



**FLOOR AMENDMENT STATEMENT:**

No

**LEGISLATIVE FISCAL ESTIMATE:**

Yes 4-16-2018

**VETO MESSAGE:**

Yes

**GOVERNOR'S PRESS RELEASE ON SIGNING:**

Yes

**FOLLOWING WERE PRINTED:**

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No

RWH

P.L. 2018, CHAPTER 44, *approved June 28, 2018*  
Senate, No. 1968 (*First Reprint*)

1 AN ACT concerning tax credits under the Economic Redevelopment  
2 and Growth Grant program for certain qualified residential  
3 projects and mixed use parking projects, and amending P.L.2009,  
4 c.90.

5

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

8

9 1. Section 3 of P.L.2009, c. 90 (C.52:27D-489c) is amended to  
10 read as follows:

11 3. As used in sections 3 through 18 of P.L.2009, c.90 (C.52:27D-  
12 489c et al.):

13 "Applicant" means a developer proposing to enter into a  
14 redevelopment incentive grant agreement.

15 "Ancillary infrastructure project" means structures or  
16 improvements that are located within the incentive area but outside the  
17 project area of a redevelopment project, including, but not limited to,  
18 docks, bulkheads, parking garages, freight rail spurs, roadway  
19 overpasses, and train station platforms, provided a developer or  
20 municipal redeveloper has demonstrated that the redevelopment  
21 project would not be economically viable or promote the use of public  
22 transportation without such improvements, as approved by the State  
23 Treasurer.

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

26 "Aviation district" means the area within a one-mile radius of the  
27 outermost boundary of the "Atlantic City International Airport,"  
28 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-24).

29 "Deep poverty pocket" means a population census tract having a  
30 poverty level of 20 percent or more, and which is located within the  
31 incentive area and has been determined by the authority to be an area  
32 appropriate for development and in need of economic development  
33 incentive assistance.

34 "Developer" means any person who enters or proposes to enter into  
35 a redevelopment incentive grant agreement pursuant to the provisions  
36 of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its successors or  
37 assignees, including but not limited to a lender that completes a  
38 redevelopment project, operates a redevelopment project, or completes  
39 and operates a redevelopment project. A developer also may be a  
40 municipal redeveloper as defined herein or Rutgers, the State  
41 University of New Jersey.

**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:

<sup>1</sup>Senate amendments adopted in accordance with Governor's  
recommendations June 7, 2018.

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

3 "Disaster recovery project" means a redevelopment project located  
4 on property that has been wholly or substantially damaged or  
5 destroyed as a result of a federally-declared disaster, and which is  
6 located within the incentive area and has been determined by the  
7 authority to be in an area appropriate for development and in need of  
8 economic development incentive assistance.

9 "Distressed municipality" means a municipality that is qualified to  
10 receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a  
11 municipality under the supervision of the Local Finance Board  
12 pursuant to the provisions of the "Local Government Supervision Act  
13 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality  
14 identified by the Director of the Division of Local Government  
15 Services in the Department of Community Affairs to be facing serious  
16 fiscal distress, a SDA municipality, or a municipality in which a major  
17 rail station is located.

18 "Eligibility period" means the period of time specified in a  
19 redevelopment incentive grant agreement for the payment of  
20 reimbursements to a developer, which period shall not exceed 20  
21 years, with the term to be determined solely at the discretion of the  
22 applicant.

23 "Eligible revenue" means the property tax increment and any other  
24 incremental revenues set forth in section 11 of P.L.2009, c.90  
25 (C.52:27D-489k), except in the case of a Garden State Growth Zone,  
26 in which the property tax increment and any other incremental  
27 revenues are calculated as those incremental revenues that would have  
28 existed notwithstanding the provisions of the "New Jersey Economic  
29 Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-489p et al.).

30 "Garden State Growth Zone" or "growth zone" means the four  
31 New Jersey cities with the lowest median family income based on the  
32 2009 American Community Survey from the US Census, (Table 708.  
33 Household, Family, and Per Capita Income and Individuals, and  
34 Families Below Poverty Level by City: 2009); or a municipality which  
35 contains a Tourism District as established pursuant to section 5 of  
36 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment  
37 Development Authority.

