporation for its tax period ending with or within the shareholder's tax period, and the credit may be applied by the shareholders against the tax liability otherwise due pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

d. (1) Except as provided in paragraph (2) of this subsection, the Chief Executive Officer of the New Jersey Economic Development Authority, in consultation with the director, shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-5.28 through 54:10A-5.30) and this section, including, but not limited to: examples of and the determination of qualified investments of which applicants shall provide documentation with their tax credit application, the promulgation of procedures and forms necessary to apply for a credit, provisions for recapture in the event a taxpayer receives a credit on the basis of its commitment to transfer cash to a qualified venture fund and it does not fund

its commitment, and provisions for credit applicants to be charged an initial application fee and ongoing service fees to cover the administrative costs related to the credit.

(2) 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 New Jersey Economic Development Authority may adopt, immediately upon filing with the Office of Administrative Law, rules and regulations that the chief executive officer deems necessary to implement the provisions of this section, as amended by P.L.2025, c.71, 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.).

(3) The amount of credits approved by the Chief Executive Officer of the New Jersey Economic Development Authority and the Director of the Division of Taxation in the Department of the Treasury, pursuant to subsection a. of this section and pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30), shall not exceed a cumulative total of \$25,000,000, plus the value of any unused tax benefits from the immediately preceding State fiscal year, as determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-7.42a), in any calendar year, to apply against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and the tax imposed pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to taxpayers in a calendar year exceeds the amount of credits available in that year, then taxpayers who have first applied for and have not been allowed a credit amount for that reason shall be allowed, in the order in which they have submitted an application, the amount of the tax credit on the first day of the next succeeding calendar year in which tax credits under this section and section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of the amount of credits available.

e. As used in this section:

"Advanced computing" means a technology used in the designing and developing of computing hardware and software, including innovations in designing the full spectrum of hardware from hand-held calculators to super computers, and peripheral equipment.

"Advanced materials" means materials with engineered properties created through the development of specialized processing and synthesis technology, including ceramics, high value-added metals, electronic materials, composites, polymers, and biomaterials.

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4). "Biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and sub-atomic levels, as well as novel products, services, technologies, and sub-technologies developed as a result of insights gained from research advances which add to that body of fundamental knowledge.

"Carbon footprint reduction technology" means a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency, develops and delivers renewable or non-carbon-emitting energy technologies, develops innovative carbon emissions abatement with significant carbon emissions reduction potential, or promotes measurable electricity end-use energy efficiency.

"Control," with respect to a corporation, means ownership, directly or indirectly, of stock possessing 80 percent or more of the total combined voting power of all classes of the stock of the corporation entitled to vote; and "control," with respect to a trust, means ownership, directly or indirectly, of 80 percent or more of the beneficial interest in the principal or income of the trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance

with the rules for constructive ownership of stock provided in subsection (c) of section 267 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than paragraph (3) of subsection (c) of that section.

"Controlled group" means one or more chains of corporations connected through stock ownership with a common parent corporation if stock possessing at least 80 percent of the voting power of all classes of stock of each of the corporations is owned directly or indirectly by one or more of the corporations and the common parent owns directly stock possessing at least 80 percent of the voting power of all classes of stock of at least one of the other corporations.

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

"Diverse entrepreneur" means a New Jersey-based business that meets the criteria for a minority business or female business set forth in section 3 of P.L.1983, c.482 (C.52:32-19).

"Electronic device technology" means a technology involving microelectronics, semiconductors, electronic equipment and instrumentation, radio frequency, microwave and millimeter electronics, and optical and optic-electrical devices or data and digital communications and imaging devices.

"Information technology" means software publishing, motion picture and video production, television production and post-production services, telecommunications, data processing, hosting and related services, custom computer programming services, computer system design, computer facilities management services, other computer related services, and computer training.

"Life sciences" means the production of medical equipment, ophthalmic goods, medical or dental instruments, diagnostic substances, biopharmaceutical products, or physical and biological research.

"Medical device technology" means a technology involving any medical equipment or product (other than a pharmaceutical product) that has therapeutic value, diagnostic value, or both, and is regulated by the federal Food and Drug Administration.

"Mobile communications technology" means a technology involving the functionality and reliability of the transmission of voice and multimedia data using a communication infrastructure via a computer or a mobile device, that shall include, but not be limited to, smartphones, electronic books and tablets, digital audio players, motor vehicle electronics, home entertainment systems, and other wireless appliances, without having connected to any physical or fixed link.

"New Jersey-based business" means a company with fewer than 150 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State.

"New Jersey emerging technology business" means a company with fewer than 150 employees, of whom at least 75 percent are filling a position in New Jersey, that is doing business, employing or owning capital or property, or maintaining an office in this State and: has qualified research expenses paid or incurred for research conducted in this State; conducts pilot scale manufacturing in this State; or conducts technology commercialization in this State in the fields of advanced computing, advanced materials, biotechnology, carbon footprint reduction technology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology.

"New Jersey emerging technology business holding company" means any corporation, association, firm, partnership, trust, or other form of business organization, but not a natural person, which directly or indirectly owns, has the power or right to control, or has the power to vote a controlling share of the outstanding voting securities of a corporation or other form of a New Jersey emerging technology business.

"Partnership" means a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on and which is not a trust or estate, a corporation, or a sole proprietorship.

"Pilot scale manufacturing" means design, construction, and testing of preproduction prototypes and models in the fields of advanced computing, advanced materials, biotechnology, carbon footprint reduction technology electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology, other than for commercial sale, excluding sales of prototypes or sales for market testing if the total gross receipts, as calculated in the manner provided in section 6 of P.L.1945, c.162 (C.54:10A-6), from the sales of the product, service, or process do not exceed \$1,000,000.

"Qualified investment" means the non-refundable transfer of cash to a New Jersey emerging technology business or to a New Jersey emerging technology business holding company by a taxpayer that is not a related person of the New Jersey emerging technology business or the New Jersey emerging technology business holding company, the transfer of which is in connection with either: a transaction between or among the taxpayer and the New Jersey emerging technology business or the New Jersey emerging technology holding company or both in exchange for stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options, or any items similar to those included herein, including, but not limited to, options or rights to acquire any of the items included herein; or a purchase, production, or research agreement between or among the taxpayer and the New Jersey emerging technology business or the New Jersey emerging technology holding company or both. "Qualified investment" also means the non-refundable transfer of cash or irrevocable contractual commitment to transfer cash to a qualified venture fund.

"Qualified research expenses" means qualified research expenses, as defined in section 41 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, or renewable energy technology.

"Qualified venture fund" means a venture fund required by contract to invest a minimum of 50 percent of its funds in New Jersey-based businesses that the authority, in its sole discretion, based upon the qualified venture fund's investment history, if any, its private placement memorandum and other relevant information, has determined has the capacity to make the minimum investment.

"Related person" means:

- a corporation, partnership, association, or trust controlled by the taxpayer;
- an individual, corporation, partnership, association, or trust that is in the control of the taxpayer;
- a corporation, partnership, association, or trust controlled by an individual, corporation, partnership, association, or trust that is in the control of the taxpayer; or
- a member of the same controlled group as the taxpayer.

"Renewable energy technology" means a technology involving the generation of electricity from solar energy; wind energy; wave or tidal action; geothermal energy; the combustion of gas from the anaerobic digestion of food waste and sewage sludge at a biomass generating facility; the combustion of methane gas captured from a landfill; and a fuel cell powered by methanol, ethanol, landfill gas, digester gas, biomass gas, or other renewable fuel but not powered by a fossil fuel.

"Venture fund" 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.

"Verified transfer of funds" means a non-refundable transfer of funds equal to 100 percent of the taxpayer's qualified investment in the New Jersey emerging technology business holding company to a New Jersey emerging technology business by the New Jersey emerging technology business holding company that is accompanied by documentation, as required by the New Jersey Economic Development Authority, which provides proof of a cash transaction originating with a taxpayer and concluding with a New Jersey emerging technology business, provided that the transactions from origin to destination occur within the same taxable year.

The definitions of "advanced computing," "advanced materials," "biotechnology," "carbon footprint reduction technology," "electronic device technology," "information technology," "life sciences," "medical device technology," "mobile communications technology," "New Jersey emerging technology business," "pilot scale manufacturing," and "renewable energy technology" may be modified by regulation to conform to definitions in other programs administered by the authority.

4. Section 1 of P.L.1997, c.334 (C.34:1B-7.42a) is amended to read as follows:

C.34:1B-7.42a Corporation business tax benefit certificate transfer program.

1. a. The New Jersey Economic Development Authority shall establish within the New Jersey Emerging Technology and Biotechnology Financial Assistance Program established pursuant to P.L.1995, c.137 (C.34:1B-7.37 et seq.), a corporation business tax benefit certificate transfer program to allow new or expanding emerging technology and biotechnology companies in this State with unused amounts of research and development tax credits otherwise allowable which cannot be applied for the credit's tax year due to the limitations of subsection b. of section 1 of P.L.1993, c.175 (C.54:10A-5.24) and unused prior net operating loss conversion carryover or net operating loss carryover pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits for use by other corporation business taxpayers in this State, provided that the taxpayer receiving the surrendered tax benefits is not affiliated with a corporation that is surrendering its tax benefits under the program established under P.L.1997, c.334. For the purposes of this section, the test of affiliation is whether the same entity directly or indirectly owns or controls five percent or more of the voting rights or five percent or more of the value of all classes of stock of both the taxpayer receiving the benefits and a corporation that is surrendering the benefits. The tax benefits may be used on the corporation business tax returns to be filed by those taxpayers in exchange for private financial assistance to be provided by the corporation business taxpayer that is the recipient of the corporation business tax benefit certificate to assist in the funding of costs incurred by the new or expanding emerging technology and biotechnology company. For purposes of this subsection, a member of a combined group may sell prior net operating loss conversion carryover to other members of the combined group, if otherwise applicable and allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and this section, provided, however, such sale of prior net operating loss conversion carryover shall be made at arm's length price at the same rate as though the sale was to an unrelated taxpayer.

b. The authority, in cooperation with the Division of Taxation in the Department of the Treasury, shall review and approve applications by new or expanding emerging technology

and biotechnology companies in this State with unused but otherwise allowable carryover of research and development tax credits pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), and unused but otherwise allowable prior net operating loss conversion carryover or net operating loss carryover pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits in exchange for private financial assistance to be made by the corporation business taxpayer that is the recipient of the corporation business tax benefit certificate in an amount equal to at least 80 percent of the amount of the surrendered tax benefit, provided that the amount of the surrendered tax benefit for a surrendered research and development tax credit carryover is the amount of the credit, and provided that the amount of the surrendered tax benefit for a surrendered prior net operating loss conversion carryover or net operating loss carryover is that amount for the tax year in which the benefit is transferred and subsequently multiplied by the corporation business tax rate provided pursuant to subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5). The authority shall be authorized to approve the transfer of no more than \$75,000,000 of tax benefits in a State fiscal year. If the total amount of transferable tax benefits requested to be surrendered by approved applicants exceeds \$75,000,000 for a State fiscal year, the authority, in cooperation with the Division of Taxation in the Department of the Treasury, shall not be authorized to approve the transfer of more than \$75,000,000 for that State fiscal year and shall allocate the transfer of tax benefits by approved companies using the following method:

(1) an eligible applicant with \$250,000 or less of transferable tax benefits shall be authorized to surrender the entire amount of its transferable tax benefits;

(2) an eligible applicant with more than \$250,000 of transferable tax benefits shall be authorized to surrender a minimum of \$250,000 of its transferable tax benefits;

(3) (Deleted by amendment, P.L.2009, c.90)

(4) an eligible applicant with more than \$250,000 shall also be authorized to surrender additional transferable tax benefits determined by multiplying the applicant's transferable tax benefits less the minimum transferable tax benefits that company is authorized to surrender under paragraph (2) of this subsection by a fraction, the numerator of which is the total amount of transferable tax benefits that the authority is authorized to approve less the total amount of transferable tax benefits approved under paragraphs (1), (2), and (5) of this subsection and the denominator of which is the total amount of transferable tax benefits requested to be surrendered by all eligible applicants less the total amount of transferable tax benefits approved under paragraphs (1), (2), and (5) of this subsection;

(5) The authority shall establish the boundaries for three innovation zones to be geographically distributed in the northern, central, and southern portions of this State. Of the \$75,000,000 of transferable tax benefits authorized for each State fiscal year, \$15,000,000 shall be allocated for the surrender of transferable tax benefits exclusively by new and expanding emerging technology and biotechnology companies that operate within the boundaries of the innovation zones or opportunity zones, or for new and expanding emerging technology and biotechnology companies that are certified as a woman- or minority-owned business at the time of program application, except that any portion of the \$15,000,000 that is not so approved shall be available for that State fiscal year for the surrender of transferable tax benefits by new and expanding emerging technology and biotechnology companies that do not operate within the boundaries of an innovation zone or opportunity zone, or for a new and expanding emerging technology and biotechnology company that is certified as a woman- or minority-owned business at the time of program application.

If the total amount of transferable tax benefits that would be authorized using the above method exceeds \$75,000,000 for a State fiscal year, then the authority, in cooperation with the

Division of Taxation in the Department of the Treasury, shall limit the total amount of tax benefits authorized to be transferred to \$75,000,000 by applying the above method on an apportioned basis.

For purposes of this section, transferable tax benefits include an eligible applicant's unused but otherwise allowable prior net operating loss conversion carryover or net operating loss carryover determined pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4) for the tax year in which the benefit is transferred and subsequently multiplied by the corporation business tax rate as provided in subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5) plus the total amount of the applicant's unused but otherwise allowable carryover of research and development tax credits. An eligible applicant's transferable tax benefits shall be limited to net operating losses and research and development tax credits that the applicant requests to surrender in its application to the authority and shall not, in total, exceed the maximum amount of tax benefits that the applicant is eligible to surrender.

No application for a corporation business tax benefit transfer certificate shall be approved in which the new or expanding emerging technology or biotechnology company (1) has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board; or (2) is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board or is part of a consolidated group of affiliated corporations, as filed for federal income tax purposes, that in the aggregate has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its combined financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

For purposes of this subsection, a member of a combined group may sell prior net operating loss conversion carryover to other members of the combined group, if otherwise applicable and allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and this section, provided, however, such sale of prior net operating loss conversion carryover shall be made at arm's length price at the same rate as though the sale was to an unrelated taxpayer.

The maximum lifetime value of surrendered tax benefits that a corporation shall be permitted to surrender pursuant to the program is \$20,000,000. Applications must be received on or before June 30 of each State fiscal year.

The authority, in consultation with the Division of Taxation, shall establish rules for the recapture of all, or a portion of, the amount of a grant of a corporation business tax benefit certificate from the new or expanding emerging technology and biotechnology company having surrendered tax benefits pursuant to this section in the event the taxpayer fails to use the private financial assistance received for the surrender of tax benefits as required by this section or fails to maintain a headquarters or a base of operation in this State during the five years following receipt of the private financial assistance; except if the failure to maintain a headquarters or a base of operation in this State is due to the liquidation of the new or expanding emerging technology and biotechnology company.

c. The authority, in cooperation with the Division of Taxation in the Department of the Treasury, shall review and approve applications by taxpayers under the Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), to acquire surrendered tax benefits approved pursuant to subsection b. of this section which shall be issued in the form of

corporation business tax benefit transfer certificates, in exchange for private financial assistance to be made by the taxpayer in an amount equal to at least 80 percent of the amount of the surrendered tax benefit of an emerging technology or biotechnology company in the State. A corporation business tax benefit transfer certificate shall not be issued unless the applicant certifies that as of the date of the exchange of the corporation business tax benefit certificate it is operating as a new or expanding emerging technology or biotechnology company and has no current intention to cease operating as a new or expanding emerging technology or biotechnology company.

The managerial member of a combined group shall be the member that acquires a corporation business tax benefit certificate on behalf of the combined group for use on the combined return.

The private financial assistance shall assist in funding expenses incurred in connection with the operation of the new or expanding emerging technology or biotechnology company in the State, including, but not limited to, the expenses of fixed assets, such as the construction and acquisition and development of real estate, materials, start-up, tenant fit-out, working capital, salaries, research and development expenditures, and any other expenses determined by the authority to be necessary to carry out the purposes of the New Jersey Emerging Technology and Biotechnology Financial Assistance Program.

The authority shall require a corporation business taxpayer that acquires a corporation business tax benefit certificate to enter into a written agreement with the new or expanding emerging technology or biotechnology company concerning the terms and conditions of the private financial assistance made in exchange for the certificate. The written agreement may contain terms concerning the maintenance by the new or expanding emerging technology or biotechnology company of a headquarters or a base of operation in this State.

d. (Deleted by amendment, P.L.2009, c.90)

e. Notwithstanding any provision of law to the contrary, if, in any fiscal year, the value of transferable tax benefits transferred pursuant to subsection b. of this section is less than the maximum value of tax benefits that may be transferred pursuant to subsection b. of this section, the authority, in consultation with the Director of the Division of Taxation in the Department of the Treasury, shall certify the amount of the excess value of transferable tax benefits. The amount of the excess value of transferable tax benefits shall be added to the cumulative total amount of tax credits authorized pursuant to subsection e. of section 3 of P.L.1997, c.349 (C.54:10A-5.30) and subsection d. of section 4 of P.L.2013, c.14 (C.54A:4-13) for the immediately succeeding calendar year.

5. Section 8 of P.L.1995, c.137 (C.34:1B-7.44) is amended to read as follows:

C.34:1B-7.44 Rules, regulations.

8. a. The authority shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and regulations necessary to effectuate the purposes of this act. In developing procedures and forms to be used in connection with the application for and approval of financial assistance pursuant to this act, the authority shall consider the special needs and problems of emerging technology and biotechnology companies in the State.

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 New Jersey Economic Development Authority may adopt, immediately upon filing with the Office of Administrative Law, rules and regulations that the chief executive officer deems necessary to implement the provisions of P.L.2025, c.71, 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.).

Repealer.

6. Sections 92 through 97 of P.L.2020, c.156 (C.34:1B-356 through 34:1B-361) are repealed.

7. This act shall take effect immediately and shall apply to any applications for the Angel Investor Tax Credit, submitted pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30) and section 4 of P.L.2013, c.14 (C.54A:4-13), that are approved for taxable years and privilege periods beginning on or after January 1 of the year next following the date of enactment.

Approved June 30, 2025.

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 9, 2024

Sponsored by:

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Increases amount of tax credits for investments made in certain technology business ventures under “New Jersey Angel Investor Tax Credit Act.”

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** increasing the amount of the tax credits provided for
2 investments made in emerging technology businesses under the
3 “New Jersey Angel Investor Tax Credit Act,” and amending
4 P.L.1997, c.349 and P.L.2013, c.14.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
10 read as follows:

11 2. As used in sections 1 through 3 of P.L.1997, c.349
12 (C.54:10A-5.28 through C.54:10A-5.30):

13 "Advanced computing" means a technology used in the
14 designing and developing of computing hardware and software,
15 including innovations in designing the full spectrum of hardware
16 from hand- held calculators to super computers, and peripheral
17 equipment.

18 "Advanced materials" means materials with engineered
19 properties created through the development of specialized
20 processing and synthesis technology, including ceramics, high
21 value-added metals, electronic materials, composites, polymers, and
22 biomaterials.

23 "Biotechnology" means the continually expanding body of
24 fundamental knowledge about the functioning of biological systems
25 from the macro level to the molecular and sub-atomic levels, as
26 well as novel products, services, technologies, and sub-technologies
27 developed as a result of insights gained from research advances
28 which add to that body of fundamental knowledge.

29 "Carbon footprint reduction technology" means a technology
30 using equipment for the commercial, institutional, and industrial
31 sectors that: increases energy efficiency; develops and delivers
32 renewable or non-carbon-emitting energy technologies; develops
33 innovative carbon emissions abatement with significant carbon
34 emissions reduction potential; or promotes measurable electricity
35 end-use energy efficiency.

36 "Control" with respect to a corporation means ownership,
37 directly or indirectly, of stock possessing 80 percent or more of the
38 total combined voting power of all classes of the stock of the
39 corporation entitled to vote; and "control" with respect to a trust
40 means ownership, directly or indirectly, of 80 percent or more of
41 the beneficial interest in the principal or income of the trust. The
42 ownership of stock in a corporation, of a capital or profits interest in
43 a partnership or association or of a beneficial interest in a trust shall
44 be determined in accordance with the rules for constructive
45 ownership of stock provided in subsection (c) of section 267 of the

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.

1 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
2 than paragraph (3) of subsection (c) of that section.

3 "Controlled group" means one or more chains of corporations
4 connected through stock ownership with a common parent
5 corporation if stock possessing at least 80 percent of the voting
6 power of all classes of stock of each of the corporations is owned
7 directly or indirectly by one or more of the corporations and the
8 common parent owns directly stock possessing at least 80 percent of
9 the voting power of all classes of stock of at least one of the other
10 corporations.

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

13 "Diverse entrepreneur" means a New Jersey based business that
14 meets the criteria for a minority business or female business set
15 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

16 "Electronic device technology" means a technology involving
17 microelectronics, semiconductors, electronic equipment and
18 instrumentation, radio frequency, microwave and millimeter
19 electronics, and optical and optic-electrical devices, or data and
20 digital communications and imaging devices.

21 "Information technology" means software publishing, motion
22 picture and video production, television production and post-
23 production services, telecommunications, data processing, hosting
24 and related services, custom computer programming services,
25 computer system design, computer facilities management services,
26 other computer related services, and computer training.

27 "Life sciences" means the production of medical equipment,
28 ophthalmic goods, medical or dental instruments, diagnostic
29 substances, biopharmaceutical products, or physical and biological
30 research.

31 "Medical device technology" means a technology involving any
32 medical equipment or product (other than a pharmaceutical product)
33 that has therapeutic value, diagnostic value, or both, and is
34 regulated by the federal Food and Drug Administration.

35 "Mobile communications technology" means a technology
36 involving the functionality and reliability of the transmission of
37 voice and multimedia data using a communication infrastructure via
38 a computer or a mobile device, that shall include, but not be limited
39 to, smartphones, electronic books and tablets, digital audio players,
40 motor vehicle electronics, home entertainment systems, and other
41 wireless appliances, without having connected to any physical or
42 fixed link.

43 "New Jersey based business" means a company with fewer than
44 **【225】** 150 employees, of whom at least 75 percent are filling a
45 position in New Jersey, that is doing business, employing or owning
46 capital or property, or maintaining an office in this State.

47 "New Jersey emerging technology business" means a company
48 with fewer than **【225】** 150 employees, of whom at least 75 percent

1 are filling a position in New Jersey, that is doing business,
2 employing or owning capital or property, or maintaining an office
3 in this State and: has qualified research expenses paid or incurred
4 for research conducted in this State; conducts pilot scale
5 manufacturing in this State; or conducts technology
6 commercialization in this State in the fields of advanced computing,
7 advanced materials, biotechnology, carbon footprint reduction
8 technology, electronic device technology, information technology,
9 life sciences, medical device technology, mobile communications
10 technology, or renewable energy technology.

11 "New Jersey emerging technology business holding company"
12 means any corporation, association, firm, partnership, trust, or other
13 form of business organization, but not a natural person, which
14 directly or indirectly, owns, has the power or right to control, or has
15 the power to vote, a controlling share of the outstanding voting
16 securities of a corporation or other form of a New Jersey emerging
17 technology business.

18 "Partnership" means a syndicate, group, pool, joint venture, or
19 other unincorporated organization through or by means of which
20 any business, financial operation, or venture is carried on, and
21 which is not a trust or estate, a corporation, or a sole proprietorship.

22 "Pilot scale manufacturing" means the design, construction, and
23 testing of preproduction prototypes and models in the fields of
24 advanced computing, advanced materials, biotechnology, carbon
25 footprint reduction technology electronic device technology,
26 information technology, life sciences, medical device technology,
27 mobile communications technology, and renewable energy
28 technology, other than for commercial sale, excluding sales of
29 prototypes or sales for market testing if the total gross receipts, as
30 calculated in the manner provided in section 6 of P.L.1945, c.162
31 (C.54:10A-6), from the sales of the product, service, or process do
32 not exceed \$1,000,000.

33 "Qualified investment" means the non-refundable transfer of
34 cash to a New Jersey emerging technology business or to a New
35 Jersey emerging technology business holding company by a
36 taxpayer that is not a related person of the New Jersey emerging
37 technology business or the New Jersey emerging technology
38 business holding company, the transfer of which is in connection
39 with either: a transaction between or among the taxpayer and the
40 New Jersey emerging technology business or the New Jersey
41 emerging technology holding company or both in exchange for
42 stock, interests in partnerships or joint ventures, licenses (exclusive
43 or non-exclusive), rights to use technology, marketing rights,
44 warrants, options, or any items similar to those included herein,
45 including, but not limited to, options or rights to acquire any of the
46 items included herein; or a purchase, production, or research
47 agreement between or among the taxpayer and the New Jersey
48 emerging technology business or the New Jersey emerging

1 technology holding company or both. "Qualified investment" also
2 means the non-refundable transfer of cash or irrevocable contractual
3 commitment to a qualified venture fund.

4 "Qualified research expenses" means qualified research
5 expenses, as defined in section 41 of the federal Internal Revenue
6 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
7 fields of advanced computing, advanced materials, biotechnology,
8 carbon footprint reduction technology, electronic device
9 technology, information technology, life sciences, medical device
10 technology, mobile communications technology, or renewable
11 energy technology.

12 "Qualified venture fund" means a venture fund required by
13 contract to invest a minimum of 50 percent of its funds in New
14 Jersey based businesses that the authority, in its sole discretion,
15 based upon the qualified venture fund's investment history, if any,
16 its private placement memorandum and other relevant information,
17 has determined has the capacity to make the minimum investment.

18 "Related person" means:

19 a corporation, partnership, association or trust controlled by the
20 taxpayer;

21 an individual, corporation, partnership, association or trust that is
22 in the control of the taxpayer;

23 a corporation, partnership, association or trust controlled by an
24 individual, corporation, partnership, association or trust that is in
25 the control of the taxpayer; or

26 a member of the same controlled group as the taxpayer.

27 "Renewable energy technology" means a technology involving
28 the generation of electricity from solar energy; wind energy; wave
29 or tidal action; geothermal energy; the combustion of gas from the
30 anaerobic digestion of food waste and sewage sludge at a biomass
31 generating facility; the combustion of methane gas captured from a
32 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
33 digester gas, biomass gas, or other renewable fuel but not powered
34 by a fossil fuel.

35 "Tax year" means the fiscal or calendar accounting period of a
36 taxpayer.

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

44 "Verified transfer of funds" means a non-refundable transfer of
45 funds equal to 100 percent of the taxpayer's qualified investment in
46 the New Jersey emerging technology business holding company to a
47 New Jersey emerging technology business by the New Jersey
48 emerging technology business holding company that is

1 accompanied by documentation, as required by the New Jersey
2 Economic Development Authority, which provides proof of a cash
3 transaction originating with a taxpayer and concluding with a New
4 Jersey emerging technology business, provided that the transactions
5 from origin to destination occur within the same tax year.

6 The definitions of "advanced computing," "advanced materials,"
7 "biotechnology," "carbon footprint reduction technology,"
8 "electronic device technology," "information technology," "life
9 sciences," "medical device technology," "mobile communications
10 technology," "New Jersey emerging technology business," "pilot
11 scale manufacturing," and "renewable energy technology" may be
12 modified by regulation to conform to definitions in other programs
13 administered by the authority.

14 (cf: P.L.2020, c.156, s.117)

15
16 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
17 read as follows:

18 3. a. (1) A taxpayer, upon approval of the taxpayer's
19 application therefor by the New Jersey Economic Development
20 Authority and in consultation with the director, shall be allowed a
21 credit against the tax imposed pursuant to section 5 of P.L.1945,
22 c.162 (C.54:10A-5), in an amount equal to **20** 60 percent of the
23 qualified investment made by the taxpayer in a New Jersey
24 emerging technology business, in a New Jersey emerging
25 technology business holding company that makes a verified transfer
26 of funds to a New Jersey emerging technology business, or in a
27 qualified venture fund; provided, however, a taxpayer may be
28 allowed a tax credit in an amount equal to **25** 65 percent of the
29 qualified investment if the taxpayer satisfies one of the
30 requirements set forth in paragraph (2) of this subsection. The value
31 of tax credits allowed to a taxpayer pursuant to this section shall not
32 exceed \$500,000 for the privilege period for each qualified
33 investment made by the taxpayer.

34 (2) Subject to the limits established in paragraph (1) of this
35 subsection, the New Jersey Economic Development Authority, in
36 consultation with the director, shall increase the amount of a tax
37 credit allowed pursuant to this section by five percent if the
38 taxpayer makes a qualified investment in a New Jersey emerging
39 technology business, or in a New Jersey emerging technology
40 business holding company that makes a verified transfer of funds to
41 a New Jersey emerging technology business, or in a qualified
42 venture fund, if the New Jersey emerging technology business is
43 either located in a qualified opportunity zone pursuant to 26 U.S.C.
44 § 1400Z-1, or a low-income community as defined in subparagraph
45 (e) of 26 U.S.C. § 45D or certified by the State as a minority
46 business or a women's business pursuant to P.L.1986, c.195
47 (C.52:27H-21.17 et seq.) and, in the case of a qualified venture

1 fund, if the qualified venture fund commits by contract to invest 50
2 percent of its funds in diverse entrepreneurs.

3 b. A credit shall not be allowed pursuant to section 1 of
4 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
5 which a credit is allowed, or which are includable in the calculation
6 of a credit allowed, under this section. Notwithstanding any other
7 provision of law, the order of priority in which the credit allowed
8 by this section and any other credits allowed by law may be taken
9 shall be as prescribed by the director.

10 c. Except as provided in subsection d. of this section, the
11 amount of credit otherwise allowable under this section which
12 cannot be applied for the privilege period against tax liability
13 otherwise due for that privilege period may either be carried over, if
14 necessary, to the 15 privilege periods following the privilege period
15 for which the credit was allowed or, at the election of the taxpayer,
16 be claimed as and treated as an overpayment for the purposes of
17 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
18 (C.54:49-15.1) shall not apply.

19 d. A taxpayer may not carry over any amount of credit allowed
20 under subsection a. of this section to a privilege period during
21 which a corporate acquisition with respect to which the taxpayer
22 was a target corporation occurred or during which the taxpayer was
23 a party to a merger or a consolidation, or to any subsequent
24 privilege period, if the credit was allowed for a privilege period
25 prior to the year of acquisition, merger or consolidation, except that
26 if in the case of a corporate merger or corporate consolidation the
27 taxpayer can demonstrate, through the submission of a copy of the
28 plan of merger or consolidation and such other evidence as may be
29 required by the director, the identity of the constituent corporation
30 which was the acquiring person, a credit allowed to the acquiring
31 person may be carried over by the taxpayer. As used in this
32 subsection, "acquiring person" means the constituent corporation
33 the stockholders of which own the largest proportion of the total
34 voting power in the surviving or consolidated corporation after the
35 merger or consolidation.

36 e. The Executive Director of the New Jersey Economic
37 Development Authority, in consultation with the director, shall
38 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
39 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
40 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
41 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
42 (C.54A:4-13), including, but not limited to: examples of and the
43 determination of qualified investments of which applicants shall
44 provide documentation with their tax credit application; the
45 promulgation of procedures and forms necessary to apply for a
46 credit; provisions for recapture in the event a taxpayer receives a
47 credit on the basis of its commitment to transfer cash to a qualified
48 venture fund and it does not fund its commitment; and provisions

1 for credit applicants to be charged an initial application fee and
2 ongoing service fees to cover the administrative costs related to the
3 credit.

4 The amount of credits approved by the Executive Director of the
5 New Jersey Economic Development Authority, and in consultation
6 with the director, pursuant to subsection a. of this section and
7 pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13), shall not
8 exceed a cumulative total of \$35,000,000 in any calendar year to
9 apply against the tax imposed pursuant to section 5 of P.L.1945,
10 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
11 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
12 cumulative amount of credits allowed to taxpayers in a calendar
13 year exceeds the amount of credits available in that year, then
14 taxpayers who have first applied for and have not been allowed a
15 credit amount for that reason shall be allowed, in the order in which
16 they have submitted an application, the amount of the tax credit on
17 the first day of the next succeeding calendar year in which tax
18 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
19 13) are not in excess of the amount of credits available.
20 (cf: P.L.2020, c.156, s.118)

21

22 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
23 as follows:

24 4. a. (1) A taxpayer, upon approval of the taxpayer's
25 application therefor by the New Jersey Economic Development
26 Authority, and in consultation with the director, shall be allowed a
27 credit against the tax otherwise due for the taxable year under the
28 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an
29 amount equal to **[20]** 60 percent of the qualified investment made
30 by the taxpayer in a New Jersey emerging technology business, in a
31 New Jersey emerging technology business holding company that
32 makes a verified transfer of funds to a New Jersey emerging
33 technology business, or in a qualified venture fund; provided,
34 however, a taxpayer may be allowed a tax credit in an amount equal
35 to **[25]** 65 percent of the qualified investment if the taxpayer
36 satisfies one of the requirements set forth in paragraph (2) of this
37 subsection. The value of tax credits allowed to a taxpayer pursuant
38 to this section shall not exceed \$500,000 for the taxable year for
39 each qualified investment made by the taxpayer.

40 (2) Subject to the limits established in paragraph (1) of this
41 subsection, the New Jersey Economic Development Authority, in
42 consultation with the director, shall increase the amount of a tax
43 credit allowed pursuant to this section by five percent if the
44 taxpayer makes a qualified investment in a New Jersey emerging
45 technology business, in a New Jersey emerging technology business
46 holding company that makes a verified transfer of funds to a New
47 Jersey emerging technology business, or in a qualified venture fund,
48 if the New Jersey emerging technology business is either located in

1 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
2 low-income community as defined in subparagraph (e) of 26 U.S.C.
3 § 45D; or certified by the State as a minority business or a women's
4 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
5 in the case of a qualified venture fund, if the qualified venture fund
6 commits by contract to invest 50 percent of its funds in diverse
7 entrepreneurs.

8 b. The amount of the credit allowed pursuant to this section
9 shall be applied against the tax otherwise due under the "New
10 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
11 credits and payments. If the credit exceeds the amount of tax
12 liability otherwise due, that amount of excess shall be an
13 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
14 that subsection (f) of N.J.S.54A:9-7 shall not apply.

15 c. (1) A partnership shall not be allowed a credit under this
16 section directly, but the amount of credit of a taxpayer in respect of
17 a distributive share of partnership income under the "New Jersey
18 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
19 by allocating to the taxpayer that proportion of the credit acquired
20 by the partnership that is equal to the taxpayer's share, whether or
21 not distributed, of the total distributive income or gain of the
22 partnership for its taxable year ending within or with the taxpayer's
23 taxable year. For the purposes of subsection b. of this section, the
24 amount of tax liability that would be otherwise due of a taxpayer is
25 that proportion of the total liability of the taxpayer that the
26 taxpayer's share of the partnership income or gain included in gross
27 income bears to the total gross income of the taxpayer.

28 (2) The credit for a corporation that has made a valid election as
29 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
30 (C.54:10A-5.22) may be applied by the shareholders of the S
31 corporation against the tax liability otherwise due under the "New
32 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
33 the amount of credit that may be used by a shareholder of the S
34 corporation shall be determined by allocating to each shareholder of
35 the S corporation that proportion of the tax credit of the S
36 corporation that is equal to the shareholder's proportionate share of
37 the S corporation, whether or not distributed, of the total
38 distributive income or gain of the S corporation for its tax period
39 ending with or within the shareholder's tax period, and the credit
40 may be applied by the shareholders against the tax liability
41 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
42 N.J.S.54A:1-1 et seq.

43 d. The Executive Director of the New Jersey Economic
44 Development Authority, in consultation with the director, shall
45 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
46 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
47 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
48 5.28 through C.54:10A-5.30) and this section, including, but not

1 limited to: examples of and the determination of qualified
2 investments of which applicants shall provide documentation with
3 their tax credit application; the promulgation of procedures and
4 forms necessary to apply for a credit; provisions for recapture in the
5 event a taxpayer receives a credit on the basis of its commitment to
6 transfer cash to a qualified venture fund and it does not fund its
7 commitment; and provisions for credit applicants to be charged an
8 initial application fee and ongoing service fees to cover the
9 administrative costs related to the credit.

10 The amount of credits approved by the Executive Director of the
11 New Jersey Economic Development Authority and the Director of
12 the Division of Taxation in the Department of the Treasury,
13 pursuant to subsection a. of this section and pursuant to section 3 of
14 P.L.1997, c.349 (C.54:10A-5.30), shall not exceed a cumulative
15 total of \$35,000,000 in any calendar year to apply against the tax
16 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and
17 the tax imposed pursuant to the "New Jersey Gross Income Tax
18 Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits
19 allowed to taxpayers in a calendar year exceeds the amount of
20 credits available in that year, then taxpayers who have first applied
21 for and have not been allowed a credit amount for that reason shall
22 be allowed, in the order in which they have submitted an
23 application, the amount of the tax credit on the first day of the next
24 succeeding calendar year in which tax credits under this section and
25 section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of
26 the amount of credits available.

27 e. As used in this section:

28 "Advanced computing" means a technology used in the
29 designing and developing of computing hardware and software,
30 including innovations in designing the full spectrum of hardware
31 from hand-held calculators to super computers, and peripheral
32 equipment.

33 "Advanced materials" means materials with engineered
34 properties created through the development of specialized
35 processing and synthesis technology, including ceramics, high
36 value-added metals, electronic materials, composites, polymers, and
37 biomaterials.

38 "Biotechnology" means the continually expanding body of
39 fundamental knowledge about the functioning of biological systems
40 from the macro level to the molecular and sub-atomic levels, as
41 well as novel products, services, technologies, and sub-technologies
42 developed as a result of insights gained from research advances
43 which add to that body of fundamental knowledge.

44 "Carbon footprint reduction technology" means a technology
45 using equipment for the commercial, institutional, and industrial
46 sectors that: increases energy efficiency; develops and delivers
47 renewable or non-carbon-emitting energy technologies; develops
48 innovative carbon emissions abatement with significant carbon

1 emissions reduction potential; or promotes measurable electricity
2 end-use energy efficiency.

3 "Control" with respect to a corporation, means ownership,
4 directly or indirectly, of stock possessing 80 percent or more of the
5 total combined voting power of all classes of the stock of the
6 corporation entitled to vote; and "control," with respect to a trust,
7 means ownership, directly or indirectly, of 80 percent or more of
8 the beneficial interest in the principal or income of the trust. The
9 ownership of stock in a corporation, of a capital or profits interest in
10 a partnership or association or of a beneficial interest in a trust shall
11 be determined in accordance with the rules for constructive
12 ownership of stock provided in subsection (c) of section 267 of the
13 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
14 paragraph (3) of subsection (c) of that section.

15 "Controlled group" means one or more chains of corporations
16 connected through stock ownership with a common parent
17 corporation if stock possessing at least 80 percent of the voting
18 power of all classes of stock of each of the corporations is owned
19 directly or indirectly by one or more of the corporations and the
20 common parent owns directly stock possessing at least 80 percent of
21 the voting power of all classes of stock of at least one of the other
22 corporations.

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

25 "Diverse entrepreneur" means a New Jersey based business that
26 meets the criteria for a minority business or female business set
27 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

28 "Electronic device technology" means a technology involving
29 microelectronics, semiconductors, electronic equipment and
30 instrumentation, radio frequency, microwave and millimeter
31 electronics, and optical and optic-electrical devices, or data and
32 digital communications and imaging devices.

33 "Information technology" means software publishing, motion
34 picture and video production, television production and post-
35 production services, telecommunications, data processing, hosting
36 and related services, custom computer programming services,
37 computer system design, computer facilities management services,
38 other computer related services, and computer training.

39 "Life sciences" means the production of medical equipment,
40 ophthalmic goods, medical or dental instruments, diagnostic
41 substances, biopharmaceutical products, or physical and biological
42 research.

43 "Medical device technology" means a technology involving any
44 medical equipment or product (other than a pharmaceutical product)
45 that has therapeutic value, diagnostic value, or both, and is
46 regulated by the federal Food and Drug Administration.

47 "Mobile communications technology" means a technology
48 involving the functionality and reliability of the transmission of

1 voice and multimedia data using a communication infrastructure via
2 a computer or a mobile device, that shall include, but not be limited
3 to, smartphones, electronic books and tablets, digital audio players,
4 motor vehicle electronics, home entertainment systems, and other
5 wireless appliances, without having connected to any physical or
6 fixed link.

7 "New Jersey based business" means a company with fewer than
8 **[225]** 150 employees, of whom at least 75 percent are filling a
9 position in New Jersey, that is doing business, employing or owning
10 capital or property, or maintaining an office in this State.

11 "New Jersey emerging technology business" means a company
12 with fewer than **[225]** 150 employees, of whom at least 75 percent
13 are filling a position in New Jersey, that is doing business,
14 employing or owning capital or property, or maintaining an office
15 in this State and: has qualified research expenses paid or incurred
16 for research conducted in this State; conducts pilot scale
17 manufacturing in this State; or conducts technology
18 commercialization in this State in the fields of advanced computing,
19 advanced materials, biotechnology, carbon footprint reduction
20 technology, electronic device technology, information technology,
21 life sciences, medical device technology, mobile communications
22 technology, or renewable energy technology.

23 "New Jersey emerging technology business holding company"
24 means any corporation, association, firm, partnership, trust or other
25 form of business organization, but not a natural person, which
26 directly or indirectly, owns, has the power or right to control, or has
27 the power to vote, a controlling share of the outstanding voting
28 securities of a corporation or other form of a New Jersey emerging
29 technology business.

30 "Partnership" means a syndicate, group, pool, joint venture, or
31 other unincorporated organization through or by means of which
32 any business, financial operation, or venture is carried on, and
33 which is not a trust or estate, a corporation, or a sole proprietorship.

34 "Pilot scale manufacturing" means design, construction, and
35 testing of preproduction prototypes and models in the fields of
36 advanced computing, advanced materials, biotechnology, carbon
37 footprint reduction technology electronic device technology,
38 information technology, life sciences, medical device technology,
39 mobile communications technology, or renewable energy
40 technology, other than for commercial sale, excluding sales of
41 prototypes or sales for market testing if the total gross receipts, as
42 calculated in the manner provided in section 6 of P.L.1945, c.162
43 (C.54:10A-6), from the sales of the product, service, or process do
44 not exceed \$1,000,000.

45 "Qualified investment" means the non-refundable transfer of
46 cash to a New Jersey emerging technology business or to a New
47 Jersey emerging technology business holding company by a
48 taxpayer that is not a related person of the New Jersey emerging

1 technology business or the New Jersey emerging technology
2 business holding company, the transfer of which is in connection
3 with either: a transaction between or among the taxpayer and the
4 New Jersey emerging technology business or the New Jersey
5 emerging technology holding company or both in exchange for
6 stock, interests in partnerships or joint ventures, licenses (exclusive
7 or non-exclusive), rights to use technology, marketing rights,
8 warrants, options, or any items similar to those included herein,
9 including, but not limited to, options or rights to acquire any of the
10 items included herein; or a purchase, production, or research
11 agreement between or among the taxpayer and the New Jersey
12 emerging technology business or the New Jersey emerging
13 technology holding company or both. "Qualified investment" also
14 means the non-refundable transfer of cash or irrevocable contractual
15 commitment to transfer cash to a qualified venture fund.

16 "Qualified research expenses" means qualified research
17 expenses, as defined in section 41 of the federal Internal Revenue
18 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
19 fields of advanced computing, advanced materials, biotechnology,
20 electronic device technology, information technology, life sciences,
21 medical device technology, mobile communications technology, or
22 renewable energy technology.

23 "Qualified venture fund" means a venture fund required by
24 contract to invest a minimum of 50 percent of its funds in New
25 Jersey based businesses that the authority, in its sole discretion,
26 based upon the qualified venture fund's investment history, if any,
27 its private placement memorandum and other relevant information,
28 has determined has the capacity to make the minimum investment.

29 "Related person" means:

30 a corporation, partnership, association or trust controlled by the
31 taxpayer;

32 an individual, corporation, partnership, association or trust that is
33 in the control of the taxpayer;

34 a corporation, partnership, association or trust controlled by an
35 individual, corporation, partnership, association or trust that is in
36 the control of the taxpayer; or

37 a member of the same controlled group as the taxpayer.

38 "Renewable energy technology" means a technology involving
39 the generation of electricity from solar energy; wind energy; wave
40 or tidal action; geothermal energy; the combustion of gas from the
41 anaerobic digestion of food waste and sewage sludge at a biomass
42 generating facility; the combustion of methane gas captured from a
43 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
44 digester gas, biomass gas, or other renewable fuel but not powered
45 by a fossil fuel.

46 "Venture fund" means a partnership, corporation, trust, or limited
47 liability company that invests cash in a business during the early or
48 expansion stages of a business in exchange for an equity stake in

1 the business in, which the investment is made. Venture firm may
2 include a venture capital fund, a family office fund, or a corporate
3 investor fund, provided that a professional manager administers the
4 venture firm.

5 "Verified transfer of funds" means a non-refundable transfer of
6 funds equal to 100 percent of the taxpayer's qualified investment in
7 the New Jersey emerging technology business holding company to a
8 New Jersey emerging technology business by the New Jersey
9 emerging technology business holding company that is
10 accompanied by documentation, as required by the New Jersey
11 Economic Development Authority, which provides proof of a cash
12 transaction originating with a taxpayer and concluding with a New
13 Jersey emerging technology business, provided that the transactions
14 from origin to destination occur within the same taxable year.

15 The definitions of "advanced computing," "advanced materials,"
16 "biotechnology," "carbon footprint reduction technology,"
17 "electronic device technology," "information technology," "life
18 sciences," "medical device technology," "mobile communications
19 technology," "New Jersey emerging technology business," "pilot
20 scale manufacturing," and "renewable energy technology" may be
21 modified by regulation to conform to definitions in other programs
22 administered by the authority.
23 (cf: P.L.2020, c.156, s.119)

24
25 4. This act shall take effect immediately and shall apply to
26 taxable years and privilege periods beginning on or after January 1
27 of the year next following the date of enactment.

28

29

30

STATEMENT

31

32 This bill increases the amount of the tax credits provided under
33 the "New Jersey Angel Investor Tax Credit Act" for qualified
34 investments made in New Jersey emerging technology business
35 ventures. Under current law, taxpayers are allowed credits against
36 the gross income tax and corporation business tax equal to 20
37 percent of a qualified investment made by the taxpayer in a New
38 Jersey emerging technology business or a qualified venture fund.
39 Taxpayers can also qualify for an additional five percent credit
40 when the qualified investment is made in: (1) an emerging
41 technology business that is located in an opportunity zone or a low-
42 income community; (2) an emerging technology business that is a
43 minority business or women's business; or (3) a qualified venture
44 fund that commits by contract to invest 50 percent of its funds in
45 diverse entrepreneurs.

46 The bill increases the amount of the tax credit that may be
47 provided to taxpayers from 20 to 60 percent of the taxpayers'
48 qualified investments. The bill also increases the total amount of

1 the tax credit provided to taxpayers that qualify for the additional
2 five percent credit from 25 to 65 percent of the taxpayers' qualified
3 investments. The bill also revises the definitions of "New Jersey
4 based business" and "New Jersey emerging technology business" to
5 lower, from 224 to 149, the maximum number of employees that a
6 business may employ to qualify for the tax credit.

[First Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 9, 2024

Sponsored by:

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Co-Sponsored by:

Senators Timberlake, Greenstein, O'Scanlon and Wimberly

SYNOPSIS

Increases amount of tax credits for investments made in certain technology business ventures under “New Jersey Angel Investor Tax Credit Act.”

CURRENT VERSION OF TEXT

As reported by the Senate Economic Growth Committee on October 10, 2024, with amendments.



(Sponsorship Updated As Of: 2/25/2025)

1 AN ACT increasing the amount of the tax credits provided for
2 investments made in emerging technology businesses under the
3 “New Jersey Angel Investor Tax Credit Act,” and amending
4 P.L.1997, c.349 and P.L.2013, c.14.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
10 read as follows:

11 2. As used in sections 1 through 3 of P.L.1997, c.349
12 (C.54:10A-5.28 through C.54:10A-5.30):

13 "Advanced computing" means a technology used in the
14 designing and developing of computing hardware and software,
15 including innovations in designing the full spectrum of hardware
16 from hand- held calculators to super computers, and peripheral
17 equipment.

18 "Advanced materials" means materials with engineered
19 properties created through the development of specialized
20 processing and synthesis technology, including ceramics, high
21 value-added metals, electronic materials, composites, polymers, and
22 biomaterials.

23 "Biotechnology" means the continually expanding body of
24 fundamental knowledge about the functioning of biological systems
25 from the macro level to the molecular and sub-atomic levels, as
26 well as novel products, services, technologies, and sub-technologies
27 developed as a result of insights gained from research advances
28 which add to that body of fundamental knowledge.

29 "Carbon footprint reduction technology" means a technology
30 using equipment for the commercial, institutional, and industrial
31 sectors that: increases energy efficiency; develops and delivers
32 renewable or non-carbon-emitting energy technologies; develops
33 innovative carbon emissions abatement with significant carbon
34 emissions reduction potential; or promotes measurable electricity
35 end-use energy efficiency.

36 "Control" with respect to a corporation means ownership,
37 directly or indirectly, of stock possessing 80 percent or more of the
38 total combined voting power of all classes of the stock of the
39 corporation entitled to vote; and "control" with respect to a trust
40 means ownership, directly or indirectly, of 80 percent or more of
41 the beneficial interest in the principal or income of the trust. The
42 ownership of stock in a corporation, of a capital or profits interest in
43 a partnership or association or of a beneficial interest in a trust shall
44 be determined in accordance with the rules for constructive
45 ownership of stock provided in subsection (c) of section 267 of the

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted October 10, 2024.

1 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
2 than paragraph (3) of subsection (c) of that section.

3 "Controlled group" means one or more chains of corporations
4 connected through stock ownership with a common parent
5 corporation if stock possessing at least 80 percent of the voting
6 power of all classes of stock of each of the corporations is owned
7 directly or indirectly by one or more of the corporations and the
8 common parent owns directly stock possessing at least 80 percent of
9 the voting power of all classes of stock of at least one of the other
10 corporations.

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

13 "Diverse entrepreneur" means a New Jersey based business that
14 meets the criteria for a minority business or female business set
15 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

16 "Electronic device technology" means a technology involving
17 microelectronics, semiconductors, electronic equipment and
18 instrumentation, radio frequency, microwave and millimeter
19 electronics, and optical and optic-electrical devices, or data and
20 digital communications and imaging devices.

21 "Information technology" means software publishing, motion
22 picture and video production, television production and post-
23 production services, telecommunications, data processing, hosting
24 and related services, custom computer programming services,
25 computer system design, computer facilities management services,
26 other computer related services, and computer training.

27 "Life sciences" means the production of medical equipment,
28 ophthalmic goods, medical or dental instruments, diagnostic
29 substances, biopharmaceutical products, or physical and biological
30 research.

31 "Medical device technology" means a technology involving any
32 medical equipment or product (other than a pharmaceutical product)
33 that has therapeutic value, diagnostic value, or both, and is
34 regulated by the federal Food and Drug Administration.

35 "Mobile communications technology" means a technology
36 involving the functionality and reliability of the transmission of
37 voice and multimedia data using a communication infrastructure via
38 a computer or a mobile device, that shall include, but not be limited
39 to, smartphones, electronic books and tablets, digital audio players,
40 motor vehicle electronics, home entertainment systems, and other
41 wireless appliances, without having connected to any physical or
42 fixed link.

43 "New Jersey based business" means a company with fewer than
44 **[225]** 150 employees, of whom at least 75 percent are filling a
45 position in New Jersey, that is doing business, employing or owning
46 capital or property, or maintaining an office in this State.

47 "New Jersey emerging technology business" means a company
48 with fewer than **[225]** 150 employees, of whom at least 75 percent

1 are filling a position in New Jersey, that is doing business,
2 employing or owning capital or property, or maintaining an office
3 in this State and: has qualified research expenses paid or incurred
4 for research conducted in this State; conducts pilot scale
5 manufacturing in this State; or conducts technology
6 commercialization in this State in the fields of advanced computing,
7 advanced materials, biotechnology, carbon footprint reduction
8 technology, electronic device technology, information technology,
9 life sciences, medical device technology, mobile communications
10 technology, or renewable energy technology.

11 "New Jersey emerging technology business holding company"
12 means any corporation, association, firm, partnership, trust, or other
13 form of business organization, but not a natural person, which
14 directly or indirectly, owns, has the power or right to control, or has
15 the power to vote, a controlling share of the outstanding voting
16 securities of a corporation or other form of a New Jersey emerging
17 technology business.

18 "Partnership" means a syndicate, group, pool, joint venture, or
19 other unincorporated organization through or by means of which
20 any business, financial operation, or venture is carried on, and
21 which is not a trust or estate, a corporation, or a sole proprietorship.

22 "Pilot scale manufacturing" means the design, construction, and
23 testing of preproduction prototypes and models in the fields of
24 advanced computing, advanced materials, biotechnology, carbon
25 footprint reduction technology electronic device technology,
26 information technology, life sciences, medical device technology,
27 mobile communications technology, and renewable energy
28 technology, other than for commercial sale, excluding sales of
29 prototypes or sales for market testing if the total gross receipts, as
30 calculated in the manner provided in section 6 of P.L.1945, c.162
31 (C.54:10A-6), from the sales of the product, service, or process do
32 not exceed \$1,000,000.

33 "Qualified investment" means the non-refundable transfer of
34 cash to a New Jersey emerging technology business or to a New
35 Jersey emerging technology business holding company by a
36 taxpayer that is not a related person of the New Jersey emerging
37 technology business or the New Jersey emerging technology
38 business holding company, the transfer of which is in connection
39 with either: a transaction between or among the taxpayer and the
40 New Jersey emerging technology business or the New Jersey
41 emerging technology holding company or both in exchange for
42 stock, interests in partnerships or joint ventures, licenses (exclusive
43 or non-exclusive), rights to use technology, marketing rights,
44 warrants, options, or any items similar to those included herein,
45 including, but not limited to, options or rights to acquire any of the
46 items included herein; or a purchase, production, or research
47 agreement between or among the taxpayer and the New Jersey
48 emerging technology business or the New Jersey emerging

1 technology holding company or both. "Qualified investment" also
2 means the non-refundable transfer of cash or irrevocable contractual
3 commitment to a qualified venture fund.

4 "Qualified research expenses" means qualified research
5 expenses, as defined in section 41 of the federal Internal Revenue
6 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
7 fields of advanced computing, advanced materials, biotechnology,
8 carbon footprint reduction technology, electronic device
9 technology, information technology, life sciences, medical device
10 technology, mobile communications technology, or renewable
11 energy technology.