38 "Highlands development credit receiving area or redevelopment  
39 area" means an area located within an incentive area and designated by  
40 the Highlands Council for the receipt of Highlands Development  
41 Credits under the Highlands Transfer Development Rights Program  
42 authorized under section 13 of P.L.2004, c.120 (C.13:20-13).

43 "Incentive grant" means reimbursement of all or a portion of the  
44 project financing gap of a redevelopment project through the State or a  
45 local Economic Redevelopment and Growth Grant program pursuant  
46 to section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d or  
47 C.52:27D-489e).

1 "Infrastructure improvements in the public right-of-way" mean  
2 public structures or improvements located in the public right-of-way  
3 that are located within a project area or that constitute an ancillary  
4 infrastructure project, either of which are dedicated to or owned by a  
5 governmental body or agency upon completion, or any required  
6 payment in lieu of the structures, improvements or projects, or any  
7 costs of remediation associated with the structures, improvements or  
8 projects, and that are determined by the authority, in consultation with  
9 applicable State agencies, to be consistent with and in furtherance of  
10 State public infrastructure objectives and initiatives.

11 "Low-income housing" means housing affordable according to  
12 federal Department of Housing and Urban Development or other  
13 recognized standards for home ownership and rental costs and  
14 occupied or reserved for occupancy by households with a gross  
15 household income equal to 50 percent or less of the median gross  
16 household income for households of the same size within the housing  
17 region in which the housing is located.

18 "Major rail station" means a railroad station located within a  
19 qualified incentive area which provides access to the public to a  
20 minimum of six rail passenger service lines operated by the New  
21 Jersey Transit Corporation.

22 "Mixed use parking project" means a redevelopment project, the  
23 parking component of which shall constitute 51 percent or more of any  
24 of the following:

- 25 a. the total square footage of the entire mixed use parking project;  
26 b. the estimated revenues of the entire mixed use parking project;  
27 or  
28 c. the total construction cost of the entire mixed use parking  
29 project.

30 "Moderate-income housing" means housing affordable, according  
31 to United States Department of Housing and Urban Development or  
32 other recognized standards for home ownership and rental costs, and  
33 occupied or reserved for occupancy by households with a gross  
34 household income equal to more than 50 percent but less than 80  
35 percent of the median gross household income for households of the  
36 same size within the housing region in which the housing is located.

37 "Municipal redeveloper" means an applicant for a redevelopment  
38 incentive grant agreement, which applicant is:

- 39 a. a municipal government, a municipal parking authority, or a  
40 redevelopment agency acting on behalf of a municipal government as  
41 defined  
42 in section 3 of P.L.1992, c.79 (C.40A:12A-3); or  
43 b. a developer of a mixed use parking project, provided that the  
44 parking component of the mixed use parking project is operated and  
45 maintained by a municipal parking authority for the term of any  
46 financial assistance granted pursuant to P.L.2015, c.69.

1 "Municipal Revitalization Index" means the 2007 index by the  
2 Office for Planning Advocacy within the Department of State  
3 measuring or ranking municipal distress.

4 "Non-parking component" means that portion of a mixed use  
5 parking project not used for parking, together with the portion of the  
6 costs of the mixed use parking project, including but not limited to the  
7 footings, foundations, site work, infrastructure, and soft costs that are  
8 allocable to the non-parking use.

9 "Parking component" means that portion of a mixed use parking  
10 project used for parking, together with the portion of the costs of the  
11 mixed use parking project, including but not limited to the footings,  
12 foundations, site work, infrastructure, and soft costs that are allocable  
13 to the parking use. The parking component, which may include  
14 'enclosed' pedestrian walkways or a skybridge, may be in the same  
15 structure as 'all' the non-parking 'component' components' or may  
16 be in 'a structure with some non-parking components with the  
17 remaining non-parking components in' an adjacent or nearby structure  
18 'that is no more than one third of a mile from the parking  
19 components'.

20 "Project area" means land or lands located within the incentive  
21 area under common ownership or control including through a  
22 redevelopment agreement with a municipality, or as otherwise  
23 established by a municipality or a redevelopment agreement executed  
24 by a State entity to implement a redevelopment project.