12 "Qualified venture fund" means a venture fund required by
13 contract to invest a minimum of 50 percent of its funds in New
14 Jersey based businesses that the authority, in its sole discretion,
15 based upon the qualified venture fund's investment history, if any,
16 its private placement memorandum and other relevant information,
17 has determined has the capacity to make the minimum investment.

18 "Related person" means:

19 a corporation, partnership, association or trust controlled by the
20 taxpayer;

21 an individual, corporation, partnership, association or trust that is
22 in the control of the taxpayer;

23 a corporation, partnership, association or trust controlled by an
24 individual, corporation, partnership, association or trust that is in
25 the control of the taxpayer; or

26 a member of the same controlled group as the taxpayer.

27 "Renewable energy technology" means a technology involving
28 the generation of electricity from solar energy; wind energy; wave
29 or tidal action; geothermal energy; the combustion of gas from the
30 anaerobic digestion of food waste and sewage sludge at a biomass
31 generating facility; the combustion of methane gas captured from a
32 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
33 digester gas, biomass gas, or other renewable fuel but not powered
34 by a fossil fuel.

35 "Tax year" means the fiscal or calendar accounting period of a
36 taxpayer.

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

44 "Verified transfer of funds" means a non-refundable transfer of
45 funds equal to 100 percent of the taxpayer's qualified investment in
46 the New Jersey emerging technology business holding company to a
47 New Jersey emerging technology business by the New Jersey
48 emerging technology business holding company that is

1 accompanied by documentation, as required by the New Jersey
2 Economic Development Authority, which provides proof of a cash
3 transaction originating with a taxpayer and concluding with a New
4 Jersey emerging technology business, provided that the transactions
5 from origin to destination occur within the same tax year.

6 The definitions of "advanced computing," "advanced materials,"
7 "biotechnology," "carbon footprint reduction technology,"
8 "electronic device technology," "information technology," "life
9 sciences," "medical device technology," "mobile communications
10 technology," "New Jersey emerging technology business," "pilot
11 scale manufacturing," and "renewable energy technology" may be
12 modified by regulation to conform to definitions in other programs
13 administered by the authority.

14 (cf: P.L.2020, c.156, s.117)

15
16 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
17 read as follows:

18 3. a. (1) A taxpayer, upon approval of the taxpayer's
19 application therefor by the New Jersey Economic Development
20 Authority and in consultation with the director, shall be allowed a
21 credit against the tax imposed pursuant to section 5 of P.L.1945,
22 c.162 (C.54:10A-5), in an amount equal to **[20]** **'[60]** 35¹ percent
23 of the qualified investment made by the taxpayer in a New Jersey
24 emerging technology business, in a New Jersey emerging
25 technology business holding company that makes a verified transfer
26 of funds to a New Jersey emerging technology business, or in a
27 qualified venture fund; provided, however, a taxpayer may be
28 allowed a tax credit in an amount equal to **[25]** **'[65]** 40¹ percent
29 of the qualified investment if the taxpayer satisfies one of the
30 requirements set forth in paragraph (2) of this subsection. The value
31 of tax credits allowed to a taxpayer pursuant to this section shall not
32 exceed \$500,000 for the privilege period for each qualified
33 investment made by the taxpayer.

34 (2) Subject to the limits established in paragraph (1) of this
35 subsection, the New Jersey Economic Development Authority, in
36 consultation with the director, shall increase the amount of a tax
37 credit allowed pursuant to this section by five percent if the
38 taxpayer makes a qualified investment in a New Jersey emerging
39 technology business, or in a New Jersey emerging technology
40 business holding company that makes a verified transfer of funds to
41 a New Jersey emerging technology business, or in a qualified
42 venture fund, if the New Jersey emerging technology business is
43 either located in a qualified opportunity zone pursuant to 26 U.S.C.
44 § 1400Z-1, or a low-income community as defined in subparagraph
45 (e) of 26 U.S.C. § 45D or

46 certified by the State as a minority business or a women's
47 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
48 in the case of a qualified venture fund, if the qualified venture fund

1 commits by contract to invest 50 percent of its funds in diverse
2 entrepreneurs.

3 b. A credit shall not be allowed pursuant to section 1 of
4 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
5 which a credit is allowed, or which are includable in the calculation
6 of a credit allowed, under this section. Notwithstanding any other
7 provision of law, the order of priority in which the credit allowed
8 by this section and any other credits allowed by law may be taken
9 shall be as prescribed by the director.

10 c. Except as provided in subsection d. of this section, the
11 amount of credit otherwise allowable under this section which
12 cannot be applied for the privilege period against tax liability
13 otherwise due for that privilege period may either be carried over, if
14 necessary, to the 15 privilege periods following the privilege period
15 for which the credit was allowed or, at the election of the taxpayer,
16 be claimed as and treated as an overpayment for the purposes of
17 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
18 (C.54:49-15.1) shall not apply.

19 d. A taxpayer may not carry over any amount of credit allowed
20 under subsection a. of this section to a privilege period during
21 which a corporate acquisition with respect to which the taxpayer
22 was a target corporation occurred or during which the taxpayer was
23 a party to a merger or a consolidation, or to any subsequent
24 privilege period, if the credit was allowed for a privilege period
25 prior to the year of acquisition, merger or consolidation, except that
26 if in the case of a corporate merger or corporate consolidation the
27 taxpayer can demonstrate, through the submission of a copy of the
28 plan of merger or consolidation and such other evidence as may be
29 required by the director, the identity of the constituent corporation
30 which was the acquiring person, a credit allowed to the acquiring
31 person may be carried over by the taxpayer. As used in this
32 subsection, "acquiring person" means the constituent corporation
33 the stockholders of which own the largest proportion of the total
34 voting power in the surviving or consolidated corporation after the
35 merger or consolidation.

36 e. The Executive Director of the New Jersey Economic
37 Development Authority, in consultation with the director, shall
38 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
39 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
40 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
41 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
42 (C.54A:4-13), including, but not limited to: examples of and the
43 determination of qualified investments of which applicants shall
44 provide documentation with their tax credit application; the
45 promulgation of procedures and forms necessary to apply for a
46 credit; provisions for recapture in the event a taxpayer receives a
47 credit on the basis of its commitment to transfer cash to a qualified
48 venture fund and it does not fund its commitment; and provisions

1 for credit applicants to be charged an initial application fee and
2 ongoing service fees to cover the administrative costs related to the
3 credit.

4 The amount of credits approved by the Executive Director of the
5 New Jersey Economic Development Authority, and in consultation
6 with the director, pursuant to subsection a. of this section and
7 pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13), shall not
8 exceed a cumulative total of \$35,000,000 in any calendar year to
9 apply against the tax imposed pursuant to section 5 of P.L.1945,
10 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
11 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
12 cumulative amount of credits allowed to taxpayers in a calendar
13 year exceeds the amount of credits available in that year, then
14 taxpayers who have first applied for and have not been allowed a
15 credit amount for that reason shall be allowed, in the order in which
16 they have submitted an application, the amount of the tax credit on
17 the first day of the next succeeding calendar year in which tax
18 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
19 13) are not in excess of the amount of credits available.
20 (cf: P.L.2020, c.156, s.118)

21

22 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
23 as follows:

24 4. a. (1) A taxpayer, upon approval of the taxpayer's
25 application therefor by the New Jersey Economic Development
26 Authority, and in consultation with the director, shall be allowed a
27 credit against the tax otherwise due for the taxable year under the
28 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an
29 amount equal to **[20]** ~~'[60]~~ ³⁵ percent of the qualified investment
30 made by the taxpayer in a New Jersey emerging technology
31 business, in a New Jersey emerging technology business holding
32 company that makes a verified transfer of funds to a New Jersey
33 emerging technology business, or in a qualified venture fund;
34 provided, however, a taxpayer may be allowed a tax credit in an
35 amount equal to **[25]** ~~'[65]~~ ⁴⁰ percent of the qualified investment
36 if the taxpayer satisfies one of the requirements set forth in
37 paragraph (2) of this subsection. The value of tax credits allowed to
38 a taxpayer pursuant to this section shall not exceed \$500,000 for the
39 taxable year for each qualified investment made by the taxpayer.

40 (2) Subject to the limits established in paragraph (1) of this
41 subsection, the New Jersey Economic Development Authority, in
42 consultation with the director, shall increase the amount of a tax
43 credit allowed pursuant to this section by five percent if the
44 taxpayer makes a qualified investment in a New Jersey emerging
45 technology business, in a New Jersey emerging technology business
46 holding company that makes a verified transfer of funds to a New
47 Jersey emerging technology business, or in a qualified venture fund,
48 if the New Jersey emerging technology business is either located in

1 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
2 low-income community as defined in subparagraph (e) of 26 U.S.C.
3 § 45D; or

4 certified by the State as a minority business or a women's
5 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
6 in the case of a qualified venture fund, if the qualified venture fund
7 commits by contract to invest 50 percent of its funds in diverse
8 entrepreneurs.

9 b. The amount of the credit allowed pursuant to this section
10 shall be applied against the tax otherwise due under the "New
11 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
12 credits and payments. If the credit exceeds the amount of tax
13 liability otherwise due, that amount of excess shall be an
14 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
15 that subsection (f) of N.J.S.54A:9-7 shall not apply.

16 c. (1) A partnership shall not be allowed a credit under this
17 section directly, but the amount of credit of a taxpayer in respect of
18 a distributive share of partnership income under the "New Jersey
19 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
20 by allocating to the taxpayer that proportion of the credit acquired
21 by the partnership that is equal to the taxpayer's share, whether or
22 not distributed, of the total distributive income or gain of the
23 partnership for its taxable year ending within or with the taxpayer's
24 taxable year. For the purposes of subsection b. of this section, the
25 amount of tax liability that would be otherwise due of a taxpayer is
26 that proportion of the total liability of the taxpayer that the
27 taxpayer's share of the partnership income or gain included in gross
28 income bears to the total gross income of the taxpayer.

29 (2) The credit for a corporation that has made a valid election as
30 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
31 (C.54:10A-5.22) may be applied by the shareholders of the S
32 corporation against the tax liability otherwise due under the "New
33 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
34 the amount of credit that may be used by a shareholder of the S
35 corporation shall be determined by allocating to each shareholder of
36 the S corporation that proportion of the tax credit of the S
37 corporation that is equal to the shareholder's proportionate share of
38 the S corporation, whether or not distributed, of the total
39 distributive income or gain of the S corporation for its tax period
40 ending with or within the shareholder's tax period, and the credit
41 may be applied by the shareholders against the tax liability
42 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
43 N.J.S.54A:1-1 et seq.

44 d. The Executive Director of the New Jersey Economic
45 Development Authority, in consultation with the director, shall
46 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
47 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
48 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-

1 5.28 through C.54:10A-5.30) and this section, including, but not
2 limited to: examples of and the determination of qualified
3 investments of which applicants shall provide documentation with
4 their tax credit application; the promulgation of procedures and
5 forms necessary to apply for a credit; provisions for recapture in the
6 event a taxpayer receives a credit on the basis of its commitment to
7 transfer cash to a qualified venture fund and it does not fund its
8 commitment; and provisions for credit applicants to be charged an
9 initial application fee and ongoing service fees to cover the
10 administrative costs related to the credit.

11 The amount of credits approved by the Executive Director of the
12 New Jersey Economic Development Authority and the Director of
13 the Division of Taxation in the Department of the Treasury,
14 pursuant to subsection a. of this section and pursuant to section 3 of
15 P.L.1997, c.349 (C.54:10A-5.30), shall not exceed a cumulative
16 total of \$35,000,000 in any calendar year to apply against the tax
17 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and
18 the tax imposed pursuant to the "New Jersey Gross Income Tax
19 Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits
20 allowed to taxpayers in a calendar year exceeds the amount of
21 credits available in that year, then taxpayers who have first applied
22 for and have not been allowed a credit amount for that reason shall
23 be allowed, in the order in which they have submitted an
24 application, the amount of the tax credit on the first day of the next
25 succeeding calendar year in which tax credits under this section and
26 section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of
27 the amount of credits available.

28 e. As used in this section:

29 "Advanced computing" means a technology used in the
30 designing and developing of computing hardware and software,
31 including innovations in designing the full spectrum of hardware
32 from hand-held calculators to super computers, and peripheral
33 equipment.

34 "Advanced materials" means materials with engineered
35 properties created through the development of specialized
36 processing and synthesis technology, including ceramics, high
37 value-added metals, electronic materials, composites, polymers, and
38 biomaterials.

39 "Biotechnology" means the continually expanding body of
40 fundamental knowledge about the functioning of biological systems
41 from the macro level to the molecular and sub-atomic levels, as
42 well as novel products, services, technologies, and sub-technologies
43 developed as a result of insights gained from research advances
44 which add to that body of fundamental knowledge.

45 "Carbon footprint reduction technology" means a technology
46 using equipment for the commercial, institutional, and industrial
47 sectors that: increases energy efficiency; develops and delivers
48 renewable or non-carbon-emitting energy technologies; develops

1 innovative carbon emissions abatement with significant carbon
2 emissions reduction potential; or promotes measurable electricity
3 end-use energy efficiency.

4 "Control" with respect to a corporation, means ownership,
5 directly or indirectly, of stock possessing 80 percent or more of the
6 total combined voting power of all classes of the stock of the
7 corporation entitled to vote; and "control," with respect to a trust,
8 means ownership, directly or indirectly, of 80 percent or more of
9 the beneficial interest in the principal or income of the trust. The
10 ownership of stock in a corporation, of a capital or profits interest in
11 a partnership or association or of a beneficial interest in a trust shall
12 be determined in accordance with the rules for constructive
13 ownership of stock provided in subsection (c) of section 267 of the
14 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
15 paragraph (3) of subsection (c) of that section.

16 "Controlled group" means one or more chains of corporations
17 connected through stock ownership with a common parent
18 corporation if stock possessing at least 80 percent of the voting
19 power of all classes of stock of each of the corporations is owned
20 directly or indirectly by one or more of the corporations and the
21 common parent owns directly stock possessing at least 80 percent of
22 the voting power of all classes of stock of at least one of the other
23 corporations.

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

26 "Diverse entrepreneur" means a New Jersey based business that
27 meets the criteria for a minority business or female business set
28 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

29 "Electronic device technology" means a technology involving
30 microelectronics, semiconductors, electronic equipment and
31 instrumentation, radio frequency, microwave and millimeter
32 electronics, and optical and optic-electrical devices, or data and
33 digital communications and imaging devices.

34 "Information technology" means software publishing, motion
35 picture and video production, television production and post-
36 production services, telecommunications, data processing, hosting
37 and related services, custom computer programming services,
38 computer system design, computer facilities management services,
39 other computer related services, and computer training.

40 "Life sciences" means the production of medical equipment,
41 ophthalmic goods, medical or dental instruments, diagnostic
42 substances, biopharmaceutical products, or physical and biological
43 research.

44 "Medical device technology" means a technology involving any
45 medical equipment or product (other than a pharmaceutical product)
46 that has therapeutic value, diagnostic value, or both, and is
47 regulated by the federal Food and Drug Administration.

1 "Mobile communications technology" means a technology
2 involving the functionality and reliability of the transmission of
3 voice and multimedia data using a communication infrastructure via
4 a computer or a mobile device, that shall include, but not be limited
5 to, smartphones, electronic books and tablets, digital audio players,
6 motor vehicle electronics, home entertainment systems, and other
7 wireless appliances, without having connected to any physical or
8 fixed link.

9 "New Jersey based business" means a company with fewer than
10 **[225]** 150 employees, of whom at least 75 percent are filling a
11 position in New Jersey, that is doing business, employing or owning
12 capital or property, or maintaining an office in this State.

13 "New Jersey emerging technology business" means a company
14 with fewer than **[225]** 150 employees, of whom at least 75 percent
15 are filling a position in New Jersey, that is doing business,
16 employing or owning capital or property, or maintaining an office
17 in this State and: has qualified research expenses paid or incurred
18 for research conducted in this State; conducts pilot scale
19 manufacturing in this State; or conducts technology
20 commercialization in this State in the fields of advanced computing,
21 advanced materials, biotechnology, carbon footprint reduction
22 technology, electronic device technology, information technology,
23 life sciences, medical device technology, mobile communications
24 technology, or renewable energy technology.

25 "New Jersey emerging technology business holding company"
26 means any corporation, association, firm, partnership, trust or other
27 form of business organization, but not a natural person, which
28 directly or indirectly, owns, has the power or right to control, or has
29 the power to vote, a controlling share of the outstanding voting
30 securities of a corporation or other form of a New Jersey emerging
31 technology business.

32 "Partnership" means a syndicate, group, pool, joint venture, or
33 other unincorporated organization through or by means of which
34 any business, financial operation, or venture is carried on, and
35 which is not a trust or estate, a corporation, or a sole proprietorship.

36 "Pilot scale manufacturing" means design, construction, and
37 testing of preproduction prototypes and models in the fields of
38 advanced computing, advanced materials, biotechnology, carbon
39 footprint reduction technology electronic device technology,
40 information technology, life sciences, medical device technology,
41 mobile communications technology, or renewable energy
42 technology, other than for commercial sale, excluding sales of
43 prototypes or sales for market testing if the total gross receipts, as
44 calculated in the manner provided in section 6 of P.L.1945, c.162
45 (C.54:10A-6), from the sales of the product, service, or process do
46 not exceed \$1,000,000.

47 "Qualified investment" means the non-refundable transfer of
48 cash to a New Jersey emerging technology business or to a New

1 Jersey emerging technology business holding company by a
2 taxpayer that is not a related person of the New Jersey emerging
3 technology business or the New Jersey emerging technology
4 business holding company, the transfer of which is in connection
5 with either: a transaction between or among the taxpayer and the
6 New Jersey emerging technology business or the New Jersey
7 emerging technology holding company or both in exchange for
8 stock, interests in partnerships or joint ventures, licenses (exclusive
9 or non-exclusive), rights to use technology, marketing rights,
10 warrants, options, or any items similar to those included herein,
11 including, but not limited to, options or rights to acquire any of the
12 items included herein; or a purchase, production, or research
13 agreement between or among the taxpayer and the New Jersey
14 emerging technology business or the New Jersey emerging
15 technology holding company or both. "Qualified investment" also
16 means the non-refundable transfer of cash or irrevocable contractual
17 commitment to transfer cash to a qualified venture fund.

18 "Qualified research expenses" means qualified research
19 expenses, as defined in section 41 of the federal Internal Revenue
20 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
21 fields of advanced computing, advanced materials, biotechnology,
22 electronic device technology, information technology, life sciences,
23 medical device technology, mobile communications technology, or
24 renewable energy technology.

25 "Qualified venture fund" means a venture fund required by
26 contract to invest a minimum of 50 percent of its funds in New
27 Jersey based businesses that the authority, in its sole discretion,
28 based upon the qualified venture fund's investment history, if any,
29 its private placement memorandum and other relevant information,
30 has determined has the capacity to make the minimum investment.

31 "Related person" means:

32 a corporation, partnership, association or trust controlled by the
33 taxpayer;

34 an individual, corporation, partnership, association or trust that is
35 in the control of the taxpayer;

36 a corporation, partnership, association or trust controlled by an
37 individual, corporation, partnership, association or trust that is in
38 the control of the taxpayer; or

39 a member of the same controlled group as the taxpayer.

40 "Renewable energy technology" means a technology involving
41 the generation of electricity from solar energy; wind energy; wave
42 or tidal action; geothermal energy; the combustion of gas from the
43 anaerobic digestion of food waste and sewage sludge at a biomass
44 generating facility; the combustion of methane gas captured from a
45 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
46 digester gas, biomass gas, or other renewable fuel but not powered
47 by a fossil fuel.

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

8 "Verified transfer of funds" means a non-refundable transfer of
9 funds equal to 100 percent of the taxpayer's qualified investment in
10 the New Jersey emerging technology business holding company to a
11 New Jersey emerging technology business by the New Jersey
12 emerging technology business holding company that is
13 accompanied by documentation, as required by the New Jersey
14 Economic Development Authority, which provides proof of a cash
15 transaction originating with a taxpayer and concluding with a New
16 Jersey emerging technology business, provided that the transactions
17 from origin to destination occur within the same taxable year.

18 The definitions of "advanced computing," "advanced materials,"
19 "biotechnology," "carbon footprint reduction technology,"
20 "electronic device technology," "information technology," "life
21 sciences," "medical device technology," "mobile communications
22 technology," "New Jersey emerging technology business," "pilot
23 scale manufacturing," and "renewable energy technology" may be
24 modified by regulation to conform to definitions in other programs
25 administered by the authority.
26 (cf: P.L.2020, c.156, s.119)

27
28 4. This act shall take effect immediately and shall apply to
29 taxable years and privilege periods beginning on or after January 1
30 of the year next following the date of enactment.

[Second Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 9, 2024

Sponsored by:

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Assemblyman CHRIS TULLY

District 38 (Bergen)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

Co-Sponsored by:

Senators Timberlake, Greenstein, O'Scanlon, Wimberly, Assemblymen Miller, Schaer, Assemblywoman Park, Assemblymen Egan, Atkins, Assemblywoman Flynn, Assemblymen Hutchison, Freiman, Calabrese, Spearman, Assemblywomen Reynolds-Jackson, Haider, Assemblyman Stanley, Assemblywomen Ramirez, McCoy and Drulis

SYNOPSIS

Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act.”

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 19, 2025, with amendments.

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

1 AN ACT ²[increasing the amount of the tax credits provided for
 2 investments made in emerging technology businesses under]
 3 making various changes to² the “New Jersey Angel Investor Tax
 4 Credit Act²[,]” ²[and amending P.L.1997, c.349 and P.L.2013,
 5 c.14] and the Technology Business Tax Certificate Transfer
 6 Program, revising various parts of the statutory law, and
 7 repealing parts of P.L.2020, c.156².

8
 9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 10 *of New Jersey:*

11
 12 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
 13 read as follows:

14 2. As used in sections 1 through 3 of P.L.1997, c.349
 15 (C.54:10A-5.28 through C.54:10A-5.30):

16 "Advanced computing" means a technology used in the
 17 designing and developing of computing hardware and software,
 18 including innovations in designing the full spectrum of hardware
 19 from hand- held calculators to super computers, and peripheral
 20 equipment.

21 "Advanced materials" means materials with engineered
 22 properties created through the development of specialized
 23 processing and synthesis technology, including ceramics, high
 24 value-added metals, electronic materials, composites, polymers, and
 25 biomaterials.

26 ²"Authority" means the New Jersey Economic Development
 27 Authority established pursuant to section 4 of P.L.1974, c.80
 28 (C.34:1B-4).²

29 "Biotechnology" means the continually expanding body of
 30 fundamental knowledge about the functioning of biological systems
 31 from the macro level to the molecular and sub-atomic levels, as
 32 well as novel products, services, technologies, and sub-technologies
 33 developed as a result of insights gained from research advances
 34 which add to that body of fundamental knowledge.

35 "Carbon footprint reduction technology" means a technology
 36 using equipment for the commercial, institutional, and industrial
 37 sectors that: increases energy efficiency; develops and delivers
 38 renewable or non-carbon-emitting energy technologies; develops
 39 innovative carbon emissions abatement with significant carbon
 40 emissions reduction potential; or promotes measurable electricity
 41 end-use energy efficiency.

42 "Control" with respect to a corporation means ownership,
 43 directly or indirectly, of stock possessing 80 percent or more of the

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted October 10, 2024.

²Assembly AAP committee amendments adopted June 19, 2025.

1 total combined voting power of all classes of the stock of the
2 corporation entitled to vote; and "control" with respect to a trust
3 means ownership, directly or indirectly, of 80 percent or more of
4 the beneficial interest in the principal or income of the trust. The
5 ownership of stock in a corporation, of a capital or profits interest in
6 a partnership or association or of a beneficial interest in a trust shall
7 be determined in accordance with the rules for constructive
8 ownership of stock provided in subsection (c) of section 267 of the
9 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
10 than paragraph (3) of subsection (c) of that section.

11 "Controlled group" means one or more chains of corporations
12 connected through stock ownership with a common parent
13 corporation if stock possessing at least 80 percent of the voting
14 power of all classes of stock of each of the corporations is owned
15 directly or indirectly by one or more of the corporations and the
16 common parent owns directly stock possessing at least 80 percent of
17 the voting power of all classes of stock of at least one of the other
18 corporations.

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

21 "Diverse entrepreneur" means a New Jersey based business that
22 meets the criteria for a minority business or female business set
23 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

24 "Electronic device technology" means a technology involving
25 microelectronics, semiconductors, electronic equipment and
26 instrumentation, radio frequency, microwave and millimeter
27 electronics, and optical and optic-electrical devices, or data and
28 digital communications and imaging devices.

29 "Information technology" means software publishing, motion
30 picture and video production, television production and post-
31 production services, telecommunications, data processing, hosting
32 and related services, custom computer programming services,
33 computer system design, computer facilities management services,
34 other computer related services, and computer training.

35 "Life sciences" means the production of medical equipment,
36 ophthalmic goods, medical or dental instruments, diagnostic
37 substances, biopharmaceutical products, or physical and biological
38 research.

39 "Medical device technology" means a technology involving any
40 medical equipment or product (other than a pharmaceutical product)
41 that has therapeutic value, diagnostic value, or both, and is
42 regulated by the federal Food and Drug Administration.

43 "Mobile communications technology" means a technology
44 involving the functionality and reliability of the transmission of
45 voice and multimedia data using a communication infrastructure via
46 a computer or a mobile device, that shall include, but not be limited
47 to, smartphones, electronic books and tablets, digital audio players,
48 motor vehicle electronics, home entertainment systems, and other

1 wireless appliances, without having connected to any physical or
2 fixed link.

3 "New Jersey based business" means a company with fewer than
4 **【225】 150** employees, of whom at least 75 percent are filling a
5 position in New Jersey, that is doing business, employing or owning
6 capital or property, or maintaining an office in this State.

7 "New Jersey emerging technology business" means a company
8 with fewer than **【225】 150** employees, of whom at least 75 percent
9 are filling a position in New Jersey, that is doing business,
10 employing or owning capital or property, or maintaining an office
11 in this State and: has qualified research expenses paid or incurred
12 for research conducted in this State; conducts pilot scale
13 manufacturing in this State; or conducts technology
14 commercialization in this State in the fields of advanced computing,
15 advanced materials, biotechnology, carbon footprint reduction
16 technology, electronic device technology, information technology,
17 life sciences, medical device technology, mobile communications
18 technology, or renewable energy technology.

19 "New Jersey emerging technology business holding company"
20 means any corporation, association, firm, partnership, trust, or other
21 form of business organization, but not a natural person, which
22 directly or indirectly, owns, has the power or right to control, or has
23 the power to vote, a controlling share of the outstanding voting
24 securities of a corporation or other form of a New Jersey emerging
25 technology business.

26 "Partnership" means a syndicate, group, pool, joint venture, or
27 other unincorporated organization through or by means of which
28 any business, financial operation, or venture is carried on, and
29 which is not a trust or estate, a corporation, or a sole proprietorship.

30 "Pilot scale manufacturing" means the design, construction, and
31 testing of preproduction prototypes and models in the fields of
32 advanced computing, advanced materials, biotechnology, carbon
33 footprint reduction technology electronic device technology,
34 information technology, life sciences, medical device technology,
35 mobile communications technology, and renewable energy
36 technology, other than for commercial sale, excluding sales of
37 prototypes or sales for market testing if the total gross receipts, as
38 calculated in the manner provided in section 6 of P.L.1945, c.162
39 (C.54:10A-6), from the sales of the product, service, or process do
40 not exceed \$1,000,000.

41 "Qualified investment" means the non-refundable transfer of
42 cash to a New Jersey emerging technology business or to a New
43 Jersey emerging technology business holding company by a
44 taxpayer that is not a related person of the New Jersey emerging
45 technology business or the New Jersey emerging technology
46 business holding company, the transfer of which is in connection
47 with either: a transaction between or among the taxpayer and the
48 New Jersey emerging technology business or the New Jersey

1 emerging technology holding company or both in exchange for
2 stock, interests in partnerships or joint ventures, licenses (exclusive
3 or non-exclusive), rights to use technology, marketing rights,
4 warrants, options, or any items similar to those included herein,
5 including, but not limited to, options or rights to acquire any of the
6 items included herein; or a purchase, production, or research
7 agreement between or among the taxpayer and the New Jersey
8 emerging technology business or the New Jersey emerging
9 technology holding company or both. "Qualified investment" also
10 means the non-refundable transfer of cash or irrevocable contractual
11 commitment to a qualified venture fund.

12 "Qualified research expenses" means qualified research
13 expenses, as defined in section 41 of the federal Internal Revenue
14 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
15 fields of advanced computing, advanced materials, biotechnology,
16 carbon footprint reduction technology, electronic device
17 technology, information technology, life sciences, medical device
18 technology, mobile communications technology, or renewable
19 energy technology.

20 "Qualified venture fund" means a venture fund required by
21 contract to invest a minimum of 50 percent of its funds in New
22 Jersey based businesses that the authority, in its sole discretion,
23 based upon the qualified venture fund's investment history, if any,
24 its private placement memorandum and other relevant information,
25 has determined has the capacity to make the minimum investment.

26 "Related person" means:

27 a corporation, partnership, association or trust controlled by the
28 taxpayer;

29 an individual, corporation, partnership, association or trust that is
30 in the control of the taxpayer;

31 a corporation, partnership, association or trust controlled by an
32 individual, corporation, partnership, association or trust that is in
33 the control of the taxpayer; or

34 a member of the same controlled group as the taxpayer.

35 "Renewable energy technology" means a technology involving
36 the generation of electricity from solar energy; wind energy; wave
37 or tidal action; geothermal energy; the combustion of gas from the
38 anaerobic digestion of food waste and sewage sludge at a biomass
39 generating facility; the combustion of methane gas captured from a
40 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
41 digester gas, biomass gas, or other renewable fuel but not powered
42 by a fossil fuel.

43 "Tax year" means the fiscal or calendar accounting period of a
44 taxpayer.

45 "Venture fund" means a partnership, corporation, trust, or limited
46 liability company that invests cash in a business during the early or
47 expansion stages of a business in exchange for an equity stake in
48 the business in, which the investment is made. Venture firm may

1 include a venture capital fund, a family office fund, or a corporate
2 investor fund, provided that a professional manager administers the
3 venture firm.

4 "Verified transfer of funds" means a non-refundable transfer of
5 funds equal to 100 percent of the taxpayer's qualified investment in
6 the New Jersey emerging technology business holding company to a
7 New Jersey emerging technology business by the New Jersey
8 emerging technology business holding company that is
9 accompanied by documentation, as required by the New Jersey
10 Economic Development Authority, which provides proof of a cash
11 transaction originating with a taxpayer and concluding with a New
12 Jersey emerging technology business, provided that the transactions
13 from origin to destination occur within the same tax year.

14 The definitions of "advanced computing," "advanced materials,"
15 "biotechnology," "carbon footprint reduction technology,"
16 "electronic device technology," "information technology," "life
17 sciences," "medical device technology," "mobile communications
18 technology," "New Jersey emerging technology business," "pilot
19 scale manufacturing," and "renewable energy technology" may be
20 modified by regulation to conform to definitions in other programs
21 administered by the authority.

22 (cf: P.L.2020, c.156, s.117)

23

24 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
25 read as follows:

26 3. a. (1) A taxpayer, upon approval of the taxpayer's
27 application therefor by the New Jersey Economic Development
28 Authority and in consultation with the director, shall be allowed a
29 credit against the tax imposed pursuant to section 5 of P.L.1945,
30 c.162 (C.54:10A-5) ²in the privilege period in which the taxpayer
31 applied², in an amount equal to **[20]** ¹**[60]** 35¹ percent of the
32 qualified investment made by the taxpayer in a New Jersey
33 emerging technology business, in a New Jersey emerging
34 technology business holding company that makes a verified transfer
35 of funds to a New Jersey emerging technology business, or in a
36 qualified venture fund; provided, however, a taxpayer may be
37 allowed a tax credit in an amount equal to **[25]** ¹**[65]** 40¹ percent
38 of the qualified investment if the taxpayer satisfies one of the
39 requirements set forth in paragraph (2) of this subsection. The value
40 of tax credits allowed to a taxpayer pursuant to this section shall not
41 exceed \$500,000 ²**[for the privilege period]**² for each qualified
42 investment made by the taxpayer.

43 (2) Subject to the limits established in paragraph (1) of this
44 subsection, the New Jersey Economic Development Authority, in
45 consultation with the director, shall increase the amount of a tax
46 credit allowed pursuant to this section by five percent if the
47 taxpayer makes a qualified investment in a New Jersey emerging
48 technology business, or in a New Jersey emerging technology

1 business holding company that makes a verified transfer of funds to
2 a New Jersey emerging technology business, or in a qualified
3 venture fund, if the New Jersey emerging technology business is
4 either located in a qualified opportunity zone pursuant to 26 U.S.C.
5 § 1400Z-1, or a low-income community as defined in subparagraph
6 (e) of 26 U.S.C. § 45D or

7 certified by the State as a minority business or a women's
8 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
9 in the case of a qualified venture fund, if the qualified venture fund
10 commits by contract to invest 50 percent of its funds in diverse
11 entrepreneurs.

12 b. A credit shall not be allowed pursuant to section 1 of
13 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
14 which a credit is allowed, or which are includable in the calculation
15 of a credit allowed, under this section. Notwithstanding any other
16 provision of law, the order of priority in which the credit allowed
17 by this section and any other credits allowed by law may be taken
18 shall be as prescribed by the director.

19 c. Except as provided in subsection d. of this section, the
20 amount of credit otherwise allowable under this section which
21 cannot be applied for the privilege period against tax liability
22 otherwise due for that privilege period may either be carried over, if
23 necessary, to the 15 privilege periods following the privilege period
24 for which the credit was allowed or, at the election of the taxpayer,
25 be claimed as and treated as an overpayment for the purposes of
26 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
27 (C.54:49-15.1) shall not apply.

28 d. A taxpayer may not carry over any amount of credit allowed
29 under subsection a. of this section to a privilege period during
30 which a corporate acquisition with respect to which the taxpayer
31 was a target corporation occurred or during which the taxpayer was
32 a party to a merger or a consolidation, or to any subsequent
33 privilege period, if the credit was allowed for a privilege period
34 prior to the year of acquisition, merger or consolidation, except that
35 if in the case of a corporate merger or corporate consolidation the
36 taxpayer can demonstrate, through the submission of a copy of the
37 plan of merger or consolidation and such other evidence as may be
38 required by the director, the identity of the constituent corporation
39 which was the acquiring person, a credit allowed to the acquiring
40 person may be carried over by the taxpayer. As used in this
41 subsection, "acquiring person" means the constituent corporation
42 the stockholders of which own the largest proportion of the total
43 voting power in the surviving or consolidated corporation after the
44 merger or consolidation.

45 e. ²**【The Executive Director】** (1) Except as provided in
46 paragraph (2) of this subsection, the Chief Executive Officer² of the
47 New Jersey Economic Development Authority, in consultation with
48 the director, shall adopt, pursuant to the "Administrative Procedure

1 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
2 that are necessary to implement sections 1 through 3 of P.L.1997,
3 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and section 4 of
4 P.L.2013, c.14 (C.54A:4-13), including, but not limited to:
5 examples of and the determination of qualified investments of
6 which applicants shall provide documentation with their tax credit
7 application; the promulgation of procedures and forms necessary to
8 apply for a credit; provisions for recapture in the event a taxpayer
9 receives a credit on the basis of its commitment to transfer cash to a
10 qualified venture fund and it does not fund its commitment; and
11 provisions for credit applicants to be charged an initial application
12 fee and ongoing service fees to cover the administrative costs
13 related to the credit.

14 ²(2) Notwithstanding the provisions of the "Administrative
15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
16 contrary, the Chief Executive Officer of the New Jersey Economic
17 Development Authority may adopt, immediately upon filing with
18 the Office of Administrative Law, rules and regulations that the
19 chief executive officer deems necessary to implement the provisions
20 of this section, as amended by P.L. , c. (pending before the
21 Legislature as this bill), which regulations shall be effective for a
22 period not to exceed 365 days from the date of the filing. The chief
23 executive officer shall thereafter amend, adopt, or readopt the
24 regulations in accordance with the requirements of P.L.1968, c.410
25 (C.52:14B-1 et seq.).

26 (3)² The amount of credits approved by the ²**[Executive**
27 **Director]** Chief Executive Officer² of the New Jersey Economic
28 Development Authority, ²**[and]²** in consultation with the director,
29 pursuant to subsection a. of this section and pursuant to section 4 of
30 P.L.2013, c.14 (C.54A:4-13), shall not exceed a cumulative total of
31 ²**[\$35,000,000]** \$25,000,000, plus the value of any unused tax
32 benefits from the immediately preceding State fiscal year, as
33 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
34 7.42a),² in any calendar year ²,² to apply against the tax imposed
35 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax
36 imposed pursuant to the "New Jersey Gross Income Tax Act,"
37 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to
38 taxpayers in a calendar year exceeds the amount of credits available
39 in that year, then taxpayers who have first applied for and have not
40 been allowed a credit amount for that reason shall be allowed, in the
41 order in which they have submitted an application, the amount of
42 the tax credit on the first day of the next succeeding calendar year
43 in which tax credits under this section and section 4 of P.L.2013,
44 c.14 (C.54A:4-13) are not in excess of the amount of credits
45 available.

46 (cf: P.L.2020, c.156, s.118)

1 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
2 as follows:

3 4. a. (1) A taxpayer, upon approval of the taxpayer's
4 application therefor by the New Jersey Economic Development
5 Authority, and in consultation with the director, shall be allowed a
6 credit against the tax otherwise due for the taxable year ², in the
7 taxable year in which the taxpayer applied,² under the "New Jersey
8 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
9 to **[20]** ¹**[60]** ³⁵ percent of the qualified investment made by the
10 taxpayer in a New Jersey emerging technology business, in a New
11 Jersey emerging technology business holding company that makes a
12 verified transfer of funds to a New Jersey emerging technology
13 business, or in a qualified venture fund; provided, however, a
14 taxpayer may be allowed a tax credit in an amount equal to **[25]**
15 ¹**[65]** ⁴⁰ percent of the qualified investment if the taxpayer
16 satisfies one of the requirements set forth in paragraph (2) of this
17 subsection. The value of tax credits allowed to a taxpayer pursuant
18 to this section shall not exceed \$500,000 ²**[for the taxable year]**²
19 for each qualified investment made by the taxpayer.

20 (2) Subject to the limits established in paragraph (1) of this
21 subsection, the New Jersey Economic Development Authority, in
22 consultation with the director, shall increase the amount of a tax
23 credit allowed pursuant to this section by five percent if the
24 taxpayer makes a qualified investment in a New Jersey emerging
25 technology business, in a New Jersey emerging technology business
26 holding company that makes a verified transfer of funds to a New
27 Jersey emerging technology business, or in a qualified venture fund,
28 if the New Jersey emerging technology business is either located in
29 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
30 low-income community as defined in subparagraph (e) of 26 U.S.C.
31 § 45D; or

32 certified by the State as a minority business or a women's
33 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
34 in the case of a qualified venture fund, if the qualified venture fund
35 commits by contract to invest 50 percent of its funds in diverse
36 entrepreneurs.

37 b. The amount of the credit allowed pursuant to this section
38 shall be applied against the tax otherwise due under the "New
39 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
40 credits and payments. If the credit exceeds the amount of tax
41 liability otherwise due, that amount of excess shall be an
42 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
43 that subsection (f) of N.J.S.54A:9-7 shall not apply.

44 c. (1) A partnership shall not be allowed a credit under this
45 section directly, but the amount of credit of a taxpayer in respect of
46 a distributive share of partnership income under the "New Jersey
47 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined

1 by allocating to the taxpayer that proportion of the credit acquired
2 by the partnership that is equal to the taxpayer's share, whether or
3 not distributed, of the total distributive income or gain of the
4 partnership for its taxable year ending within or with the taxpayer's
5 taxable year. For the purposes of subsection b. of this section, the
6 amount of tax liability that would be otherwise due of a taxpayer is
7 that proportion of the total liability of the taxpayer that the
8 taxpayer's share of the partnership income or gain included in gross
9 income bears to the total gross income of the taxpayer.

10 (2) The credit for a corporation that has made a valid election as
11 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
12 (C.54:10A-5.22) may be applied by the shareholders of the S
13 corporation against the tax liability otherwise due under the "New
14 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
15 the amount of credit that may be used by a shareholder of the S
16 corporation shall be determined by allocating to each shareholder of
17 the S corporation that proportion of the tax credit of the S
18 corporation that is equal to the shareholder's proportionate share of
19 the S corporation, whether or not distributed, of the total
20 distributive income or gain of the S corporation for its tax period
21 ending with or within the shareholder's tax period, and the credit
22 may be applied by the shareholders against the tax liability
23 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
24 N.J.S.54A:1-1 et seq.

25 d. ²**【The Executive Director】** (1) Except as provided in
26 paragraph (2) of this subsection, the Chief Executive Officer² of the
27 New Jersey Economic Development Authority, in consultation with
28 the director, shall adopt, pursuant to the "Administrative Procedure
29 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
30 that are necessary to implement sections 1 through 3 of P.L.1997,
31 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and this section,
32 including, but not limited to: examples of and the determination of
33 qualified investments of which applicants shall provide
34 documentation with their tax credit application; the promulgation of
35 procedures and forms necessary to apply for a credit; provisions for
36 recapture in the event a taxpayer receives a credit on the basis of its
37 commitment to transfer cash to a qualified venture fund and it does
38 not fund its commitment; and provisions for credit applicants to be
39 charged an initial application fee and ongoing service fees to cover
40 the administrative costs related to the credit.

41 ²(2) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
43 contrary, the Chief Executive Officer of the New Jersey Economic
44 Development Authority may adopt, immediately upon filing with
45 the Office of Administrative Law, rules and regulations that the
46 chief executive officer deems necessary to implement the provisions
47 of this section, as amended by P.L. , c. (pending before the
48 Legislature as this bill), which regulations shall be effective for a

1 period not to exceed 365 days from the date of the filing. The chief
2 executive officer shall thereafter amend, adopt, or readopt the
3 regulations in accordance with the requirements of P.L.1968, c.410
4 (C.52:14B-1 et seq.).

5 (3)² The amount of credits approved by the ²【Executive
6 Director】 Chief Executive Officer² of the New Jersey Economic
7 Development Authority and the Director of the Division of
8 Taxation in the Department of the Treasury, pursuant to subsection
9 a. of this section and pursuant to section 3 of P.L.1997, c.349
10 (C.54:10A-5.30), shall not exceed a cumulative total of
11 ²【\$35,000,000】 \$25,000,000, plus the value of any unused tax
12 benefits from the immediately preceding State fiscal year, as
13 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
14 7.42a),² in any calendar year ²,² to apply against the tax imposed
15 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and the tax
16 imposed pursuant to the "New Jersey Gross Income Tax Act,"
17 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed
18 to taxpayers in a calendar year exceeds the amount of credits
19 available in that year, then taxpayers who have first applied for and
20 have not been allowed a credit amount for that reason shall be
21 allowed, in the order in which they have submitted an application,
22 the amount of the tax credit on the first day of the next succeeding
23 calendar year in which tax credits under this section and section 3
24 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of the amount
25 of credits available.

26 e. As used in this section:

27 "Advanced computing" means a technology used in the
28 designing and developing of computing hardware and software,
29 including innovations in designing the full spectrum of hardware
30 from hand-held calculators to super computers, and peripheral
31 equipment.

32 "Advanced materials" means materials with engineered
33 properties created through the development of specialized
34 processing and synthesis technology, including ceramics, high
35 value-added metals, electronic materials, composites, polymers, and
36 biomaterials.

37 ²"Authority" means the New Jersey Economic Development
38 Authority established pursuant to section 4 of P.L.1974, c.80
39 (C.34:1B-4).²

40 "Biotechnology" means the continually expanding body of
41 fundamental knowledge about the functioning of biological systems
42 from the macro level to the molecular and sub-atomic levels, as
43 well as novel products, services, technologies, and sub-technologies
44 developed as a result of insights gained from research advances
45 which add to that body of fundamental knowledge.

46 "Carbon footprint reduction technology" means a technology
47 using equipment for the commercial, institutional, and industrial

1 sectors that: increases energy efficiency; develops and delivers
2 renewable or non-carbon-emitting energy technologies; develops
3 innovative carbon emissions abatement with significant carbon
4 emissions reduction potential; or promotes measurable electricity
5 end-use energy efficiency.

6 "Control" with respect to a corporation, means ownership,
7 directly or indirectly, of stock possessing 80 percent or more of the
8 total combined voting power of all classes of the stock of the
9 corporation entitled to vote; and "control," with respect to a trust,
10 means ownership, directly or indirectly, of 80 percent or more of
11 the beneficial interest in the principal or income of the trust. The
12 ownership of stock in a corporation, of a capital or profits interest in
13 a partnership or association or of a beneficial interest in a trust shall
14 be determined in accordance with the rules for constructive
15 ownership of stock provided in subsection (c) of section 267 of the
16 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
17 paragraph (3) of subsection (c) of that section.

18 "Controlled group" means one or more chains of corporations
19 connected through stock ownership with a common parent
20 corporation if stock possessing at least 80 percent of the voting
21 power of all classes of stock of each of the corporations is owned
22 directly or indirectly by one or more of the corporations and the
23 common parent owns directly stock possessing at least 80 percent of
24 the voting power of all classes of stock of at least one of the other
25 corporations.

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

28 "Diverse entrepreneur" means a New Jersey based business that
29 meets the criteria for a minority business or female business set
30 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

31 "Electronic device technology" means a technology involving
32 microelectronics, semiconductors, electronic equipment and
33 instrumentation, radio frequency, microwave and millimeter
34 electronics, and optical and optic-electrical devices, or data and
35 digital communications and imaging devices.

36 "Information technology" means software publishing, motion
37 picture and video production, television production and post-
38 production services, telecommunications, data processing, hosting
39 and related services, custom computer programming services,
40 computer system design, computer facilities management services,
41 other computer related services, and computer training.

42 "Life sciences" means the production of medical equipment,
43 ophthalmic goods, medical or dental instruments, diagnostic
44 substances, biopharmaceutical products, or physical and biological
45 research.

46 "Medical device technology" means a technology involving any
47 medical equipment or product (other than a pharmaceutical product)

1 that has therapeutic value, diagnostic value, or both, and is
2 regulated by the federal Food and Drug Administration.

3 "Mobile communications technology" means a technology
4 involving the functionality and reliability of the transmission of
5 voice and multimedia data using a communication infrastructure via
6 a computer or a mobile device, that shall include, but not be limited
7 to, smartphones, electronic books and tablets, digital audio players,
8 motor vehicle electronics, home entertainment systems, and other
9 wireless appliances, without having connected to any physical or
10 fixed link.

11 "New Jersey based business" means a company with fewer than
12 **[225]** 150 employees, of whom at least 75 percent are filling a
13 position in New Jersey, that is doing business, employing or owning
14 capital or property, or maintaining an office in this State.

15 "New Jersey emerging technology business" means a company
16 with fewer than **[225]** 150 employees, of whom at least 75 percent
17 are filling a position in New Jersey, that is doing business,
18 employing or owning capital or property, or maintaining an office
19 in this State and: has qualified research expenses paid or incurred
20 for research conducted in this State; conducts pilot scale
21 manufacturing in this State; or conducts technology
22 commercialization in this State in the fields of advanced computing,
23 advanced materials, biotechnology, carbon footprint reduction
24 technology, electronic device technology, information technology,
25 life sciences, medical device technology, mobile communications
26 technology, or renewable energy technology.

27 "New Jersey emerging technology business holding company"
28 means any corporation, association, firm, partnership, trust or other
29 form of business organization, but not a natural person, which
30 directly or indirectly, owns, has the power or right to control, or has
31 the power to vote, a controlling share of the outstanding voting
32 securities of a corporation or other form of a New Jersey emerging
33 technology business.

34 "Partnership" means a syndicate, group, pool, joint venture, or
35 other unincorporated organization through or by means of which
36 any business, financial operation, or venture is carried on, and
37 which is not a trust or estate, a corporation, or a sole proprietorship.

38 "Pilot scale manufacturing" means design, construction, and
39 testing of preproduction prototypes and models in the fields of
40 advanced computing, advanced materials, biotechnology, carbon
41 footprint reduction technology electronic device technology,
42 information technology, life sciences, medical device technology,
43 mobile communications technology, or renewable energy
44 technology, other than for commercial sale, excluding sales of
45 prototypes or sales for market testing if the total gross receipts, as
46 calculated in the manner provided in section 6 of P.L.1945, c.162
47 (C.54:10A-6), from the sales of the product, service, or process do
48 not exceed \$1,000,000.

1 "Qualified investment" means the non-refundable transfer of
2 cash to a New Jersey emerging technology business or to a New
3 Jersey emerging technology business holding company by a
4 taxpayer that is not a related person of the New Jersey emerging
5 technology business or the New Jersey emerging technology
6 business holding company, the transfer of which is in connection
7 with either: a transaction between or among the taxpayer and the
8 New Jersey emerging technology business or the New Jersey
9 emerging technology holding company or both in exchange for
10 stock, interests in partnerships or joint ventures, licenses (exclusive
11 or non-exclusive), rights to use technology, marketing rights,
12 warrants, options, or any items similar to those included herein,
13 including, but not limited to, options or rights to acquire any of the
14 items included herein; or a purchase, production, or research
15 agreement between or among the taxpayer and the New Jersey
16 emerging technology business or the New Jersey emerging
17 technology holding company or both. "Qualified investment" also
18 means the non-refundable transfer of cash or irrevocable contractual
19 commitment to transfer cash to a qualified venture fund.

20 "Qualified research expenses" means qualified research
21 expenses, as defined in section 41 of the federal Internal Revenue
22 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
23 fields of advanced computing, advanced materials, biotechnology,
24 electronic device technology, information technology, life sciences,
25 medical device technology, mobile communications technology, or
26 renewable energy technology.

27 "Qualified venture fund" means a venture fund required by
28 contract to invest a minimum of 50 percent of its funds in New
29 Jersey based businesses that the authority, in its sole discretion,
30 based upon the qualified venture fund's investment history, if any,
31 its private placement memorandum and other relevant information,
32 has determined has the capacity to make the minimum investment.

33 "Related person" means:

34 a corporation, partnership, association or trust controlled by the
35 taxpayer;

36 an individual, corporation, partnership, association or trust that is
37 in the control of the taxpayer;

38 a corporation, partnership, association or trust controlled by an
39 individual, corporation, partnership, association or trust that is in
40 the control of the taxpayer; or

41 a member of the same controlled group as the taxpayer.

42 "Renewable energy technology" means a technology involving
43 the generation of electricity from solar energy; wind energy; wave
44 or tidal action; geothermal energy; the combustion of gas from the
45 anaerobic digestion of food waste and sewage sludge at a biomass
46 generating facility; the combustion of methane gas captured from a
47 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,

1 digester gas, biomass gas, or other renewable fuel but not powered
2 by a fossil fuel.

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

10 "Verified transfer of funds" means a non-refundable transfer of
11 funds equal to 100 percent of the taxpayer's qualified investment in
12 the New Jersey emerging technology business holding company to a
13 New Jersey emerging technology business by the New Jersey
14 emerging technology business holding company that is
15 accompanied by documentation, as required by the New Jersey
16 Economic Development Authority, which provides proof of a cash
17 transaction originating with a taxpayer and concluding with a New
18 Jersey emerging technology business, provided that the transactions
19 from origin to destination occur within the same taxable year.

20 The definitions of "advanced computing," "advanced materials,"
21 "biotechnology," "carbon footprint reduction technology,"
22 "electronic device technology," "information technology," "life
23 sciences," "medical device technology," "mobile communications
24 technology," "New Jersey emerging technology business," "pilot
25 scale manufacturing," and "renewable energy technology" may be
26 modified by regulation to conform to definitions in other programs
27 administered by the authority.

28 (cf: P.L.2020, c.156, s.119)

29

30 ²4. Section 1 of P.L.1997, c.334 (C.34:1B-7.42a) is amended to
31 read as follows:

32 1. a. The New Jersey Economic Development Authority shall
33 establish within the New Jersey Emerging Technology and
34 Biotechnology Financial Assistance Program established pursuant
35 to P.L.1995, c.137 (C.34:1B-7.37 et seq.), a corporation business
36 tax benefit certificate transfer program to allow new or expanding
37 emerging technology and biotechnology companies in this State
38 with unused amounts of research and development tax credits
39 otherwise allowable which cannot be applied for the credit's tax
40 year due to the limitations of subsection b. of section 1 of P.L.1993,
41 c.175 (C.54:10A-5.24) and unused prior net operating loss
42 conversion carryover or net operating loss carryover pursuant to
43 section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax
44 benefits for use by other corporation business taxpayers in this
45 State, provided that the taxpayer receiving the surrendered tax
46 benefits is not affiliated with a corporation that is surrendering its
47 tax benefits under the program established under P.L.1997, c.334.
48 For the purposes of this section, the test of affiliation is whether the

1 same entity directly or indirectly owns or controls five percent or
2 more of the voting rights or five percent or more of the value of all
3 classes of stock of both the taxpayer receiving the benefits and a
4 corporation that is surrendering the benefits. The tax benefits may
5 be used on the corporation business tax returns to be filed by those
6 taxpayers in exchange for private financial assistance to be provided
7 by the corporation business taxpayer that is the recipient of the
8 corporation business tax benefit certificate to assist in the funding
9 of costs incurred by the new or expanding emerging technology and
10 biotechnology company. For purposes of this subsection, a member
11 of a combined group may sell prior net operating loss conversion
12 carryover to other members of the combined group, if otherwise
13 applicable and allowable under section 2 of P.L.1997, c.334
14 (C.54:10A-4.2) and this section; provided, however, such sale of
15 prior net operating loss conversion carryover shall be made at arm's
16 length price at the same rate as though the sale was to an unrelated
17 taxpayer.