25 "Project cost" means the costs incurred in connection with the  
26 redevelopment project by the developer until the issuance of a  
27 permanent certificate of occupancy, or until such other time specified  
28 by the authority, for a specific investment or improvement, including  
29 the costs relating to receiving Highlands Development Credits under  
30 the Highlands Transfer Development Rights Program authorized  
31 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13), lands,  
32 buildings, improvements, real or personal property, or any interest  
33 therein, including leases discounted to present value, including lands  
34 under water, riparian rights, space rights and air rights acquired,  
35 owned, developed or redeveloped, constructed, reconstructed,  
36 rehabilitated or improved, any environmental remediation costs, plus  
37 costs not directly related to construction, of an amount not to exceed  
38 20 percent of the total costs, capitalized interest paid to third parties,  
39 and the cost of infrastructure improvements, including ancillary  
40 infrastructure projects, and, for projects located in a Garden State  
41 Growth Zone only, the cost of infrastructure improvements including  
42 any ancillary infrastructure project and the amount by which total  
43 project cost exceeds the cost of an alternative location for the  
44 redevelopment project, but excluding any particular costs for which  
45 the project has received federal, State, or local funding.

46 "Project financing gap" means:

1 a. the part of the total project cost, including return on  
2 investment, that remains to be financed after all other sources of  
3 capital have been accounted for, including, but not limited to,  
4 developer-contributed capital, which shall not be less than 20 percent  
5 of the total project cost, which may include the value of any existing  
6 land and improvements in the project area owned or controlled by the  
7 developer, and the cost of infrastructure improvements in the public  
8 right-of-way, subject to review by the State Treasurer, and investor or  
9 financial entity capital or loans for which the developer, after making  
10 all good faith efforts to raise additional capital, certifies that additional  
11 capital cannot be raised from other sources on a non-recourse basis;  
12 and

13 b. the amount by which total project cost exceeds the cost of an  
14 alternative location for the out-of-State redevelopment project.

15 "Project revenue" means all rents, fees, sales, and payments  
16 generated by a project, less taxes or other government payments.

17 "Property tax increment" means the amount obtained by:

18 a. multiplying the general tax rate levied each year by the taxable  
19 value of all the property assessed within a project area in the same  
20 year, excluding any special assessments; and

21 b. multiplying that product by a fraction having a numerator equal  
22 to the taxable value of all the property assessed within the project area,  
23 minus the property tax increment base, and having a denominator  
24 equal to the taxable value of all property assessed within the project  
25 area.

26 For the purpose of this definition, "property tax increment base"  
27 means the aggregate taxable value of all property assessed which is  
28 located within the redevelopment project area as of October 1st of the  
29 year proceeding the year in which the redevelopment incentive grant  
30 agreement is authorized.

31 "Qualified incubator facility" means a commercial building located  
32 within an incentive area: which contains 100,000 or more square feet  
33 of office, laboratory, or industrial space; which is located near, and  
34 presents opportunities for collaboration with, a research institution,  
35 teaching hospital, college, or university; and within which, at least 75  
36 percent of the gross leasable area is restricted for use by one or more  
37 technology startup companies during the commitment period.

38 "Qualified residential project" means a redevelopment project that  
39 is predominantly residential and includes multi-family residential units  
40 for purchase or lease, or dormitory units for purchase or lease, having  
41 a total project cost of at least \$17,500,000, if the project is located in  
42 any municipality with a population greater than 200,000 according to  
43 the latest federal decennial census, or having a total project cost of at  
44 least \$10,000,000 if the project is located in any municipality with a  
45 population less than 200,000 according to the latest federal decennial  
46 census, or is a disaster recovery project, or having a total project cost  
47 of \$5,000,000 if the project is in a Garden State Growth Zone.