18 b. The authority, in cooperation with the Division of Taxation
19 in the Department of the Treasury, shall review and approve
20 applications by new or expanding emerging technology and
21 biotechnology companies in this State with unused but otherwise
22 allowable carryover of research and development tax credits
23 pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), and
24 unused but otherwise allowable prior net operating loss conversion
25 carryover or net operating loss carryover pursuant to section 4 of
26 P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits in
27 exchange for private financial assistance to be made by the
28 corporation business taxpayer that is the recipient of the corporation
29 business tax benefit certificate in an amount equal to at least 80
30 percent of the amount of the surrendered tax benefit. Provided that
31 the amount of the surrendered tax benefit for a surrendered research
32 and development tax credit carryover is the amount of the credit,
33 and provided that the amount of the surrendered tax benefit for a
34 surrendered prior net operating loss conversion carryover or net
35 operating loss carryover is that amount for the tax year in which the
36 benefit is transferred and subsequently multiplied by the
37 corporation business tax rate provided pursuant to subsection (c) of
38 section 5 of P.L.1945, c.162 (C.54:10A-5). The authority shall be
39 authorized to approve the transfer of no more than \$75,000,000 of
40 tax benefits in a State fiscal year. If the total amount of transferable
41 tax benefits requested to be surrendered by approved applicants
42 exceeds \$75,000,000 for a State fiscal year, the authority, in
43 cooperation with the Division of Taxation in the Department of the
44 Treasury, shall not be authorized to approve the transfer of more
45 than \$75,000,000 for that State fiscal year and shall allocate the
46 transfer of tax benefits by approved companies using the following
47 method:

1 (1) an eligible applicant with \$250,000 or less of transferable
2 tax benefits shall be authorized to surrender the entire amount of its
3 transferable tax benefits;

4 (2) an eligible applicant with more than \$250,000 of transferable
5 tax benefits shall be authorized to surrender a minimum of
6 \$250,000 of its transferable tax benefits;

7 (3) (Deleted by amendment, P.L.2009, c.90.)

8 (4) an eligible applicant with more than \$250,000 shall also be
9 authorized to surrender additional transferable tax benefits
10 determined by multiplying the applicant's transferable tax benefits
11 less the minimum transferable tax benefits that company is
12 authorized to surrender under paragraph (2) of this subsection by a
13 fraction, the numerator of which is the total amount of transferable
14 tax benefits that the authority is authorized to approve less the total
15 amount of transferable tax benefits approved under paragraphs (1),
16 (2), and (5) of this subsection and the denominator of which is the
17 total amount of transferable tax benefits requested to be surrendered
18 by all eligible applicants less the total amount of transferable tax
19 benefits approved under paragraphs (1), (2), and (5) of this
20 subsection;

21 (5) The authority shall establish the boundaries for three
22 innovation zones to be geographically distributed in the northern,
23 central, and southern portions of this State. Of the \$75,000,000 of
24 transferable tax benefits authorized for each State fiscal year,
25 \$15,000,000 shall be allocated for the surrender of transferable tax
26 benefits exclusively by new and expanding emerging technology
27 and biotechnology companies that operate within the boundaries of
28 the innovation zones or opportunity zones, or for new and
29 expanding emerging technology and biotechnology companies that
30 are certified as a woman- or minority-owned business at the time of
31 program application, except that any portion of the \$15,000,000 that
32 is not so approved shall be available for that State fiscal year for the
33 surrender of transferable tax benefits by new and expanding
34 emerging technology and biotechnology companies that do not
35 operate within the boundaries of an innovation zone or opportunity
36 zone, or for a new and expanding emerging technology and
37 biotechnology company that is certified as a woman- or minority-
38 owned business at the time of program application.

39 If the total amount of transferable tax benefits that would be
40 authorized using the above method exceeds \$75,000,000 for a State
41 fiscal year, then the authority, in cooperation with the Division of
42 Taxation in the Department of the Treasury, shall limit the total
43 amount of tax benefits authorized to be transferred to \$75,000,000
44 by applying the above method on an apportioned basis.

45 For purposes of this section transferable tax benefits include an
46 eligible applicant's unused but otherwise allowable prior net
47 operating loss conversion carryover or net operating loss carryover
48 determined pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4)

1 for the tax year in which the benefit is transferred and subsequently
2 multiplied by the corporation business tax rate as provided in
3 subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5) plus the
4 total amount of the applicant's unused but otherwise allowable
5 carryover of research and development tax credits. An eligible
6 applicant's transferable tax benefits shall be limited to net operating
7 losses and research and development tax credits that the applicant
8 requests to surrender in its application to the authority and shall not,
9 in total, exceed the maximum amount of tax benefits that the
10 applicant is eligible to surrender.

11 No application for a corporation business tax benefit transfer
12 certificate shall be approved in which the new or expanding
13 emerging technology or biotechnology company (1) has
14 demonstrated positive net operating income in any of the two
15 previous full years of ongoing operations as determined on its
16 financial statements issued according to generally accepted
17 accounting standards endorsed by the Financial Accounting
18 Standards Board; or (2) is directly or indirectly at least 50 percent
19 owned or controlled by another corporation that has demonstrated
20 positive net operating income in any of the two previous full years
21 of ongoing operations as determined on its financial statements
22 issued according to generally accepted accounting standards
23 endorsed by the Financial Accounting Standards Board or is part of
24 a consolidated group of affiliated corporations, as filed for federal
25 income tax purposes, that in the aggregate has demonstrated
26 positive net operating income in any of the two previous full years
27 of ongoing operations as determined on its combined financial
28 statements issued according to generally accepted accounting
29 standards endorsed by the Financial Accounting Standards Board.

30 For purposes of this subsection, a member of a combined group
31 may sell prior net operating loss conversion carryover to other
32 members of the combined group, if otherwise applicable and
33 allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and
34 this section; provided, however, such sale of prior net operating loss
35 conversion carryover shall be made at arm's length price at the same
36 rate as though the sale was to an unrelated taxpayer.

37 The maximum lifetime value of surrendered tax benefits that a
38 corporation shall be permitted to surrender pursuant to the program
39 is \$20,000,000. Applications must be received on or before June 30
40 of each State fiscal year.

41 The authority, in consultation with the Division of Taxation,
42 shall establish rules for the recapture of all, or a portion of, the
43 amount of a grant of a corporation business tax benefit certificate
44 from the new or expanding emerging technology and biotechnology
45 company having surrendered tax benefits pursuant to this section in
46 the event the taxpayer fails to use the private financial assistance
47 received for the surrender of tax benefits as required by this section
48 or fails to maintain a headquarters or a base of operation in this

1 State during the five years following receipt of the private financial
2 assistance; except if the failure to maintain a headquarters or a base
3 of operation in this State is due to the liquidation of the new or
4 expanding emerging technology and biotechnology company.

5 c. The authority, in cooperation with the Division of Taxation
6 in the Department of the Treasury, shall review and approve
7 applications by taxpayers under the Corporation Business Tax Act
8 (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), to acquire
9 surrendered tax benefits approved pursuant to subsection b. of this
10 section which shall be issued in the form of corporation business
11 tax benefit transfer certificates, in exchange for private financial
12 assistance to be made by the taxpayer in an amount equal to at least
13 80 percent of the amount of the surrendered tax benefit of an
14 emerging technology or biotechnology company in the State. A
15 corporation business tax benefit transfer certificate shall not be
16 issued unless the applicant certifies that as of the date of the
17 exchange of the corporation business tax benefit certificate it is
18 operating as a new or expanding emerging technology or
19 biotechnology company and has no current intention to cease
20 operating as a new or expanding emerging technology or
21 biotechnology company.

22 The managerial member of a combined group shall be the
23 member that acquires a corporation business tax benefit certificate
24 on behalf of the combined group for use on the combined return.

25 The private financial assistance shall assist in funding expenses
26 incurred in connection with the operation of the new or expanding
27 emerging technology or biotechnology company in the State,
28 including but not limited to the expenses of fixed assets, such as the
29 construction and acquisition and development of real estate,
30 materials, start-up, tenant fit-out, working capital, salaries, research
31 and development expenditures and any other expenses determined
32 by the authority to be necessary to carry out the purposes of the
33 New Jersey Emerging Technology and Biotechnology Financial
34 Assistance Program.

35 The authority shall require a corporation business taxpayer that
36 acquires a corporation business tax benefit certificate to enter into a
37 written agreement with the new or expanding emerging technology
38 or biotechnology company concerning the terms and conditions of
39 the private financial assistance made in exchange for the certificate.
40 The written agreement may contain terms concerning the
41 maintenance by the new or expanding emerging technology or
42 biotechnology company of a headquarters or a base of operation in
43 this State.

44 d. (Deleted by amendment, P.L.2009, c.90.)

45 e. Notwithstanding any provision of law to the contrary, if, in
46 any fiscal year, the value of transferable tax benefits transferred
47 pursuant to subsection b. of this section is less than the maximum
48 value of tax benefits that may be transferred pursuant to subsection

1 b. of this section, the authority, in consultation with the Director of
2 the Division of Taxation in the Department of the Treasury, shall
3 certify the amount of the excess value of transferable tax benefits.
4 The amount of the excess value of transferable tax benefits shall be
5 added to the cumulative total amount of tax credits authorized
6 pursuant to subsection e. of section 3 of P.L.1997, c.349 (C.54:10A-
7 5.30) and subsection d. of section 4 of P.L.2013, c.14 (C.54A:4-13)
8 for the immediately succeeding calendar year.²
9 (cf: P.L.2021, c.160, s.52)

10
11 ²5. Section 8 of P.L.1995, c.137 (C.34:1B-7.44) is amended to
12 read as follows:

13 8. a. The authority shall adopt, pursuant to the "Administrative
14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and
15 regulations necessary to effectuate the purposes of this act. In
16 developing procedures and forms to be used in connection with the
17 application for and approval of financial assistance pursuant to this
18 act, the authority shall consider the special needs and problems of
19 emerging technology and biotechnology companies in the State.

20 b. Notwithstanding the provisions of the "Administrative
21 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
22 contrary, the Chief Executive Officer of the New Jersey Economic
23 Development Authority may adopt, immediately upon filing with
24 the Office of Administrative Law, rules and regulations that the
25 chief executive officer deems necessary to implement the provisions
26 of P.L. , c. (C.) (pending before the Legislature as this
27 bill), which regulations shall be effective for a period not to exceed
28 365 days from the date of the filing. The chief executive officer
29 shall thereafter amend, adopt, or readopt the regulations in
30 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
31 et seq.).²

32 (cf: P.L.1995, c.137, s.8)

33
34 ²6. Sections 92 through 97 of P.L.2020, c.156 (C.34:1B-356
35 through C.34:1B-361) are repealed.²

36
37 ²[4.] ^{7.}² This act shall take effect immediately and shall apply
38 to ²any applications for the Angel Investor Tax Credit, submitted
39 pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30) and
40 section 4 of P.L.2013, c.14 (C.54A:4-13), that are approved for²
41 taxable years and privilege periods beginning on or after January 1
42 of the year next following the date of enactment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3189

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Assembly Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3189 (1R).

As amended, this bill increases the amount of the tax credit provided under the “New Jersey Angel Investor Tax Credit Act” for a qualified investment made in a New Jersey emerging technology business venture. Under current law, a taxpayer is allowed a credit against the gross income tax and corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may also qualify for an additional five percent credit when the qualified investment is made in: (1) an emerging technology business that is located in an opportunity zone or a low-income community; or (2) an emerging technology business that is a minority business or women’s business, and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The bill also clarifies that the maximum value of an award of tax credits is \$500,000 for each qualified investment made by a taxpayer.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer’s qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases the total amount of the tax credit provided to taxpayers that qualify for the additional five percent credit from 25 percent to 40 percent of a taxpayer’s qualified investment. The bill also revises the definitions of “New Jersey based business” and “New Jersey emerging technology business” to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

The bill also modifies the maximum amount of tax credits that may be awarded in any calendar year to support the “New Jersey Angel Investor Tax Credit Act.” Under current law, the EDA is not permitted to approve more than \$35,000,000 in tax credits in a calendar year under the “New Jersey Angel Investor Tax Credit Act.” This bill reduces this maximum allowable amount from \$35,000,000

to \$25,000,000. Concurrently, this bill also provides that in any calendar year, additional, unused tax benefits may also be deployed from the Technology Business Tax Certificate Transfer Program's annual authorization to support the award of tax credits under the "New Jersey Angel Investor Tax Credit Act."

Under current law, new or expanding emerging technology and biotechnology companies with unused amounts of certain corporation business tax benefits are permitted to apply for a corporation business tax benefit certificate transfer program. Under the Technology Business Tax Certificate Transfer Program, also known as the "NOL Program" or "net operating losses program," corporation business taxpayers may surrender certain unused, but otherwise allowable and transferable, tax benefits in exchange for private financial assistance from other corporation business taxpayers. The EDA is authorized to approve the transfer of no more than \$75,000,000 of tax benefits in a State fiscal year. If less than this amount is surrendered during any State fiscal year, the difference would be added to the maximum allowable tax credits that may be awarded under the "New Jersey Angel Investor Tax Credit Act" in the following calendar year.

The bill also repeals the "New Jersey Ignite Act," which authorized the EDA to establish and administer the New Jersey Ignite Program to foster early stage innovation economy businesses.

As amended and reported, this bill is identical to Assembly Bill No. 2365 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments provide several changes to the "New Jersey Angel Investor Tax Credit Act," including modifying the maximum amount of tax credits that may be awarded in certain calendar years. Under current law, the EDA is not permitted to approve more than \$35,000,000 in tax credits in any calendar year. These amendments reduce the maximum amount of allowable tax credits that the EDA is permitted to approve in any calendar year from \$35,000,000 to \$25,000,000. These amendments also provide that in any calendar year, unused tax benefits may also be reallocated from the Technology Business Tax Certificate Transfer Program to support the award of tax credits under the "New Jersey Angel Investor Tax Credit Act." Specifically, if less than the maximum allowable amount of tax benefits are surrendered under the Technology Business Tax Certificate Transfer Program, the difference would be added to the maximum allowable tax credits that may be awarded under the "New Jersey Angel Investor Tax Credit Act" in the following calendar year.

The amendments also clarify that tax credits awarded under the "New Jersey Angel Investor Tax Credit Act" may be used in the taxable year or privilege period in which the taxpayer applied for the tax credit. Additionally, the amendments clarify that the maximum

value of tax credits approved by the EDA is \$500,000 for each qualified investment made by a taxpayer. The amendments also permit the Chief Executive Officer of the EDA to adopt regulations necessary to implement the provisions of this bill.

The amendments repeal the “New Jersey Ignite Act.” The amendments also provide technical changes to the title and synopsis of the bill.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 3189

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 10, 2024

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 3189.

As amended and reported, this bill increases the amount of the tax credit provided under the “New Jersey Angel Investor Tax Credit Act” for a qualified investment made in a New Jersey emerging technology business venture. Under current law, a taxpayer is allowed a credit against the gross income tax and corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may also qualify for an additional five percent credit when the qualified investment is made in: (1) an emerging technology business that is located in an opportunity zone or a low-income community; or (2) an emerging technology business that is a minority business or women’s business, and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer’s qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases the total amount of the tax credit provided to taxpayers that qualify for the additional five percent credit from 25 percent to 40 percent of a taxpayer’s qualified investment. The bill also revises the definitions of “New Jersey based business” and “New Jersey emerging technology business” to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that:

(1) the amount of the standard tax credit would equal 35 percent of a taxpayer’s qualified investment, not 60 percent of these investments, as previously provided in the bill; and

(2) the total amount of the tax credit would equal 40 percent of a taxpayer’s qualified investments in certain businesses, not 65 percent of these investments, as previously provided in the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

DATED: FEBRUARY 3, 2025

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3189 (1R).

This bill increases the amount of the tax credit provided under the “New Jersey Angel Investor Tax Credit Act” for a qualified investment made in a New Jersey emerging technology business venture. Under current law, a taxpayer is allowed a credit against the gross income tax and corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may also qualify for an additional five percent credit when the qualified investment is made in: (1) an emerging technology business that is located in an opportunity zone or a low-income community; or (2) an emerging technology business that is a minority business or women’s business, and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer’s qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases the total amount of the tax credit provided to taxpayers that qualify for the additional five percent credit from 25 percent to 40 percent of a taxpayer’s qualified investment. The bill also revises the definitions of “New Jersey based business” and “New Jersey emerging technology business” to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the State may incur a maximum annual revenue loss of \$15.2 million to \$15.7 million as a result of this bill. Under current law, the Angel Investor Tax Credit Program has an annual cap of \$35 million. The bill increases the value of tax credits that may be awarded for qualified investments through the program; it does not increase the limit on total annual awards.

Information published in the New Jersey Economic Development Authority's annual reports shows that the authority awarded \$113.7 million in Angel Investor Tax Credits during the 10-year period from calendar year 2014 through calendar year 2023, incentivizing \$996.4 million in qualified investments during that time.

To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these revenues cannot be determined.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: JANUARY 27, 2025

SUMMARY

Synopsis:	Increases amount of tax credits for investments made in certain technology business ventures under the “New Jersey Angel Investor Tax Credit Act.”
Type of Impact:	Annual State revenue loss. Increase in local revenues.
Agencies Affected:	Department of the Treasury. New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2027 & Thereafter</u>
State Revenue Loss	Maximum of \$15.2 million to \$15.7 million
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the State may incur a maximum annual revenue loss of \$15.2 million to \$15.7 million as a result of this bill. Under current law, the Angel Investor Tax Credit Program has an annual cap of \$35 million. The bill increases the value of tax credits that may be awarded for qualified investments through the program; it does not increase the limit on total annual awards.
- Information published in the New Jersey Economic Development Authority’s annual reports shows that the authority awarded \$113.7 million in Angel Investor Tax Credits during the 10-year period from calendar year 2014 through calendar year 2023, incentivizing \$996.4 million in qualified investments during that time.
- To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these revenues cannot be determined.

BILL DESCRIPTION

The bill increases the amount of the tax credit provided under the New Jersey Angel Investor Tax Credit Act for a qualified investment made in a New Jersey emerging technology business venture.

Under current law, a taxpayer is allowed a credit against the gross income tax and the corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may be allowed a tax credit of 25 percent of the qualified investment if the emerging technology business is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The tax credit is capped at \$500,000 for each qualified investment and the total amount of tax credits that may be approved through the program each year by the authority is capped at \$35 million.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer's qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases, from 25 percent to 40 percent, the tax credit allowed for a taxpayer that makes a qualified investment in an emerging technology business that is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The bill also revises the definitions of "New Jersey based business" and "New Jersey emerging technology business" to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

The bill takes effect immediately and applies to taxable years and privilege periods beginning on or after January 1 next following enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the State may incur a maximum annual revenue loss of \$15.2 million to \$15.7 million as a result of the bill beginning in FY 2027. There will be no revenue loss prior to FY 2027 because the bill applies to tax years and privilege periods beginning on the January 1 next following the date of enactment. If the bill is enacted in calendar year 2025, angel investor tax credits will be awarded at the higher amounts under the bill beginning in calendar year 2026. Calendar year 2026 tax returns for both corporation business taxpayers and gross income taxpayers will be due beginning in calendar year 2027, or FY 2027.

According to information published in the authority's annual reports, the total amount of qualified investments in calendar years 2017 through 2023 averaged about \$110.9 million. The average amount of tax credits awarded annually was about \$13.3 million. If all qualified investments were eligible for a 35 percent tax credit instead of a 20 percent tax credit, subject to the annual limit of \$35 million, then the total amount of tax credits awarded would be about \$28.4

million. If all qualified investments were eligible for a 40 percent tax credit instead of a 25 percent tax credit, subject to the annual limit of \$35 million, then the total amount of tax credits awarded would be about \$28.9 million. The potential State revenue loss is calculated by subtracting the average amount of tax credits awarded from calendar years 2017 through 2023, which is \$13.3 million, from the estimated value of tax credit awards at the increased amounts under the bill.

The OLS notes that the actual State revenue loss is likely to be lower than the estimated range. This is so because the bill reduces, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit. Thus, some qualified investments that would be eligible for a tax credit under current law would not be eligible for a tax credit under the bill. Data available through the authority indicates that the program has yet to utilize the full amount of tax credits available in any year. The enhanced credit may incentivize more activity under the program, which could in turn utilize the remaining available cap space.

To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these additional revenues cannot be determined.

Section: Revenue, Finance, and Appropriations
Analyst: Scott A. Brodsky
Staff Fiscal and 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.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: SEPTEMBER 18, 2025

SUMMARY

- Synopsis:** Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act.”
- Type of Impact:** Potential annual net State revenue loss.
One-time reduction in State costs.
Potential annual increase in local revenues.
- Agencies Affected:** Department of the Treasury.
New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	
Potential Annual Net State Revenue Loss	Indeterminate
One-Time State Cost Reduction	About \$300,000
Potential Annual Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill may result in State revenue losses. The magnitude any potential State revenue losses will be driven by whether or not the New Jersey Economic Development Authority approves more than \$35 million in angel investor tax credits each year. The bill increases the value of tax credits that may be awarded for qualified investments through the program and increases the limit on total annual awards.
- The bill reduces the Angel Investor Tax Credit Program annual cap from \$35 million to \$25 million and requires the authority to transfer unused tax benefits allocated through the Technology Business Tax Certificate Transfer Program to the Angel Investor Program. The total amount of tax credits available through the Angel Investor Program may exceed \$25 million, depending on the amount transferred from the Technology Business Tax Certificate Transfer Program.

- The repeal of the New Jersey Ignite Act and the elimination of the NJ Ignite Program will result in a reduction in State costs of approximately \$300,000. The State appropriated a total of \$1.25 million to support the program in fiscal years 2021 and 2022.
- To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these revenues cannot be determined.

BILL DESCRIPTION

The bill makes various changes to the New Jersey Angel Investor Tax Credit Program. The program provides tax credits for qualified investments made in a New Jersey emerging technology business venture.

Under current law, a taxpayer is allowed a credit against the gross income tax and the corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may be allowed a credit of 25 percent of the qualified investment if the emerging technology business is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The tax credit is capped at \$500,000 for each qualified investment and the total amount of tax credits that may be approved through the program each year by the authority is capped at \$35 million.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer's qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases, from 25 percent to 40 percent, the tax credit allowed for a taxpayer that makes a qualified investment in an emerging technology business that is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The bill also revises the definitions of "New Jersey based business" and "New Jersey emerging technology businesses" to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

The bill reduces, from \$35 million to \$25 million, the amount of tax credits that may be approved annually through the program and requires unused tax benefits from the Technology Business Tax Certificate Transfer Program to be transferred to support tax credit awards through the Angel Investor Tax Program. The total amount of tax credits available through the program will vary annually, depending on the amount transferred.

The bill also repeals the New Jersey Ignite Act, which authorized the authority to establish and administer the New Jersey Ignite Program to foster early stage innovation economy businesses.

The bill takes effect immediately and applies to Angel Investor Tax Credit applications submitted and approved for taxable years and privilege periods beginning on or after January 1 of the year next following the date of enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill may result in State revenue losses and will result in a reduction in State costs. The magnitude of any State revenue loss will depend on whether the authority approves angel investor tax credits in excess of \$35 million, the maximum amount of tax credits that may be approved by the authority under current law. The total amount of tax credits approved annually will be driven by the total amount of qualified investments under the program and the total amount of tax credits available for award. The bill allows the authority to approve tax credits equal to the sum of \$25 million plus the amount of unused tax benefits reallocated from the Technology Business Tax Certificate Transfer Program.

There will be no revenue loss prior to FY 2027 because the bill applies to tax years and privilege periods beginning on the January 1 next following the date of enactment. The bill has been enacted in calendar year 2025; therefore, angel investor tax credits will be awarded at the higher amounts under the bill beginning in calendar year 2026. Calendar year 2026 tax returns for both corporation business taxpayers and gross income taxpayers will be due in April of 2027, or in FY 2027.

According to the authority, the amount of unused tax benefits authorized under the Technology Business Tax Certificate Transfer Program in calendar years 2022 through 2024 ranged from about \$7 million to about \$19 million. Assuming the bill had been in effect at that time, these unused tax benefits would have been transferred to the Angel Investor Tax Credit Program. The maximum amount of tax credits available for award under the Angel Investor Tax Credit Program would have ranged from \$32 million to \$44 million. If in any year in which the total amount of tax credits approved by the authority is less than \$35 million, then the State will likely experience a revenue increase because the total amount of tax credits approved will be less than the maximum allowed under current law. However, if the total amount of tax credits approved by the authority in a calendar year exceeds \$35 million, then the State will incur a revenue loss because the total amount of tax credits would exceed the current statutory limit.

Data available through the authority indicates that the program has yet to utilize the full amount of tax credits available in any year. For example, the average amount of tax credits awarded annually in calendar years 2022 through 2024 was about \$23.0 million. The OLS notes that the enhanced credit may incentivize more activity under the program, which could in turn increase the utilization of available tax credits.

The bill also reduces, from 224 to 149, the maximum number of employees that a business may employ in order to qualify for the tax credit. Thus, some qualified investments that qualify for a tax credit under current law would not be eligible for a tax credit under the bill, thereby reducing the potential State revenue loss.

The repeal of the New Jersey Ignite Act and the elimination of the NJ Ignite Program will result in a reduction in State costs. NJ Ignite, a grant program supporting the rent of early-stage companies in targeted industries at participating collaborative workspaces, was initially established as a pilot program by the authority in 2018 and was later codified by the New Jersey Economic Recovery Act of 2020. The State has provided total appropriations of \$1.25 million for the program. According to the most recent program update available through the authority, 25 co-working spaces were approved for participation, of which nine subsequently withdrew from the program or closed. The authority also approved 19 tenant applications and grants totaling \$166,260 out of a \$500,000 allocation. Assuming the authority would have utilized five percent of the allocation for administrative costs, or \$25,000, there would be about \$309,000 of remaining unspent funds.

To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these additional revenues cannot be determined.

Section: Revenue, Finance, and Appropriations

*Analyst: Scott A. Brodsky
Staff Fiscal and 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.).

ASSEMBLY, No. 2365

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman CHRIS TULLY

District 38 (Bergen)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

SYNOPSIS

Increases amount of tax credits for investments made in certain technology business ventures under “New Jersey Angel Investor Tax Credit Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** increasing the amount of the tax credits provided for
2 investments made in emerging technology businesses under the
3 “New Jersey Angel Investor Tax Credit Act,” and amending
4 P.L.1997, c.349 and P.L.2013, c.14.

5

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

8

9 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
10 read as follows:

11 2. As used in sections 1 through 3 of P.L.1997, c.349
12 (C.54:10A-5.28 through C.54:10A-5.30):

13 "Advanced computing" means a technology used in the
14 designing and developing of computing hardware and software,
15 including innovations in designing the full spectrum of hardware
16 from hand- held calculators to super computers, and peripheral
17 equipment.

18 "Advanced materials" means materials with engineered
19 properties created through the development of specialized
20 processing and synthesis technology, including ceramics, high
21 value-added metals, electronic materials, composites, polymers, and
22 biomaterials.

23 "Biotechnology" means the continually expanding body of
24 fundamental knowledge about the functioning of biological systems
25 from the macro level to the molecular and sub-atomic levels, as
26 well as novel products, services, technologies, and sub-technologies
27 developed as a result of insights gained from research advances
28 which add to that body of fundamental knowledge.

29 "Carbon footprint reduction technology" means a technology
30 using equipment for the commercial, institutional, and industrial
31 sectors that: increases energy efficiency; develops and delivers
32 renewable or non-carbon-emitting energy technologies; develops
33 innovative carbon emissions abatement with significant carbon
34 emissions reduction potential; or promotes measurable electricity
35 end-use energy efficiency.

36 "Control" with respect to a corporation means ownership,
37 directly or indirectly, of stock possessing 80 percent or more of the
38 total combined voting power of all classes of the stock of the
39 corporation entitled to vote; and "control" with respect to a trust
40 means ownership, directly or indirectly, of 80 percent or more of
41 the beneficial interest in the principal or income of the trust. The
42 ownership of stock in a corporation, of a capital or profits interest in
43 a partnership or association or of a beneficial interest in a trust shall
44 be determined in accordance with the rules for constructive
45 ownership of stock provided in subsection (c) of section 267 of the

**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.

1 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
2 than paragraph (3) of subsection (c) of that section.

3 "Controlled group" means one or more chains of corporations
4 connected through stock ownership with a common parent
5 corporation if stock possessing at least 80 percent of the voting
6 power of all classes of stock of each of the corporations is owned
7 directly or indirectly by one or more of the corporations and the
8 common parent owns directly stock possessing at least 80 percent of
9 the voting power of all classes of stock of at least one of the other
10 corporations.

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

13 "Diverse entrepreneur" means a New Jersey based business that
14 meets the criteria for a minority business or female business set
15 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

16 "Electronic device technology" means a technology involving
17 microelectronics, semiconductors, electronic equipment and
18 instrumentation, radio frequency, microwave and millimeter
19 electronics, and optical and optic-electrical devices, or data and
20 digital communications and imaging devices.

21 "Information technology" means software publishing, motion
22 picture and video production, television production and post-
23 production services, telecommunications, data processing, hosting
24 and related services, custom computer programming services,
25 computer system design, computer facilities management services,
26 other computer related services, and computer training.

27 "Life sciences" means the production of medical equipment,
28 ophthalmic goods, medical or dental instruments, diagnostic
29 substances, biopharmaceutical products, or physical and biological
30 research.

31 "Medical device technology" means a technology involving any
32 medical equipment or product (other than a pharmaceutical product)
33 that has therapeutic value, diagnostic value, or both, and is
34 regulated by the federal Food and Drug Administration.

35 "Mobile communications technology" means a technology
36 involving the functionality and reliability of the transmission of
37 voice and multimedia data using a communication infrastructure via
38 a computer or a mobile device, that shall include, but not be limited
39 to, smartphones, electronic books and tablets, digital audio players,
40 motor vehicle electronics, home entertainment systems, and other
41 wireless appliances, without having connected to any physical or
42 fixed link.

43 "New Jersey based business" means a company with fewer than
44 **[225]** 150 employees, of whom at least 75 percent are filling a
45 position in New Jersey, that is doing business, employing or owning
46 capital or property, or maintaining an office in this State.

47 "New Jersey emerging technology business" means a company
48 with fewer than **[225]** 150 employees, of whom at least 75 percent

1 are filling a position in New Jersey, that is doing business,
2 employing or owning capital or property, or maintaining an office
3 in this State and: has qualified research expenses paid or incurred
4 for research conducted in this State; conducts pilot scale
5 manufacturing in this State; or conducts technology
6 commercialization in this State in the fields of advanced computing,
7 advanced materials, biotechnology, carbon footprint reduction
8 technology, electronic device technology, information technology,
9 life sciences, medical device technology, mobile communications
10 technology, or renewable energy technology.

11 "New Jersey emerging technology business holding company"
12 means any corporation, association, firm, partnership, trust, or other
13 form of business organization, but not a natural person, which
14 directly or indirectly, owns, has the power or right to control, or has
15 the power to vote, a controlling share of the outstanding voting
16 securities of a corporation or other form of a New Jersey emerging
17 technology business.

18 "Partnership" means a syndicate, group, pool, joint venture, or
19 other unincorporated organization through or by means of which
20 any business, financial operation, or venture is carried on, and
21 which is not a trust or estate, a corporation, or a sole proprietorship.

22 "Pilot scale manufacturing" means the design, construction, and
23 testing of preproduction prototypes and models in the fields of
24 advanced computing, advanced materials, biotechnology, carbon
25 footprint reduction technology electronic device technology,
26 information technology, life sciences, medical device technology,
27 mobile communications technology, and renewable energy
28 technology, other than for commercial sale, excluding sales of
29 prototypes or sales for market testing if the total gross receipts, as
30 calculated in the manner provided in section 6 of P.L.1945, c.162
31 (C.54:10A-6), from the sales of the product, service, or process do
32 not exceed \$1,000,000.

33 "Qualified investment" means the non-refundable transfer of
34 cash to a New Jersey emerging technology business or to a New
35 Jersey emerging technology business holding company by a
36 taxpayer that is not a related person of the New Jersey emerging
37 technology business or the New Jersey emerging technology
38 business holding company, the transfer of which is in connection
39 with either: a transaction between or among the taxpayer and the
40 New Jersey emerging technology business or the New Jersey
41 emerging technology holding company or both in exchange for
42 stock, interests in partnerships or joint ventures, licenses (exclusive
43 or non-exclusive), rights to use technology, marketing rights,
44 warrants, options, or any items similar to those included herein,
45 including, but not limited to, options or rights to acquire any of the
46 items included herein; or a purchase, production, or research
47 agreement between or among the taxpayer and the New Jersey
48 emerging technology business or the New Jersey emerging

1 technology holding company or both. "Qualified investment" also
2 means the non-refundable transfer of cash or irrevocable contractual
3 commitment to a qualified venture fund.

4 "Qualified research expenses" means qualified research
5 expenses, as defined in section 41 of the federal Internal Revenue
6 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
7 fields of advanced computing, advanced materials, biotechnology,
8 carbon footprint reduction technology, electronic device
9 technology, information technology, life sciences, medical device
10 technology, mobile communications technology, or renewable
11 energy technology.

12 "Qualified venture fund" means a venture fund required by
13 contract to invest a minimum of 50 percent of its funds in New
14 Jersey based businesses that the authority, in its sole discretion,
15 based upon the qualified venture fund's investment history, if any,
16 its private placement memorandum and other relevant information,
17 has determined has the capacity to make the minimum investment.

18 "Related person" means:

19 a corporation, partnership, association or trust controlled by the
20 taxpayer;

21 an individual, corporation, partnership, association or trust that is
22 in the control of the taxpayer;

23 a corporation, partnership, association or trust controlled by an
24 individual, corporation, partnership, association or trust that is in
25 the control of the taxpayer; or

26 a member of the same controlled group as the taxpayer.

27 "Renewable energy technology" means a technology involving
28 the generation of electricity from solar energy; wind energy; wave
29 or tidal action; geothermal energy; the combustion of gas from the
30 anaerobic digestion of food waste and sewage sludge at a biomass
31 generating facility; the combustion of methane gas captured from a
32 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
33 digester gas, biomass gas, or other renewable fuel but not powered
34 by a fossil fuel.

35 "Tax year" means the fiscal or calendar accounting period of a
36 taxpayer.

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

44 "Verified transfer of funds" means a non-refundable transfer of
45 funds equal to 100 percent of the taxpayer's qualified investment in
46 the New Jersey emerging technology business holding company to a
47 New Jersey emerging technology business by the New Jersey
48 emerging technology business holding company that is

1 accompanied by documentation, as required by the New Jersey
2 Economic Development Authority, which provides proof of a cash
3 transaction originating with a taxpayer and concluding with a New
4 Jersey emerging technology business, provided that the transactions
5 from origin to destination occur within the same tax year.

6 The definitions of "advanced computing," "advanced materials,"
7 "biotechnology," "carbon footprint reduction technology,"
8 "electronic device technology," "information technology," "life
9 sciences," "medical device technology," "mobile communications
10 technology," "New Jersey emerging technology business," "pilot
11 scale manufacturing," and "renewable energy technology" may be
12 modified by regulation to conform to definitions in other programs
13 administered by the authority.
14 (cf: P.L.2020, c.156, s.117)

15
16 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
17 read as follows:

18 3. a. (1) A taxpayer, upon approval of the taxpayer's
19 application therefor by the New Jersey Economic Development
20 Authority and in consultation with the director, shall be allowed a
21 credit against the tax imposed pursuant to section 5 of P.L.1945,
22 c.162 (C.54:10A-5), in an amount equal to **20** 60 percent of the
23 qualified investment made by the taxpayer in a New Jersey
24 emerging technology business, in a New Jersey emerging
25 technology business holding company that makes a verified transfer
26 of funds to a New Jersey emerging technology business, or in a
27 qualified venture fund; provided, however, a taxpayer may be
28 allowed a tax credit in an amount equal to **25** 65 percent of the
29 qualified investment if the taxpayer satisfies one of the
30 requirements set forth in paragraph (2) of this subsection. The value
31 of tax credits allowed to a taxpayer pursuant to this section shall not
32 exceed \$500,000 for the privilege period for each qualified
33 investment made by the taxpayer.

34 (2) Subject to the limits established in paragraph (1) of this
35 subsection, the New Jersey Economic Development Authority, in
36 consultation with the director, shall increase the amount of a tax
37 credit allowed pursuant to this section by five percent if the
38 taxpayer makes a qualified investment in a New Jersey emerging
39 technology business, or in a New Jersey emerging technology
40 business holding company that makes a verified transfer of funds to
41 a New Jersey emerging technology business, or in a qualified
42 venture fund, if the New Jersey emerging technology business is
43 either located in a qualified opportunity zone pursuant to 26 U.S.C.
44 § 1400Z-1, or a low-income community as defined in subparagraph
45 (e) of 26 U.S.C. § 45D or certified by the State as a minority
46 business or a women's business pursuant to P.L.1986, c.195
47 (C.52:27H-21.17 et seq.) and, in the case of a qualified venture

1 fund, if the qualified venture fund commits by contract to invest 50
2 percent of its funds in diverse entrepreneurs.

3 b. A credit shall not be allowed pursuant to section 1 of
4 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
5 which a credit is allowed, or which are includable in the calculation
6 of a credit allowed, under this section. Notwithstanding any other
7 provision of law, the order of priority in which the credit allowed
8 by this section and any other credits allowed by law may be taken
9 shall be as prescribed by the director.

10 c. Except as provided in subsection d. of this section, the
11 amount of credit otherwise allowable under this section which
12 cannot be applied for the privilege period against tax liability
13 otherwise due for that privilege period may either be carried over, if
14 necessary, to the 15 privilege periods following the privilege period
15 for which the credit was allowed or, at the election of the taxpayer,
16 be claimed as and treated as an overpayment for the purposes of
17 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
18 (C.54:49-15.1) shall not apply.

19 d. A taxpayer may not carry over any amount of credit allowed
20 under subsection a. of this section to a privilege period during
21 which a corporate acquisition with respect to which the taxpayer
22 was a target corporation occurred or during which the taxpayer was
23 a party to a merger or a consolidation, or to any subsequent
24 privilege period, if the credit was allowed for a privilege period
25 prior to the year of acquisition, merger or consolidation, except that
26 if in the case of a corporate merger or corporate consolidation the
27 taxpayer can demonstrate, through the submission of a copy of the
28 plan of merger or consolidation and such other evidence as may be
29 required by the director, the identity of the constituent corporation
30 which was the acquiring person, a credit allowed to the acquiring
31 person may be carried over by the taxpayer. As used in this
32 subsection, "acquiring person" means the constituent corporation
33 the stockholders of which own the largest proportion of the total
34 voting power in the surviving or consolidated corporation after the
35 merger or consolidation.

36 e. The Executive Director of the New Jersey Economic
37 Development Authority, in consultation with the director, shall
38 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
39 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
40 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
41 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
42 (C.54A:4-13), including, but not limited to: examples of and the
43 determination of qualified investments of which applicants shall
44 provide documentation with their tax credit application; the
45 promulgation of procedures and forms necessary to apply for a
46 credit; provisions for recapture in the event a taxpayer receives a
47 credit on the basis of its commitment to transfer cash to a qualified
48 venture fund and it does not fund its commitment; and provisions

1 for credit applicants to be charged an initial application fee and
2 ongoing service fees to cover the administrative costs related to the
3 credit.

4 The amount of credits approved by the Executive Director of the
5 New Jersey Economic Development Authority, and in consultation
6 with the director, pursuant to subsection a. of this section and
7 pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13), shall not
8 exceed a cumulative total of \$35,000,000 in any calendar year to
9 apply against the tax imposed pursuant to section 5 of P.L.1945,
10 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
11 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
12 cumulative amount of credits allowed to taxpayers in a calendar
13 year exceeds the amount of credits available in that year, then
14 taxpayers who have first applied for and have not been allowed a
15 credit amount for that reason shall be allowed, in the order in which
16 they have submitted an application, the amount of the tax credit on
17 the first day of the next succeeding calendar year in which tax
18 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
19 13) are not in excess of the amount of credits available.
20 (cf: P.L.2020, c.156, s.118)

21

22 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
23 as follows:

24 4. a. (1) A taxpayer, upon approval of the taxpayer's
25 application therefor by the New Jersey Economic Development
26 Authority, and in consultation with the director, shall be allowed a
27 credit against the tax otherwise due for the taxable year under the
28 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an
29 amount equal to **[20]** 60 percent of the qualified investment made
30 by the taxpayer in a New Jersey emerging technology business, in a
31 New Jersey emerging technology business holding company that
32 makes a verified transfer of funds to a New Jersey emerging
33 technology business, or in a qualified venture fund; provided,
34 however, a taxpayer may be allowed a tax credit in an amount equal
35 to **[25]** 65 percent of the qualified investment if the taxpayer
36 satisfies one of the requirements set forth in paragraph (2) of this
37 subsection. The value of tax credits allowed to a taxpayer pursuant
38 to this section shall not exceed \$500,000 for the taxable year for
39 each qualified investment made by the taxpayer.

40 (2) Subject to the limits established in paragraph (1) of this
41 subsection, the New Jersey Economic Development Authority, in
42 consultation with the director, shall increase the amount of a tax
43 credit allowed pursuant to this section by five percent if the
44 taxpayer makes a qualified investment in a New Jersey emerging
45 technology business, in a New Jersey emerging technology business
46 holding company that makes a verified transfer of funds to a New
47 Jersey emerging technology business, or in a qualified venture fund,
48 if the New Jersey emerging technology business is either located in

1 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
2 low-income community as defined in subparagraph (e) of 26 U.S.C.
3 § 45D; or certified by the State as a minority business or a women's
4 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
5 in the case of a qualified venture fund, if the qualified venture fund
6 commits by contract to invest 50 percent of its funds in diverse
7 entrepreneurs.

8 b. The amount of the credit allowed pursuant to this section
9 shall be applied against the tax otherwise due under the "New
10 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
11 credits and payments. If the credit exceeds the amount of tax
12 liability otherwise due, that amount of excess shall be an
13 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
14 that subsection (f) of N.J.S.54A:9-7 shall not apply.

15 c. (1) A partnership shall not be allowed a credit under this
16 section directly, but the amount of credit of a taxpayer in respect of
17 a distributive share of partnership income under the "New Jersey
18 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
19 by allocating to the taxpayer that proportion of the credit acquired
20 by the partnership that is equal to the taxpayer's share, whether or
21 not distributed, of the total distributive income or gain of the
22 partnership for its taxable year ending within or with the taxpayer's
23 taxable year. For the purposes of subsection b. of this section, the
24 amount of tax liability that would be otherwise due of a taxpayer is
25 that proportion of the total liability of the taxpayer that the
26 taxpayer's share of the partnership income or gain included in gross
27 income bears to the total gross income of the taxpayer.

28 (2) The credit for a corporation that has made a valid election as
29 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
30 (C.54:10A-5.22) may be applied by the shareholders of the S
31 corporation against the tax liability otherwise due under the "New
32 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
33 the amount of credit that may be used by a shareholder of the S
34 corporation shall be determined by allocating to each shareholder of
35 the S corporation that proportion of the tax credit of the S
36 corporation that is equal to the shareholder's proportionate share of
37 the S corporation, whether or not distributed, of the total
38 distributive income or gain of the S corporation for its tax period
39 ending with or within the shareholder's tax period, and the credit
40 may be applied by the shareholders against the tax liability
41 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
42 N.J.S.54A:1-1 et seq.

43 d. The Executive Director of the New Jersey Economic
44 Development Authority, in consultation with the director, shall
45 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
46 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
47 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
48 5.28 through C.54:10A-5.30) and this section, including, but not

1 limited to: examples of and the determination of qualified
2 investments of which applicants shall provide documentation with
3 their tax credit application; the promulgation of procedures and
4 forms necessary to apply for a credit; provisions for recapture in the
5 event a taxpayer receives a credit on the basis of its commitment to
6 transfer cash to a qualified venture fund and it does not fund its
7 commitment; and provisions for credit applicants to be charged an
8 initial application fee and ongoing service fees to cover the
9 administrative costs related to the credit.

10 The amount of credits approved by the Executive Director of the
11 New Jersey Economic Development Authority and the Director of
12 the Division of Taxation in the Department of the Treasury,
13 pursuant to subsection a. of this section and pursuant to section 3 of
14 P.L.1997, c.349 (C.54:10A-5.30), shall not exceed a cumulative
15 total of \$35,000,000 in any calendar year to apply against the tax
16 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and
17 the tax imposed pursuant to the "New Jersey Gross Income Tax
18 Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits
19 allowed to taxpayers in a calendar year exceeds the amount of
20 credits available in that year, then taxpayers who have first applied
21 for and have not been allowed a credit amount for that reason shall
22 be allowed, in the order in which they have submitted an
23 application, the amount of the tax credit on the first day of the next
24 succeeding calendar year in which tax credits under this section and
25 section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of
26 the amount of credits available.

27 e. As used in this section:

28 "Advanced computing" means a technology used in the
29 designing and developing of computing hardware and software,
30 including innovations in designing the full spectrum of hardware
31 from hand-held calculators to super computers, and peripheral
32 equipment.

33 "Advanced materials" means materials with engineered
34 properties created through the development of specialized
35 processing and synthesis technology, including ceramics, high
36 value-added metals, electronic materials, composites, polymers, and
37 biomaterials.

38 "Biotechnology" means the continually expanding body of
39 fundamental knowledge about the functioning of biological systems
40 from the macro level to the molecular and sub-atomic levels, as
41 well as novel products, services, technologies, and sub-technologies
42 developed as a result of insights gained from research advances
43 which add to that body of fundamental knowledge.

44 "Carbon footprint reduction technology" means a technology
45 using equipment for the commercial, institutional, and industrial
46 sectors that: increases energy efficiency; develops and delivers
47 renewable or non-carbon-emitting energy technologies; develops
48 innovative carbon emissions abatement with significant carbon

1 emissions reduction potential; or promotes measurable electricity
2 end-use energy efficiency.

3 "Control" with respect to a corporation, means ownership,
4 directly or indirectly, of stock possessing 80 percent or more of the
5 total combined voting power of all classes of the stock of the
6 corporation entitled to vote; and "control," with respect to a trust,
7 means ownership, directly or indirectly, of 80 percent or more of
8 the beneficial interest in the principal or income of the trust. The
9 ownership of stock in a corporation, of a capital or profits interest in
10 a partnership or association or of a beneficial interest in a trust shall
11 be determined in accordance with the rules for constructive
12 ownership of stock provided in subsection (c) of section 267 of the
13 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
14 paragraph (3) of subsection (c) of that section.

15 "Controlled group" means one or more chains of corporations
16 connected through stock ownership with a common parent
17 corporation if stock possessing at least 80 percent of the voting
18 power of all classes of stock of each of the corporations is owned
19 directly or indirectly by one or more of the corporations and the
20 common parent owns directly stock possessing at least 80 percent of
21 the voting power of all classes of stock of at least one of the other
22 corporations.

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

25 "Diverse entrepreneur" means a New Jersey based business that
26 meets the criteria for a minority business or female business set
27 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

28 "Electronic device technology" means a technology involving
29 microelectronics, semiconductors, electronic equipment and
30 instrumentation, radio frequency, microwave and millimeter
31 electronics, and optical and optic-electrical devices, or data and
32 digital communications and imaging devices.

33 "Information technology" means software publishing, motion
34 picture and video production, television production and post-
35 production services, telecommunications, data processing, hosting
36 and related services, custom computer programming services,
37 computer system design, computer facilities management services,
38 other computer related services, and computer training.

39 "Life sciences" means the production of medical equipment,
40 ophthalmic goods, medical or dental instruments, diagnostic
41 substances, biopharmaceutical products, or physical and biological
42 research.

43 "Medical device technology" means a technology involving any
44 medical equipment or product (other than a pharmaceutical product)
45 that has therapeutic value, diagnostic value, or both, and is
46 regulated by the federal Food and Drug Administration.

47 "Mobile communications technology" means a technology
48 involving the functionality and reliability of the transmission of

1 voice and multimedia data using a communication infrastructure via
2 a computer or a mobile device, that shall include, but not be limited
3 to, smartphones, electronic books and tablets, digital audio players,
4 motor vehicle electronics, home entertainment systems, and other
5 wireless appliances, without having connected to any physical or
6 fixed link.

7 "New Jersey based business" means a company with fewer than
8 **[225]** 150 employees, of whom at least 75 percent are filling a
9 position in New Jersey, that is doing business, employing or owning
10 capital or property, or maintaining an office in this State.

11 "New Jersey emerging technology business" means a company
12 with fewer than **[225]** 150 employees, of whom at least 75 percent
13 are filling a position in New Jersey, that is doing business,
14 employing or owning capital or property, or maintaining an office
15 in this State and: has qualified research expenses paid or incurred
16 for research conducted in this State; conducts pilot scale
17 manufacturing in this State; or conducts technology
18 commercialization in this State in the fields of advanced computing,
19 advanced materials, biotechnology, carbon footprint reduction
20 technology, electronic device technology, information technology,
21 life sciences, medical device technology, mobile communications
22 technology, or renewable energy technology.

23 "New Jersey emerging technology business holding company"
24 means any corporation, association, firm, partnership, trust or other
25 form of business organization, but not a natural person, which
26 directly or indirectly, owns, has the power or right to control, or has
27 the power to vote, a controlling share of the outstanding voting
28 securities of a corporation or other form of a New Jersey emerging
29 technology business.

30 "Partnership" means a syndicate, group, pool, joint venture, or
31 other unincorporated organization through or by means of which
32 any business, financial operation, or venture is carried on, and
33 which is not a trust or estate, a corporation, or a sole proprietorship.

34 "Pilot scale manufacturing" means design, construction, and
35 testing of preproduction prototypes and models in the fields of
36 advanced computing, advanced materials, biotechnology, carbon
37 footprint reduction technology electronic device technology,
38 information technology, life sciences, medical device technology,
39 mobile communications technology, or renewable energy
40 technology, other than for commercial sale, excluding sales of
41 prototypes or sales for market testing if the total gross receipts, as
42 calculated in the manner provided in section 6 of P.L.1945, c.162
43 (C.54:10A-6), from the sales of the product, service, or process do
44 not exceed \$1,000,000.

45 "Qualified investment" means the non-refundable transfer of
46 cash to a New Jersey emerging technology business or to a New
47 Jersey emerging technology business holding company by a
48 taxpayer that is not a related person of the New Jersey emerging

1 technology business or the New Jersey emerging technology
2 business holding company, the transfer of which is in connection
3 with either: a transaction between or among the taxpayer and the
4 New Jersey emerging technology business or the New Jersey
5 emerging technology holding company or both in exchange for
6 stock, interests in partnerships or joint ventures, licenses (exclusive
7 or non-exclusive), rights to use technology, marketing rights,
8 warrants, options, or any items similar to those included herein,
9 including, but not limited to, options or rights to acquire any of the
10 items included herein; or a purchase, production, or research
11 agreement between or among the taxpayer and the New Jersey
12 emerging technology business or the New Jersey emerging
13 technology holding company or both. "Qualified investment" also
14 means the non-refundable transfer of cash or irrevocable contractual
15 commitment to transfer cash to a qualified venture fund.

16 "Qualified research expenses" means qualified research
17 expenses, as defined in section 41 of the federal Internal Revenue
18 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
19 fields of advanced computing, advanced materials, biotechnology,
20 electronic device technology, information technology, life sciences,
21 medical device technology, mobile communications technology, or
22 renewable energy technology.

23 "Qualified venture fund" means a venture fund required by
24 contract to invest a minimum of 50 percent of its funds in New
25 Jersey based businesses that the authority, in its sole discretion,
26 based upon the qualified venture fund's investment history, if any,
27 its private placement memorandum and other relevant information,
28 has determined has the capacity to make the minimum investment.

29 "Related person" means:

30 a corporation, partnership, association or trust controlled by the
31 taxpayer;

32 an individual, corporation, partnership, association or trust that is
33 in the control of the taxpayer;

34 a corporation, partnership, association or trust controlled by an
35 individual, corporation, partnership, association or trust that is in
36 the control of the taxpayer; or

37 a member of the same controlled group as the taxpayer.

38 "Renewable energy technology" means a technology involving
39 the generation of electricity from solar energy; wind energy; wave
40 or tidal action; geothermal energy; the combustion of gas from the
41 anaerobic digestion of food waste and sewage sludge at a biomass
42 generating facility; the combustion of methane gas captured from a
43 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
44 digester gas, biomass gas, or other renewable fuel but not powered
45 by a fossil fuel.

46 "Venture fund" means a partnership, corporation, trust, or limited
47 liability company that invests cash in a business during the early or
48 expansion stages of a business in exchange for an equity stake in

1 the business in, which the investment is made. Venture firm may
2 include a venture capital fund, a family office fund, or a corporate
3 investor fund, provided that a professional manager administers the
4 venture firm.

5 "Verified transfer of funds" means a non-refundable transfer of
6 funds equal to 100 percent of the taxpayer's qualified investment in
7 the New Jersey emerging technology business holding company to a
8 New Jersey emerging technology business by the New Jersey
9 emerging technology business holding company that is
10 accompanied by documentation, as required by the New Jersey
11 Economic Development Authority, which provides proof of a cash
12 transaction originating with a taxpayer and concluding with a New
13 Jersey emerging technology business, provided that the transactions
14 from origin to destination occur within the same taxable year.

15 The definitions of "advanced computing," "advanced materials,"
16 "biotechnology," "carbon footprint reduction technology,"
17 "electronic device technology," "information technology," "life
18 sciences," "medical device technology," "mobile communications
19 technology," "New Jersey emerging technology business," "pilot
20 scale manufacturing," and "renewable energy technology" may be
21 modified by regulation to conform to definitions in other programs
22 administered by the authority.

23 (cf: P.L.2020, c.156, s.119)
24

25 4. This act shall take effect immediately and shall apply to
26 taxable years and privilege periods beginning on or after January 1
27 of the year next following the date of enactment.
28

30 STATEMENT

31
32 This bill increases the amount of the tax credits provided under
33 the "New Jersey Angel Investor Tax Credit Act" for qualified
34 investments made in New Jersey emerging technology business
35 ventures. Under current law, taxpayers are allowed credits against
36 the gross income tax and corporation business tax equal to 20
37 percent of a qualified investment made by the taxpayer in a New
38 Jersey emerging technology business or a qualified venture fund.
39 Taxpayers can also qualify for an additional five percent credit
40 when the qualified investment is made in: (1) an emerging
41 technology business that is located in an opportunity zone or a low-
42 income community; (2) an emerging technology business that is a
43 minority business or women's business; or (3) a qualified venture
44 fund that commits by contract to invest 50 percent of its funds in
45 diverse entrepreneurs.

46 The bill increases the amount of the tax credit that may be
47 provided to taxpayers from 20 to 60 percent of the taxpayers'
48 qualified investments. The bill also increases the total amount of

1 the tax credit provided to taxpayers that qualify for the additional
2 five percent credit from 25 to 65 percent of the taxpayers' qualified
3 investments. The bill also revises the definitions of "New Jersey
4 based business" and "New Jersey emerging technology business" to
5 lower, from 224 to 149, the maximum number of employees that a
6 business may employ to qualify for the tax credit.

[Second Reprint]

ASSEMBLY, No. 2365

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman CHRIS TULLY

District 38 (Bergen)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

Co-Sponsored by:

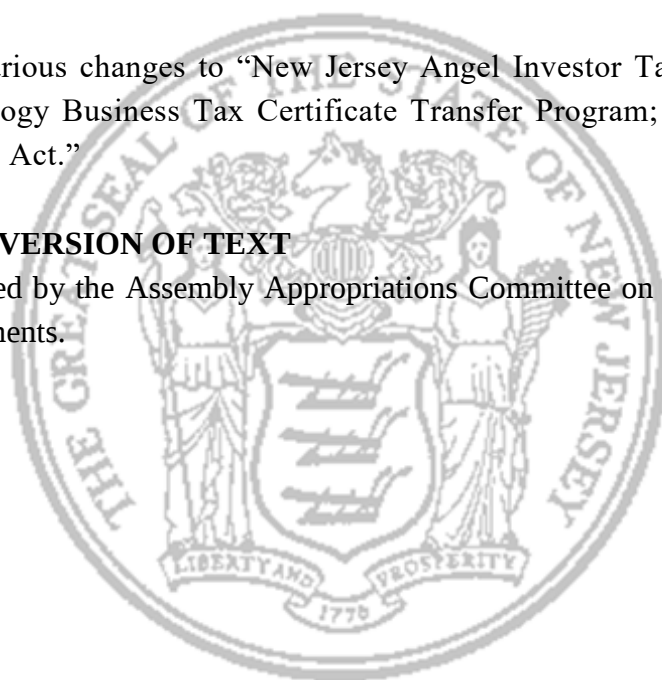
Assemblymen Miller, Schaer, Assemblywoman Park, Assemblymen Egan, Atkins, Assemblywoman Flynn, Assemblymen Hutchison, Freiman, Calabrese, Spearman, Assemblywomen Reynolds-Jackson, Haider, Assemblyman Stanley, Assemblywomen Ramirez, McCoy and Drulis

SYNOPSIS

Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act.”

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 19, 2025, with amendments.



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

1 **AN ACT** ²[increasing the amount of the tax credits provided for
 2 investments made in emerging technology businesses under]
 3 making various changes to² the “New Jersey Angel Investor Tax
 4 Credit Act²[,]” ²[and amending P.L.1997, c.349 and P.L.2013,
 5 c.14] and the Technology Business Tax Certificate Transfer
 6 Program, revising various parts of the statutory law, and
 7 repealing parts of P.L.2020, c.156².

8
 9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 10 *of New Jersey:*

11
 12 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
 13 read as follows:

14 2. As used in sections 1 through 3 of P.L.1997, c.349
 15 (C.54:10A-5.28 through C.54:10A-5.30):

16 "Advanced computing" means a technology used in the
 17 designing and developing of computing hardware and software,
 18 including innovations in designing the full spectrum of hardware
 19 from hand- held calculators to super computers, and peripheral
 20 equipment.

21 "Advanced materials" means materials with engineered
 22 properties created through the development of specialized
 23 processing and synthesis technology, including ceramics, high
 24 value-added metals, electronic materials, composites, polymers, and
 25 biomaterials.

26 ²"Authority" means the New Jersey Economic Development
 27 Authority established pursuant to section 4 of P.L.1974, c.80
 28 (C.34:1B-4).²

29 "Biotechnology" means the continually expanding body of
 30 fundamental knowledge about the functioning of biological systems
 31 from the macro level to the molecular and sub-atomic levels, as
 32 well as novel products, services, technologies, and sub-technologies
 33 developed as a result of insights gained from research advances
 34 which add to that body of fundamental knowledge.

35 "Carbon footprint reduction technology" means a technology
 36 using equipment for the commercial, institutional, and industrial
 37 sectors that: increases energy efficiency; develops and delivers
 38 renewable or non-carbon-emitting energy technologies; develops
 39 innovative carbon emissions abatement with significant carbon
 40 emissions reduction potential; or promotes measurable electricity
 41 end-use energy efficiency.

42 "Control" with respect to a corporation means ownership,
 43 directly or indirectly, of stock possessing 80 percent or more of the

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AST committee amendments adopted May 16, 2024.

²Assembly AAP committee amendments adopted June 19, 2025.

1 total combined voting power of all classes of the stock of the
2 corporation entitled to vote; and "control" with respect to a trust
3 means ownership, directly or indirectly, of 80 percent or more of
4 the beneficial interest in the principal or income of the trust. The
5 ownership of stock in a corporation, of a capital or profits interest in
6 a partnership or association or of a beneficial interest in a trust shall
7 be determined in accordance with the rules for constructive
8 ownership of stock provided in subsection (c) of section 267 of the
9 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
10 than paragraph (3) of subsection (c) of that section.

11 "Controlled group" means one or more chains of corporations
12 connected through stock ownership with a common parent
13 corporation if stock possessing at least 80 percent of the voting
14 power of all classes of stock of each of the corporations is owned
15 directly or indirectly by one or more of the corporations and the
16 common parent owns directly stock possessing at least 80 percent of
17 the voting power of all classes of stock of at least one of the other
18 corporations.

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

21 "Diverse entrepreneur" means a New Jersey based business that
22 meets the criteria for a minority business or female business set
23 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

24 "Electronic device technology" means a technology involving
25 microelectronics, semiconductors, electronic equipment and
26 instrumentation, radio frequency, microwave and millimeter
27 electronics, and optical and optic-electrical devices, or data and
28 digital communications and imaging devices.

29 "Information technology" means software publishing, motion
30 picture and video production, television production and post-
31 production services, telecommunications, data processing, hosting
32 and related services, custom computer programming services,
33 computer system design, computer facilities management services,
34 other computer related services, and computer training.

35 "Life sciences" means the production of medical equipment,
36 ophthalmic goods, medical or dental instruments, diagnostic
37 substances, biopharmaceutical products, or physical and biological
38 research.

39 "Medical device technology" means a technology involving any
40 medical equipment or product (other than a pharmaceutical product)
41 that has therapeutic value, diagnostic value, or both, and is
42 regulated by the federal Food and Drug Administration.

43 "Mobile communications technology" means a technology
44 involving the functionality and reliability of the transmission of
45 voice and multimedia data using a communication infrastructure via
46 a computer or a mobile device, that shall include, but not be limited
47 to, smartphones, electronic books and tablets, digital audio players,
48 motor vehicle electronics, home entertainment systems, and other

1 wireless appliances, without having connected to any physical or
2 fixed link.

3 "New Jersey based business" means a company with fewer than
4 **【225】 150** employees, of whom at least 75 percent are filling a
5 position in New Jersey, that is doing business, employing or owning
6 capital or property, or maintaining an office in this State.

7 "New Jersey emerging technology business" means a company
8 with fewer than **【225】 150** employees, of whom at least 75 percent
9 are filling a position in New Jersey, that is doing business,
10 employing or owning capital or property, or maintaining an office
11 in this State and: has qualified research expenses paid or incurred
12 for research conducted in this State; conducts pilot scale
13 manufacturing in this State; or conducts technology
14 commercialization in this State in the fields of advanced computing,
15 advanced materials, biotechnology, carbon footprint reduction
16 technology, electronic device technology, information technology,
17 life sciences, medical device technology, mobile communications
18 technology, or renewable energy technology.

19 "New Jersey emerging technology business holding company"
20 means any corporation, association, firm, partnership, trust, or other
21 form of business organization, but not a natural person, which
22 directly or indirectly, owns, has the power or right to control, or has
23 the power to vote, a controlling share of the outstanding voting
24 securities of a corporation or other form of a New Jersey emerging
25 technology business.

26 "Partnership" means a syndicate, group, pool, joint venture, or
27 other unincorporated organization through or by means of which
28 any business, financial operation, or venture is carried on, and
29 which is not a trust or estate, a corporation, or a sole proprietorship.

30 "Pilot scale manufacturing" means the design, construction, and
31 testing of preproduction prototypes and models in the fields of
32 advanced computing, advanced materials, biotechnology, carbon
33 footprint reduction technology electronic device technology,
34 information technology, life sciences, medical device technology,
35 mobile communications technology, and renewable energy
36 technology, other than for commercial sale, excluding sales of
37 prototypes or sales for market testing if the total gross receipts, as
38 calculated in the manner provided in section 6 of P.L.1945, c.162
39 (C.54:10A-6), from the sales of the product, service, or process do
40 not exceed \$1,000,000.

41 "Qualified investment" means the non-refundable transfer of
42 cash to a New Jersey emerging technology business or to a New
43 Jersey emerging technology business holding company by a
44 taxpayer that is not a related person of the New Jersey emerging
45 technology business or the New Jersey emerging technology
46 business holding company, the transfer of which is in connection
47 with either: a transaction between or among the taxpayer and the
48 New Jersey emerging technology business or the New Jersey

1 emerging technology holding company or both in exchange for
2 stock, interests in partnerships or joint ventures, licenses (exclusive
3 or non-exclusive), rights to use technology, marketing rights,
4 warrants, options, or any items similar to those included herein,
5 including, but not limited to, options or rights to acquire any of the
6 items included herein; or a purchase, production, or research
7 agreement between or among the taxpayer and the New Jersey
8 emerging technology business or the New Jersey emerging
9 technology holding company or both. "Qualified investment" also
10 means the non-refundable transfer of cash or irrevocable contractual
11 commitment to a qualified venture fund.

12 "Qualified research expenses" means qualified research
13 expenses, as defined in section 41 of the federal Internal Revenue
14 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
15 fields of advanced computing, advanced materials, biotechnology,
16 carbon footprint reduction technology, electronic device
17 technology, information technology, life sciences, medical device
18 technology, mobile communications technology, or renewable
19 energy technology.

20 "Qualified venture fund" means a venture fund required by
21 contract to invest a minimum of 50 percent of its funds in New
22 Jersey based businesses that the authority, in its sole discretion,
23 based upon the qualified venture fund's investment history, if any,
24 its private placement memorandum and other relevant information,
25 has determined has the capacity to make the minimum investment.

26 "Related person" means:

27 a corporation, partnership, association or trust controlled by the
28 taxpayer;

29 an individual, corporation, partnership, association or trust that is
30 in the control of the taxpayer;

31 a corporation, partnership, association or trust controlled by an
32 individual, corporation, partnership, association or trust that is in
33 the control of the taxpayer; or

34 a member of the same controlled group as the taxpayer.

35 "Renewable energy technology" means a technology involving
36 the generation of electricity from solar energy; wind energy; wave
37 or tidal action; geothermal energy; the combustion of gas from the
38 anaerobic digestion of food waste and sewage sludge at a biomass
39 generating facility; the combustion of methane gas captured from a
40 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
41 digester gas, biomass gas, or other renewable fuel but not powered
42 by a fossil fuel.

43 "Tax year" means the fiscal or calendar accounting period of a
44 taxpayer.

45 "Venture fund" means a partnership, corporation, trust, or limited
46 liability company that invests cash in a business during the early or
47 expansion stages of a business in exchange for an equity stake in
48 the business in, which the investment is made. Venture firm may

1 include a venture capital fund, a family office fund, or a corporate
2 investor fund, provided that a professional manager administers the
3 venture firm.

4 "Verified transfer of funds" means a non-refundable transfer of
5 funds equal to 100 percent of the taxpayer's qualified investment in
6 the New Jersey emerging technology business holding company to a
7 New Jersey emerging technology business by the New Jersey
8 emerging technology business holding company that is
9 accompanied by documentation, as required by the New Jersey
10 Economic Development Authority, which provides proof of a cash
11 transaction originating with a taxpayer and concluding with a New
12 Jersey emerging technology business, provided that the transactions
13 from origin to destination occur within the same tax year.

14 The definitions of "advanced computing," "advanced materials,"
15 "biotechnology," "carbon footprint reduction technology,"
16 "electronic device technology," "information technology," "life
17 sciences," "medical device technology," "mobile communications
18 technology," "New Jersey emerging technology business," "pilot
19 scale manufacturing," and "renewable energy technology" may be
20 modified by regulation to conform to definitions in other programs
21 administered by the authority.

22 (cf: P.L.2020, c.156, s.117)

23

24 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
25 read as follows:

26 3. a. (1) A taxpayer, upon approval of the taxpayer's
27 application therefor by the New Jersey Economic Development
28 Authority and in consultation with the director, shall be allowed a
29 credit against the tax imposed pursuant to section 5 of P.L.1945,
30 c.162 (C.54:10A-5) ²in the privilege period in which the taxpayer
31 applied², in an amount equal to ~~20~~ ¹~~60~~ 35¹ percent of the
32 qualified investment made by the taxpayer in a New Jersey
33 emerging technology business, in a New Jersey emerging
34 technology business holding company that makes a verified transfer
35 of funds to a New Jersey emerging technology business, or in a
36 qualified venture fund; provided, however, a taxpayer may be
37 allowed a tax credit in an amount equal to ~~25~~ ¹~~65~~ 40¹ percent
38 of the qualified investment if the taxpayer satisfies one of the
39 requirements set forth in paragraph (2) of this subsection. The value
40 of tax credits allowed to a taxpayer pursuant to this section shall not
41 exceed \$500,000 ²~~for the privilege period~~² for each qualified
42 investment made by the taxpayer.

43 (2) Subject to the limits established in paragraph (1) of this
44 subsection, the New Jersey Economic Development Authority, in
45 consultation with the director, shall increase the amount of a tax
46 credit allowed pursuant to this section by five percent if the
47 taxpayer makes a qualified investment in a New Jersey emerging
48 technology business, or in a New Jersey emerging technology

1 business holding company that makes a verified transfer of funds to
2 a New Jersey emerging technology business, or in a qualified
3 venture fund, if the New Jersey emerging technology business is
4 either located in a qualified opportunity zone pursuant to 26 U.S.C.
5 § 1400Z-1, or a low-income community as defined in subparagraph
6 (e) of 26 U.S.C. § 45D or

7 certified by the State as a minority business or a women's
8 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
9 in the case of a qualified venture fund, if the qualified venture fund
10 commits by contract to invest 50 percent of its funds in diverse
11 entrepreneurs.

12 b. A credit shall not be allowed pursuant to section 1 of
13 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
14 which a credit is allowed, or which are includable in the calculation
15 of a credit allowed, under this section. Notwithstanding any other
16 provision of law, the order of priority in which the credit allowed
17 by this section and any other credits allowed by law may be taken
18 shall be as prescribed by the director.

19 c. Except as provided in subsection d. of this section, the
20 amount of credit otherwise allowable under this section which
21 cannot be applied for the privilege period against tax liability
22 otherwise due for that privilege period may either be carried over, if
23 necessary, to the 15 privilege periods following the privilege period
24 for which the credit was allowed or, at the election of the taxpayer,
25 be claimed as and treated as an overpayment for the purposes of
26 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
27 (C.54:49-15.1) shall not apply.

28 d. A taxpayer may not carry over any amount of credit allowed
29 under subsection a. of this section to a privilege period during
30 which a corporate acquisition with respect to which the taxpayer
31 was a target corporation occurred or during which the taxpayer was
32 a party to a merger or a consolidation, or to any subsequent
33 privilege period, if the credit was allowed for a privilege period
34 prior to the year of acquisition, merger or consolidation, except that
35 if in the case of a corporate merger or corporate consolidation the
36 taxpayer can demonstrate, through the submission of a copy of the
37 plan of merger or consolidation and such other evidence as may be
38 required by the director, the identity of the constituent corporation
39 which was the acquiring person, a credit allowed to the acquiring
40 person may be carried over by the taxpayer. As used in this
41 subsection, "acquiring person" means the constituent corporation
42 the stockholders of which own the largest proportion of the total
43 voting power in the surviving or consolidated corporation after the
44 merger or consolidation.

45 e. ²**【The Executive Director】** (1) Except as provided in
46 paragraph (2) of this subsection, the Chief Executive Officer² of the
47 New Jersey Economic Development Authority, in consultation with
48 the director, shall adopt, pursuant to the "Administrative Procedure

1 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
 2 that are necessary to implement sections 1 through 3 of P.L.1997,
 3 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and section 4 of
 4 P.L.2013, c.14 (C.54A:4-13), including, but not limited to:
 5 examples of and the determination of qualified investments of
 6 which applicants shall provide documentation with their tax credit
 7 application; the promulgation of procedures and forms necessary to
 8 apply for a credit; provisions for recapture in the event a taxpayer
 9 receives a credit on the basis of its commitment to transfer cash to a
 10 qualified venture fund and it does not fund its commitment; and
 11 provisions for credit applicants to be charged an initial application
 12 fee and ongoing service fees to cover the administrative costs
 13 related to the credit.

14 ²(2)Notwithstanding the provisions of the "Administrative
 15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
 16 contrary, the Chief Executive Officer of the New Jersey Economic
 17 Development Authority may adopt, immediately upon filing with
 18 the Office of Administrative Law, rules and regulations that the
 19 chief executive officer deems necessary to implement the provisions
 20 of this section, as amended by P.L. , c. (pending before the
 21 Legislature as this bill), which regulations shall be effective for a
 22 period not to exceed 365 days from the date of the filing. The chief
 23 executive officer shall thereafter amend, adopt, or readopt the
 24 regulations in accordance with the requirements of P.L.1968, c.410
 25 (C.52:14B-1 et seq.).

26 (3)² The amount of credits approved by the ²【Executive
 27 Director】 Chief Executive Officer² of the New Jersey Economic
 28 Development Authority, ²【and】² in consultation with the director,
 29 pursuant to subsection a. of this section and pursuant to section 4 of
 30 P.L.2013, c.14 (C.54A:4-13), shall not exceed a cumulative total of
 31 ²【\$35,000,000】 \$25,000,000, plus the value of any unused tax
 32 benefits from the immediately preceding State fiscal year, as
 33 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
 34 7.42a),² in any calendar year ²,² to apply against the tax imposed
 35 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax
 36 imposed pursuant to the "New Jersey Gross Income Tax Act,"
 37 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to
 38 taxpayers in a calendar year exceeds the amount of credits available
 39 in that year, then taxpayers who have first applied for and have not
 40 been allowed a credit amount for that reason shall be allowed, in the
 41 order in which they have submitted an application, the amount of
 42 the tax credit on the first day of the next succeeding calendar year
 43 in which tax credits under this section and section 4 of P.L.2013,
 44 c.14 (C.54A:4-13) are not in excess of the amount of credits
 45 available.
 46 (cf: P.L.2020, c.156, s.118)

1 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
2 as follows:

3 4. a. (1) A taxpayer, upon approval of the taxpayer's
4 application therefor by the New Jersey Economic Development
5 Authority, and in consultation with the director, shall be allowed a
6 credit against the tax otherwise due for the taxable year ², in the
7 taxable year in which the taxpayer applied,² under the "New Jersey
8 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
9 to **[20]** ¹**[60]** 35¹ percent of the qualified investment made by the
10 taxpayer in a New Jersey emerging technology business, in a New
11 Jersey emerging technology business holding company that makes a
12 verified transfer of funds to a New Jersey emerging technology
13 business, or in a qualified venture fund; provided, however, a
14 taxpayer may be allowed a tax credit in an amount equal to **[25]**
15 ¹**[65]** 40¹ percent of the qualified investment if the taxpayer
16 satisfies one of the requirements set forth in paragraph (2) of this
17 subsection. The value of tax credits allowed to a taxpayer pursuant
18 to this section shall not exceed \$500,000 ²**[for the taxable year]**²
19 for each qualified investment made by the taxpayer.

20 (2) Subject to the limits established in paragraph (1) of this
21 subsection, the New Jersey Economic Development Authority, in
22 consultation with the director, shall increase the amount of a tax
23 credit allowed pursuant to this section by five percent if the
24 taxpayer makes a qualified investment in a New Jersey emerging
25 technology business, in a New Jersey emerging technology business
26 holding company that makes a verified transfer of funds to a New
27 Jersey emerging technology business, or in a qualified venture fund,
28 if the New Jersey emerging technology business is either located in
29 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
30 low-income community as defined in subparagraph (e) of 26 U.S.C.
31 § 45D; or

32 certified by the State as a minority business or a women's
33 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
34 in the case of a qualified venture fund, if the qualified venture fund
35 commits by contract to invest 50 percent of its funds in diverse
36 entrepreneurs.

37 b. The amount of the credit allowed pursuant to this section
38 shall be applied against the tax otherwise due under the "New
39 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
40 credits and payments. If the credit exceeds the amount of tax
41 liability otherwise due, that amount of excess shall be an
42 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
43 that subsection (f) of N.J.S.54A:9-7 shall not apply.

44 c. (1) A partnership shall not be allowed a credit under this
45 section directly, but the amount of credit of a taxpayer in respect of
46 a distributive share of partnership income under the "New Jersey
47 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined

1 by allocating to the taxpayer that proportion of the credit acquired
2 by the partnership that is equal to the taxpayer's share, whether or
3 not distributed, of the total distributive income or gain of the
4 partnership for its taxable year ending within or with the taxpayer's
5 taxable year. For the purposes of subsection b. of this section, the
6 amount of tax liability that would be otherwise due of a taxpayer is
7 that proportion of the total liability of the taxpayer that the
8 taxpayer's share of the partnership income or gain included in gross
9 income bears to the total gross income of the taxpayer.

10 (2) The credit for a corporation that has made a valid election as
11 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
12 (C.54:10A-5.22) may be applied by the shareholders of the S
13 corporation against the tax liability otherwise due under the "New
14 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
15 the amount of credit that may be used by a shareholder of the S
16 corporation shall be determined by allocating to each shareholder of
17 the S corporation that proportion of the tax credit of the S
18 corporation that is equal to the shareholder's proportionate share of
19 the S corporation, whether or not distributed, of the total
20 distributive income or gain of the S corporation for its tax period
21 ending with or within the shareholder's tax period, and the credit
22 may be applied by the shareholders against the tax liability
23 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
24 N.J.S.54A:1-1 et seq.

25 d. ²**[The Executive Director]** (1) Except as provided in
26 paragraph (2) of this subsection, the Chief Executive Officer² of the
27 New Jersey Economic Development Authority, in consultation with
28 the director, shall adopt, pursuant to the "Administrative Procedure
29 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
30 that are necessary to implement sections 1 through 3 of P.L.1997,
31 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and this section,
32 including, but not limited to: examples of and the determination of
33 qualified investments of which applicants shall provide
34 documentation with their tax credit application; the promulgation of
35 procedures and forms necessary to apply for a credit; provisions for
36 recapture in the event a taxpayer receives a credit on the basis of its
37 commitment to transfer cash to a qualified venture fund and it does
38 not fund its commitment; and provisions for credit applicants to be
39 charged an initial application fee and ongoing service fees to cover
40 the administrative costs related to the credit.

41 ²(2) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
43 contrary, the Chief Executive Officer of the New Jersey Economic
44 Development Authority may adopt, immediately upon filing with
45 the Office of Administrative Law, rules and regulations that the
46 chief executive officer deems necessary to implement the provisions
47 of this section, as amended by P.L. , c. (pending before the
48 Legislature as this bill), which regulations shall be effective for a

1 period not to exceed 365 days from the date of the filing. The chief
2 executive officer shall thereafter amend, adopt, or readopt the
3 regulations in accordance with the requirements of P.L.1968, c.410
4 (C.52:14B-1 et seq.).

5 (3)² The amount of credits approved by the ²~~Executive~~
6 ~~Director~~ Chief Executive Officer² of the New Jersey Economic
7 Development Authority and the Director of the Division of
8 Taxation in the Department of the Treasury, pursuant to subsection
9 a. of this section and pursuant to section 3 of P.L.1997, c.349
10 (C.54:10A-5.30), shall not exceed a cumulative total of
11 ²~~[\$35,000,000]~~ \$25,000,000, plus the value of any unused tax
12 benefits from the immediately preceding State fiscal year, as
13 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
14 7.42a).² in any calendar year ²,² to apply against the tax imposed
15 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and the tax
16 imposed pursuant to the "New Jersey Gross Income Tax Act,"
17 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed
18 to taxpayers in a calendar year exceeds the amount of credits
19 available in that year, then taxpayers who have first applied for and
20 have not been allowed a credit amount for that reason shall be
21 allowed, in the order in which they have submitted an application,
22 the amount of the tax credit on the first day of the next succeeding
23 calendar year in which tax credits under this section and section 3
24 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of the amount
25 of credits available.

26 e. As used in this section:

27 "Advanced computing" means a technology used in the
28 designing and developing of computing hardware and software,
29 including innovations in designing the full spectrum of hardware
30 from hand-held calculators to super computers, and peripheral
31 equipment.

32 "Advanced materials" means materials with engineered
33 properties created through the development of specialized
34 processing and synthesis technology, including ceramics, high
35 value-added metals, electronic materials, composites, polymers, and
36 biomaterials.

37 ²"Authority" means the New Jersey Economic Development
38 Authority established pursuant to section 4 of P.L.1974, c.80
39 (C.34:1B-4).²

40 "Biotechnology" means the continually expanding body of
41 fundamental knowledge about the functioning of biological systems
42 from the macro level to the molecular and sub-atomic levels, as
43 well as novel products, services, technologies, and sub-technologies
44 developed as a result of insights gained from research advances
45 which add to that body of fundamental knowledge.

46 "Carbon footprint reduction technology" means a technology
47 using equipment for the commercial, institutional, and industrial

1 sectors that: increases energy efficiency; develops and delivers
2 renewable or non-carbon-emitting energy technologies; develops
3 innovative carbon emissions abatement with significant carbon
4 emissions reduction potential; or promotes measurable electricity
5 end-use energy efficiency.

6 "Control" with respect to a corporation, means ownership,
7 directly or indirectly, of stock possessing 80 percent or more of the
8 total combined voting power of all classes of the stock of the
9 corporation entitled to vote; and "control," with respect to a trust,
10 means ownership, directly or indirectly, of 80 percent or more of
11 the beneficial interest in the principal or income of the trust. The
12 ownership of stock in a corporation, of a capital or profits interest in
13 a partnership or association or of a beneficial interest in a trust shall
14 be determined in accordance with the rules for constructive
15 ownership of stock provided in subsection (c) of section 267 of the
16 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
17 paragraph (3) of subsection (c) of that section.

18 "Controlled group" means one or more chains of corporations
19 connected through stock ownership with a common parent
20 corporation if stock possessing at least 80 percent of the voting
21 power of all classes of stock of each of the corporations is owned
22 directly or indirectly by one or more of the corporations and the
23 common parent owns directly stock possessing at least 80 percent of
24 the voting power of all classes of stock of at least one of the other
25 corporations.

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

28 "Diverse entrepreneur" means a New Jersey based business that
29 meets the criteria for a minority business or female business set
30 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

31 "Electronic device technology" means a technology involving
32 microelectronics, semiconductors, electronic equipment and
33 instrumentation, radio frequency, microwave and millimeter
34 electronics, and optical and optic-electrical devices, or data and
35 digital communications and imaging devices.

36 "Information technology" means software publishing, motion
37 picture and video production, television production and post-
38 production services, telecommunications, data processing, hosting
39 and related services, custom computer programming services,
40 computer system design, computer facilities management services,
41 other computer related services, and computer training.

42 "Life sciences" means the production of medical equipment,
43 ophthalmic goods, medical or dental instruments, diagnostic
44 substances, biopharmaceutical products, or physical and biological
45 research.

46 "Medical device technology" means a technology involving any
47 medical equipment or product (other than a pharmaceutical product)

1 that has therapeutic value, diagnostic value, or both, and is
2 regulated by the federal Food and Drug Administration.

3 "Mobile communications technology" means a technology
4 involving the functionality and reliability of the transmission of
5 voice and multimedia data using a communication infrastructure via
6 a computer or a mobile device, that shall include, but not be limited
7 to, smartphones, electronic books and tablets, digital audio players,
8 motor vehicle electronics, home entertainment systems, and other
9 wireless appliances, without having connected to any physical or
10 fixed link.

11 "New Jersey based business" means a company with fewer than
12 **[225]** 150 employees, of whom at least 75 percent are filling a
13 position in New Jersey, that is doing business, employing or owning
14 capital or property, or maintaining an office in this State.

15 "New Jersey emerging technology business" means a company
16 with fewer than **[225]** 150 employees, of whom at least 75 percent
17 are filling a position in New Jersey, that is doing business,
18 employing or owning capital or property, or maintaining an office
19 in this State and: has qualified research expenses paid or incurred
20 for research conducted in this State; conducts pilot scale
21 manufacturing in this State; or conducts technology
22 commercialization in this State in the fields of advanced computing,
23 advanced materials, biotechnology, carbon footprint reduction
24 technology, electronic device technology, information technology,
25 life sciences, medical device technology, mobile communications
26 technology, or renewable energy technology.

27 "New Jersey emerging technology business holding company"
28 means any corporation, association, firm, partnership, trust or other
29 form of business organization, but not a natural person, which
30 directly or indirectly, owns, has the power or right to control, or has
31 the power to vote, a controlling share of the outstanding voting
32 securities of a corporation or other form of a New Jersey emerging
33 technology business.

34 "Partnership" means a syndicate, group, pool, joint venture, or
35 other unincorporated organization through or by means of which
36 any business, financial operation, or venture is carried on, and
37 which is not a trust or estate, a corporation, or a sole proprietorship.

38 "Pilot scale manufacturing" means design, construction, and
39 testing of preproduction prototypes and models in the fields of
40 advanced computing, advanced materials, biotechnology, carbon
41 footprint reduction technology electronic device technology,
42 information technology, life sciences, medical device technology,
43 mobile communications technology, or renewable energy
44 technology, other than for commercial sale, excluding sales of
45 prototypes or sales for market testing if the total gross receipts, as
46 calculated in the manner provided in section 6 of P.L.1945, c.162
47 (C.54:10A-6), from the sales of the product, service, or process do
48 not exceed \$1,000,000.

1 "Qualified investment" means the non-refundable transfer of
2 cash to a New Jersey emerging technology business or to a New
3 Jersey emerging technology business holding company by a
4 taxpayer that is not a related person of the New Jersey emerging
5 technology business or the New Jersey emerging technology
6 business holding company, the transfer of which is in connection
7 with either: a transaction between or among the taxpayer and the
8 New Jersey emerging technology business or the New Jersey
9 emerging technology holding company or both in exchange for
10 stock, interests in partnerships or joint ventures, licenses (exclusive
11 or non-exclusive), rights to use technology, marketing rights,
12 warrants, options, or any items similar to those included herein,
13 including, but not limited to, options or rights to acquire any of the
14 items included herein; or a purchase, production, or research
15 agreement between or among the taxpayer and the New Jersey
16 emerging technology business or the New Jersey emerging
17 technology holding company or both. "Qualified investment" also
18 means the non-refundable transfer of cash or irrevocable contractual
19 commitment to transfer cash to a qualified venture fund.

20 "Qualified research expenses" means qualified research
21 expenses, as defined in section 41 of the federal Internal Revenue
22 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
23 fields of advanced computing, advanced materials, biotechnology,
24 electronic device technology, information technology, life sciences,
25 medical device technology, mobile communications technology, or
26 renewable energy technology.

27 "Qualified venture fund" means a venture fund required by
28 contract to invest a minimum of 50 percent of its funds in New
29 Jersey based businesses that the authority, in its sole discretion,
30 based upon the qualified venture fund's investment history, if any,
31 its private placement memorandum and other relevant information,
32 has determined has the capacity to make the minimum investment.

33 "Related person" means:

34 a corporation, partnership, association or trust controlled by the
35 taxpayer;

36 an individual, corporation, partnership, association or trust that is
37 in the control of the taxpayer;

38 a corporation, partnership, association or trust controlled by an
39 individual, corporation, partnership, association or trust that is in
40 the control of the taxpayer; or

41 a member of the same controlled group as the taxpayer.

42 "Renewable energy technology" means a technology involving
43 the generation of electricity from solar energy; wind energy; wave
44 or tidal action; geothermal energy; the combustion of gas from the
45 anaerobic digestion of food waste and sewage sludge at a biomass
46 generating facility; the combustion of methane gas captured from a
47 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,

1 digester gas, biomass gas, or other renewable fuel but not powered
2 by a fossil fuel.

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

10 "Verified transfer of funds" means a non-refundable transfer of
11 funds equal to 100 percent of the taxpayer's qualified investment in
12 the New Jersey emerging technology business holding company to a
13 New Jersey emerging technology business by the New Jersey
14 emerging technology business holding company that is
15 accompanied by documentation, as required by the New Jersey
16 Economic Development Authority, which provides proof of a cash
17 transaction originating with a taxpayer and concluding with a New
18 Jersey emerging technology business, provided that the transactions
19 from origin to destination occur within the same taxable year.

20 The definitions of "advanced computing," "advanced materials,"
21 "biotechnology," "carbon footprint reduction technology,"
22 "electronic device technology," "information technology," "life
23 sciences," "medical device technology," "mobile communications
24 technology," "New Jersey emerging technology business," "pilot
25 scale manufacturing," and "renewable energy technology" may be
26 modified by regulation to conform to definitions in other programs
27 administered by the authority.

28 (cf: P.L.2020, c.156, s.119)

29

30 ²⁴. Section 1 of P.L.1997, c.334 (C.34:1B-7.42a) is amended to
31 read as follows:

32 1. a. The New Jersey Economic Development Authority shall
33 establish within the New Jersey Emerging Technology and
34 Biotechnology Financial Assistance Program established pursuant
35 to P.L.1995, c.137 (C.34:1B-7.37 et seq.), a corporation business
36 tax benefit certificate transfer program to allow new or expanding
37 emerging technology and biotechnology companies in this State
38 with unused amounts of research and development tax credits
39 otherwise allowable which cannot be applied for the credit's tax
40 year due to the limitations of subsection b. of section 1 of P.L.1993,
41 c.175 (C.54:10A-5.24) and unused prior net operating loss
42 conversion carryover or net operating loss carryover pursuant to
43 section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax
44 benefits for use by other corporation business taxpayers in this
45 State, provided that the taxpayer receiving the surrendered tax
46 benefits is not affiliated with a corporation that is surrendering its
47 tax benefits under the program established under P.L.1997, c.334.
48 For the purposes of this section, the test of affiliation is whether the

1 same entity directly or indirectly owns or controls five percent or
2 more of the voting rights or five percent or more of the value of all
3 classes of stock of both the taxpayer receiving the benefits and a
4 corporation that is surrendering the benefits. The tax benefits may
5 be used on the corporation business tax returns to be filed by those
6 taxpayers in exchange for private financial assistance to be provided
7 by the corporation business taxpayer that is the recipient of the
8 corporation business tax benefit certificate to assist in the funding
9 of costs incurred by the new or expanding emerging technology and
10 biotechnology company. For purposes of this subsection, a member
11 of a combined group may sell prior net operating loss conversion
12 carryover to other members of the combined group, if otherwise
13 applicable and allowable under section 2 of P.L.1997, c.334
14 (C.54:10A-4.2) and this section; provided, however, such sale of
15 prior net operating loss conversion carryover shall be made at arm's
16 length price at the same rate as though the sale was to an unrelated
17 taxpayer.

18 b. The authority, in cooperation with the Division of Taxation
19 in the Department of the Treasury, shall review and approve
20 applications by new or expanding emerging technology and
21 biotechnology companies in this State with unused but otherwise
22 allowable carryover of research and development tax credits
23 pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), and
24 unused but otherwise allowable prior net operating loss conversion
25 carryover or net operating loss carryover pursuant to section 4 of
26 P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits in
27 exchange for private financial assistance to be made by the
28 corporation business taxpayer that is the recipient of the corporation
29 business tax benefit certificate in an amount equal to at least 80
30 percent of the amount of the surrendered tax benefit. Provided that
31 the amount of the surrendered tax benefit for a surrendered research
32 and development tax credit carryover is the amount of the credit,
33 and provided that the amount of the surrendered tax benefit for a
34 surrendered prior net operating loss conversion carryover or net
35 operating loss carryover is that amount for the tax year in which the
36 benefit is transferred and subsequently multiplied by the
37 corporation business tax rate provided pursuant to subsection (c) of
38 section 5 of P.L.1945, c.162 (C.54:10A-5). The authority shall be
39 authorized to approve the transfer of no more than \$75,000,000 of
40 tax benefits in a State fiscal year. If the total amount of transferable
41 tax benefits requested to be surrendered by approved applicants
42 exceeds \$75,000,000 for a State fiscal year, the authority, in
43 cooperation with the Division of Taxation in the Department of the
44 Treasury, shall not be authorized to approve the transfer of more
45 than \$75,000,000 for that State fiscal year and shall allocate the
46 transfer of tax benefits by approved companies using the following
47 method:

1 (1) an eligible applicant with \$250,000 or less of transferable
2 tax benefits shall be authorized to surrender the entire amount of its
3 transferable tax benefits;

4 (2) an eligible applicant with more than \$250,000 of transferable
5 tax benefits shall be authorized to surrender a minimum of
6 \$250,000 of its transferable tax benefits;

7 (3) (Deleted by amendment, P.L.2009, c.90.)

8 (4) an eligible applicant with more than \$250,000 shall also be
9 authorized to surrender additional transferable tax benefits
10 determined by multiplying the applicant's transferable tax benefits
11 less the minimum transferable tax benefits that company is
12 authorized to surrender under paragraph (2) of this subsection by a
13 fraction, the numerator of which is the total amount of transferable
14 tax benefits that the authority is authorized to approve less the total
15 amount of transferable tax benefits approved under paragraphs (1),
16 (2), and (5) of this subsection and the denominator of which is the
17 total amount of transferable tax benefits requested to be surrendered
18 by all eligible applicants less the total amount of transferable tax
19 benefits approved under paragraphs (1), (2), and (5) of this
20 subsection;

21 (5) The authority shall establish the boundaries for three
22 innovation zones to be geographically distributed in the northern,
23 central, and southern portions of this State. Of the \$75,000,000 of
24 transferable tax benefits authorized for each State fiscal year,
25 \$15,000,000 shall be allocated for the surrender of transferable tax
26 benefits exclusively by new and expanding emerging technology
27 and biotechnology companies that operate within the boundaries of
28 the innovation zones or opportunity zones, or for new and
29 expanding emerging technology and biotechnology companies that
30 are certified as a woman- or minority-owned business at the time of
31 program application, except that any portion of the \$15,000,000 that
32 is not so approved shall be available for that State fiscal year for the
33 surrender of transferable tax benefits by new and expanding
34 emerging technology and biotechnology companies that do not
35 operate within the boundaries of an innovation zone or opportunity
36 zone, or for a new and expanding emerging technology and
37 biotechnology company that is certified as a woman- or minority-
38 owned business at the time of program application.

39 If the total amount of transferable tax benefits that would be
40 authorized using the above method exceeds \$75,000,000 for a State
41 fiscal year, then the authority, in cooperation with the Division of
42 Taxation in the Department of the Treasury, shall limit the total
43 amount of tax benefits authorized to be transferred to \$75,000,000
44 by applying the above method on an apportioned basis.

45 For purposes of this section transferable tax benefits include an
46 eligible applicant's unused but otherwise allowable prior net
47 operating loss conversion carryover or net operating loss carryover
48 determined pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4)

1 for the tax year in which the benefit is transferred and subsequently
2 multiplied by the corporation business tax rate as provided in
3 subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5) plus the
4 total amount of the applicant's unused but otherwise allowable
5 carryover of research and development tax credits. An eligible
6 applicant's transferable tax benefits shall be limited to net operating
7 losses and research and development tax credits that the applicant
8 requests to surrender in its application to the authority and shall not,
9 in total, exceed the maximum amount of tax benefits that the
10 applicant is eligible to surrender.

11 No application for a corporation business tax benefit transfer
12 certificate shall be approved in which the new or expanding
13 emerging technology or biotechnology company (1) has
14 demonstrated positive net operating income in any of the two
15 previous full years of ongoing operations as determined on its
16 financial statements issued according to generally accepted
17 accounting standards endorsed by the Financial Accounting
18 Standards Board; or (2) is directly or indirectly at least 50 percent
19 owned or controlled by another corporation that has demonstrated
20 positive net operating income in any of the two previous full years
21 of ongoing operations as determined on its financial statements
22 issued according to generally accepted accounting standards
23 endorsed by the Financial Accounting Standards Board or is part of
24 a consolidated group of affiliated corporations, as filed for federal
25 income tax purposes, that in the aggregate has demonstrated
26 positive net operating income in any of the two previous full years
27 of ongoing operations as determined on its combined financial
28 statements issued according to generally accepted accounting
29 standards endorsed by the Financial Accounting Standards Board.

30 For purposes of this subsection, a member of a combined group
31 may sell prior net operating loss conversion carryover to other
32 members of the combined group, if otherwise applicable and
33 allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and
34 this section; provided, however, such sale of prior net operating loss
35 conversion carryover shall be made at arm's length price at the same
36 rate as though the sale was to an unrelated taxpayer.

37 The maximum lifetime value of surrendered tax benefits that a
38 corporation shall be permitted to surrender pursuant to the program
39 is \$20,000,000. Applications must be received on or before June 30
40 of each State fiscal year.

41 The authority, in consultation with the Division of Taxation,
42 shall establish rules for the recapture of all, or a portion of, the
43 amount of a grant of a corporation business tax benefit certificate
44 from the new or expanding emerging technology and biotechnology
45 company having surrendered tax benefits pursuant to this section in
46 the event the taxpayer fails to use the private financial assistance
47 received for the surrender of tax benefits as required by this section
48 or fails to maintain a headquarters or a base of operation in this

1 State during the five years following receipt of the private financial
2 assistance; except if the failure to maintain a headquarters or a base
3 of operation in this State is due to the liquidation of the new or
4 expanding emerging technology and biotechnology company.

5 c. The authority, in cooperation with the Division of Taxation
6 in the Department of the Treasury, shall review and approve
7 applications by taxpayers under the Corporation Business Tax Act
8 (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), to acquire
9 surrendered tax benefits approved pursuant to subsection b. of this
10 section which shall be issued in the form of corporation business
11 tax benefit transfer certificates, in exchange for private financial
12 assistance to be made by the taxpayer in an amount equal to at least
13 80 percent of the amount of the surrendered tax benefit of an
14 emerging technology or biotechnology company in the State. A
15 corporation business tax benefit transfer certificate shall not be
16 issued unless the applicant certifies that as of the date of the
17 exchange of the corporation business tax benefit certificate it is
18 operating as a new or expanding emerging technology or
19 biotechnology company and has no current intention to cease
20 operating as a new or expanding emerging technology or
21 biotechnology company.

22 The managerial member of a combined group shall be the
23 member that acquires a corporation business tax benefit certificate
24 on behalf of the combined group for use on the combined return.

25 The private financial assistance shall assist in funding expenses
26 incurred in connection with the operation of the new or expanding
27 emerging technology or biotechnology company in the State,
28 including but not limited to the expenses of fixed assets, such as the
29 construction and acquisition and development of real estate,
30 materials, start-up, tenant fit-out, working capital, salaries, research
31 and development expenditures and any other expenses determined
32 by the authority to be necessary to carry out the purposes of the
33 New Jersey Emerging Technology and Biotechnology Financial
34 Assistance Program.

35 The authority shall require a corporation business taxpayer that
36 acquires a corporation business tax benefit certificate to enter into a
37 written agreement with the new or expanding emerging technology
38 or biotechnology company concerning the terms and conditions of
39 the private financial assistance made in exchange for the certificate.
40 The written agreement may contain terms concerning the
41 maintenance by the new or expanding emerging technology or
42 biotechnology company of a headquarters or a base of operation in
43 this State.

44 d. (Deleted by amendment, P.L.2009, c.90.)

45 e. Notwithstanding any provision of law to the contrary, if, in
46 any fiscal year, the value of transferable tax benefits transferred
47 pursuant to subsection b. of this section is less than the maximum
48 value of tax benefits that may be transferred pursuant to subsection

1 b. of this section, the authority, in consultation with the Director of
 2 the Division of Taxation in the Department of the Treasury, shall
 3 certify the amount of the excess value of transferable tax benefits.
 4 The amount of the excess value of transferable tax benefits shall be
 5 added to the cumulative total amount of tax credits authorized
 6 pursuant to subsection e. of section 3 of P.L.1997, c.349 (C.54:10A-
 7 5.30) and subsection d. of section 4 of P.L.2013, c.14 (C.54A:4-13)
 8 for the immediately succeeding calendar year.²
 9 (cf: P.L.2021, c.160, s.52)

10
 11 ^{25.} Section 8 of P.L.1995, c.137 (C.34:1B-7.44) is amended to
 12 read as follows:

13 8. a. The authority shall adopt, pursuant to the "Administrative
 14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and
 15 regulations necessary to effectuate the purposes of this act. In
 16 developing procedures and forms to be used in connection with the
 17 application for and approval of financial assistance pursuant to this
 18 act, the authority shall consider the special needs and problems of
 19 emerging technology and biotechnology companies in the State.

20 b. Notwithstanding the provisions of the "Administrative
 21 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
 22 contrary, the Chief Executive Officer of the New Jersey Economic
 23 Development Authority may adopt, immediately upon filing with
 24 the Office of Administrative Law, rules and regulations that the
 25 chief executive officer deems necessary to implement the provisions
 26 of P.L. , c. (C.) (pending before the Legislature as this
 27 bill), which regulations shall be effective for a period not to exceed
 28 365 days from the date of the filing. The chief executive officer
 29 shall thereafter amend, adopt, or readopt the regulations in
 30 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
 31 et seq.).²

32 (cf: P.L.1995, c.137, s.8)

33
 34 ^{26.} Sections 92 through 97 of P.L.2020, c.156 (C.34:1B-356
 35 through C.34:1B-361) are repealed.²

36
 37 ²**[4.] 7.²** This act shall take effect immediately and shall apply
 38 to ²any applications for the Angel Investor Tax Credit, submitted
 39 pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30) and
 40 section 4 of P.L.2013, c.14 (C.54A:4-13), that are approved for²
 41 taxable years and privilege periods beginning on or after January 1
 42 of the year next following the date of enactment.

ASSEMBLY SCIENCE, INNOVATION AND TECHNOLOGY COMMITTEE

STATEMENT TO ASSEMBLY, No. 2365

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 16, 2024

The Assembly Science, Innovation and Technology Committee reports favorably and with committee amendments Assembly Bill No. 2365.

As amended and reported, this bill increases the amount of the tax credit provided under the “New Jersey Angel Investor Tax Credit Act” for a qualified investment made in a New Jersey emerging technology business venture. Under current law, a taxpayer is allowed a credit against the gross income tax and corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may also qualify for an additional five percent credit when the qualified investment is made in: (1) an emerging technology business that is located in an opportunity zone or a low-income community; (2) an emerging technology business that is a minority business or women’s business; or (3) a qualified venture fund that commits by contract to invest 50 percent of its funds in diverse entrepreneurs.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer’s qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases the total amount of the tax credit provided to taxpayers that qualify for the additional five percent credit from 25 percent to 40 percent of a taxpayer’s qualified investment. The bill also revises the definitions of “New Jersey based business” and “New Jersey emerging technology business” to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As amended and reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that:

(1) the amount of the standard tax credit would equal 35 percent of a taxpayer's qualified investment, not 60 percent of these investments, as previously provided in the bill; and

(2) the total amount of the tax credit would equal 40 percent of a taxpayer's qualified investments in certain businesses, not 65 percent of these investments, as previously provided in the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2365

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 2365 (1R).

As amended, this bill increases the amount of the tax credit provided under the “New Jersey Angel Investor Tax Credit Act” for a qualified investment made in a New Jersey emerging technology business venture. Under current law, a taxpayer is allowed a credit against the gross income tax and corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may also qualify for an additional five percent credit when the qualified investment is made in: (1) an emerging technology business that is located in an opportunity zone or a low-income community; or (2) an emerging technology business that is a minority business or women’s business, and, in the case of a qualified venture fund, if the qualified venture fund commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The bill also clarifies that the maximum value of an award of tax credits is \$500,000 for each qualified investment made by a taxpayer.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer’s qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increases the total amount of the tax credit provided to taxpayers that qualify for the additional five percent credit from 25 percent to 40 percent of a taxpayer’s qualified investment. The bill also revises the definitions of “New Jersey based business” and “New Jersey emerging technology business” to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

The bill also modifies the maximum amount of tax credits that may be awarded in any calendar year to support the “New Jersey Angel Investor Tax Credit Act.” Under current law, the EDA is not permitted to approve more than \$35,000,000 in tax credits in a calendar year under the “New Jersey Angel Investor Tax Credit Act.” This bill reduces this maximum allowable amount from \$35,000,000

to \$25,000,000. Concurrently, this bill also provides that in any calendar year, additional, unused tax benefits may also be deployed from the Technology Business Tax Certificate Transfer Program's annual authorization to support the award of tax credits under the "New Jersey Angel Investor Tax Credit Act."

Under current law, new or expanding emerging technology and biotechnology companies with unused amounts of certain corporation business tax benefits are permitted to apply for a corporation business tax benefit certificate transfer program. Under the Technology Business Tax Certificate Transfer Program, also known as the "NOL Program" or "net operating losses program," corporation business taxpayers may surrender certain unused, but otherwise allowable and transferable, tax benefits in exchange for private financial assistance from other corporation business taxpayers. The EDA is authorized to approve the transfer of no more than \$75,000,000 of tax benefits in a State fiscal year. If less than this amount is surrendered during any State fiscal year, the difference would be added to the maximum allowable tax credits that may be awarded under the "New Jersey Angel Investor Tax Credit Act" in the following calendar year.

The bill also repeals the "New Jersey Ignite Act," which authorized the EDA to establish and administer the New Jersey Ignite Program to foster early stage innovation economy businesses.

As amended and reported, this bill is identical to Senate Bill No. 3189 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments provide several changes to the "New Jersey Angel Investor Tax Credit Act," including modifying the maximum amount of tax credits that may be awarded in certain calendar years. Under current law, the EDA is not permitted to approve more than \$35,000,000 in tax credits in any calendar year. These amendments reduce the maximum amount of allowable tax credits that the EDA is permitted to approve in any calendar year from \$35,000,000 to \$25,000,000. These amendments also provide that in any calendar year, unused tax benefits may also be reallocated from the Technology Business Tax Certificate Transfer Program to support the award of tax credits under the "New Jersey Angel Investor Tax Credit Act." Specifically, if less than the maximum allowable amount of tax benefits are surrendered under the Technology Business Tax Certificate Transfer Program, the difference would be added to the maximum allowable tax credits that may be awarded under the "New Jersey Angel Investor Tax Credit Act" in the following calendar year.

The amendments also clarify that tax credits awarded under the "New Jersey Angel Investor Tax Credit Act" may be used in the taxable year or privilege period in which the taxpayer applied for the tax credit. Additionally, the amendments clarify that the maximum

value of tax credits approved by the EDA is \$500,000 for each qualified investment made by a taxpayer. The amendments also permit the Chief Executive Officer of the EDA to adopt regulations necessary to implement the provisions of this bill.

The amendments repeal the “New Jersey Ignite Act.” The amendments also provide technical changes to the title and synopsis of the bill.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
ASSEMBLY, No. 2365
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 24, 2025

SUMMARY

Synopsis: Increases amount of tax credits for investments made in certain technology business ventures under the “New Jersey Angel Investor Tax Credit Act.”

Type of Impact: Annual State revenue loss.
Increase in local revenues.

Agencies Affected: Department of the Treasury.
New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2027 & Thereafter</u>
State Revenue Loss	Maximum of \$15.2 million to \$15.7 million
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the State may incur a maximum annual revenue loss of \$15.2 million to \$15.7 million as a result of this bill. Under current law, the Angel Investor Tax Credit Program has an annual cap of \$35 million. The bill increases the value of tax credits that may be awarded for qualified investments through the program; it does not increase the limit on total annual awards.
- Information published in the New Jersey Economic Development Authority’s annual reports shows that the authority awarded \$113.7 million in Angel Investor Tax Credits during the 10-year period from calendar year 2014 through calendar year 2023, incentivizing \$996.4 million in qualified investments during that time.
- To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these revenues cannot be determined.

BILL DESCRIPTION

The bill increases the amount of the tax credit provided under the New Jersey Angel Investor Tax Credit Act for a qualified investment made in a New Jersey emerging technology business venture.

Under current law, a taxpayer is allowed a credit against the gross income tax and the corporation business tax in an amount equal to 20 percent of a qualified investment made by the taxpayer in a New Jersey emerging technology business or a qualified venture fund. A taxpayer may be allowed a credit of 25 percent of the qualified investment if the emerging technology business is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The tax credit is capped at \$500,000 for each qualified investment and the total amount of tax credits that may be approved through the program each year by the authority is capped at \$35 million.

The bill increases the amount of the tax credit that may be provided to a taxpayer from 20 percent to 35 percent of the taxpayer's qualified investment in a New Jersey emerging technology business or qualified venture fund. The bill also increase, from 25 percent to 40 percent, the tax credit allowed for a taxpayer that makes a qualified investment in an emerging technology business that is: (1) located in an opportunity zone or low-income community, as defined by federal law; or (2) is certified by the State as a minority business or women's business, and in the case of a qualified venture fund, commits by contract to invest 50 percent of its funds in diverse entrepreneurs. The bill also revises the definitions of "New Jersey based business" and "New Jersey emerging technology business" to lower, from 224 to 149, the maximum number of employees that a business may employ in order for a taxpayer to qualify for the tax credit.

The bill takes effect immediately and applies to taxable years and privilege periods beginning on or after January 1 next following enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the State may incur a maximum annual revenue loss of \$15.2 million to \$15.7 million as a result of the bill beginning in FY 2027. There will be no revenue loss prior to FY 2027 because the bill applies to tax years and privilege periods beginning on the January 1 next following the date of enactment. If the bill is enacted in calendar year 2025, angel investor tax credits will be awarded at the higher amounts under the bill beginning in calendar year 2026. Calendar year 2026 tax returns for both corporation business taxpayers and gross income taxpayers will be due beginning in calendar year 2027, or FY 2027.

According to information published in the authority's annual reports, the total amount of qualified investments in calendar years 2017 through 2023 averaged about \$110.9 million. The average amount of tax credits awarded annually was about \$13.3 million. If all qualified

investments were eligible for a 35 percent tax credit instead of a 20 percent tax credit, subject to the annual limit of \$35 million, then the total amount of tax credits awarded would be about \$28.4 million. If all qualified investments were eligible for a 40 percent tax credit instead of a 25 percent tax credit, subject to the annual limit of \$35 million, then the total amount of tax credits awarded would be about \$28.9 million. The potential State revenue loss is calculated by subtracting the average amount of tax credits awarded from calendar years 2017 through 2023, which is \$13.3 million from the estimated value of tax credit awards at the increased amounts under the bill.

The OLS notes that the actual State revenue loss is likely to be lower than the estimated range. This is so because the bill reduces, from 224 to 149, the maximum number of employees that a business may employ in order to qualify for the tax credit. Thus, some qualified investments that would be eligible for a tax credit under current law would not be eligible for a tax credit under the bill. Data available through the authority indicates that the program has yet to utilize the full amount of tax credits available in any year. The enhanced credit may incentivize more activity under the program, which could in turn utilize the remaining available cap space.

To the extent that additional investments in emerging technology business ventures resulting from the bill spur greater economic activity, the State and local governments could benefit from increased tax revenues. However, the magnitude of these additional revenues cannot be determined.

Section: Revenue, Finance and Appropriations
Analyst: Scott A. Brodsky
Staff Fiscal and 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