- 1 "Qualifying economic redevelopment and growth grant incentive  
2 area" or "incentive area" means:
- 3 a. an aviation district;
  - 4 b. a port district;
  - 5 c. a distressed municipality; or
  - 6 d. an area (1) designated pursuant to the "State Planning Act,"  
7 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
    - 8 (a) Planning Area 1 (Metropolitan);
    - 9 (b) Planning Area 2 (Suburban); or
    - 10 (c) Planning Area 3 (Fringe Planning Area);
- 11 (2) located within a smart growth area and planning area  
12 designated in a master plan adopted by the New Jersey Meadowlands  
13 Commission pursuant to subsection (i) of section 6 of P.L.1968, c.404  
14 (C.13:17-6) or subject to a redevelopment plan adopted by the New  
15 Jersey Meadowlands Commission pursuant to section 20 of P.L.1968,  
16 c.404 (C.13:17-21);
- 17 (3) located within any land owned by the New Jersey Sports and  
18 Exposition Authority, established pursuant to P.L.1971, c.137 (C.5:10-  
19 1 et seq.), within the boundaries of the Hackensack Meadowlands  
20 District as delineated in section 4 of P.L.1968, c.404 (C.13:17-4);
  - 21 (4) located within a regional growth area, rural development area  
22 zoned for industrial use as of the effective date of P.L.2016, c.75,  
23 town, village, or a military and federal installation area designated in  
24 the comprehensive management plan prepared and adopted by the  
25 Pinelands Commission pursuant to the "Pinelands Protection Act,"  
26 P.L.1979, c.111 (C.13:18A-1 et seq.);
  - 27 (5) located within the planning area of the Highlands Region as  
28 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or in a highlands  
29 development credit receiving area or redevelopment area;
  - 30 (6) located within a Garden State Growth Zone;
  - 31 (7) located within land approved for closure under any federal  
32 Base Closure and Realignment Commission action; or
  - 33 (8) located only within the following portions of the areas  
34 designated pursuant to the "State Planning Act," P.L.1985, c.398  
35 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),  
36 Planning Area 4B (Rural/Environmentally Sensitive) or Planning Area  
37 5 (Environmentally Sensitive) if Planning Area 4A (Rural Planning  
38 Area), Planning Area 4B (Rural/Environmentally Sensitive) or  
39 Planning Area 5 (Environmentally Sensitive) is located within:
    - 40 (a) a designated center under the State Development and  
41 Redevelopment Plan;
    - 42 (b) a designated growth center in an endorsed plan until the State  
43 Planning Commission revises and readopts New Jersey's State  
44 Strategic Plan and adopts regulations to revise this definition as it  
45 pertains to Statewide planning areas;
    - 46 (c) any area determined to be in need of redevelopment pursuant to  
47 sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and C.40A:12A-6) or

1 in need of rehabilitation pursuant to section 14 of P.L.1992, c.79  
2 (C.40A:12A-14);

3 (d) any area on which a structure exists or previously existed  
4 including any desired expansion of the footprint of the existing or  
5 previously existing structure provided the expansion otherwise  
6 complies with all applicable federal, State, county, and local permits  
7 and approvals;

8 (e) the planning area of the Highlands Region as defined in section  
9 3 of P.L.2004, c.120 (C.13:20-3) or a highlands development credit  
10 receiving area or redevelopment area; or

11 (f) any area on which an existing tourism destination project is  
12 located.

13 "Qualifying economic redevelopment and growth grant incentive  
14 area" or "incentive area" shall not include any property located within  
15 the preservation area of the Highlands Region as defined in the  
16 "Highlands Water Protection and Planning Act," P.L.2004, c.120  
17 (C.13:20-1 et al.).

18 "Redevelopment incentive grant agreement" means an agreement  
19 between:

20 a. the State and the New Jersey Economic Development  
21 Authority and a developer; or

22 b. a municipality and a developer, or a municipal ordinance  
23 authorizing a project to be undertaken by a municipal redeveloper,  
24 under which, in exchange for the proceeds of an incentive grant, the  
25 developer agrees to perform any work or undertaking necessary for a  
26 redevelopment project, including the clearance, development or  
27 redevelopment, construction, or rehabilitation of any structure or  
28 improvement of commercial, industrial, residential, or public  
29 structures or improvements within a qualifying economic  
30 redevelopment and growth grant incentive area or a transit village.

31 "Redevelopment project" means a specific construction project or  
32 improvement, including lands, buildings, improvements, real and  
33 personal property or any interest therein, including lands under water,  
34 riparian rights, space rights and air rights, acquired, owned, leased,  
35 developed or redeveloped, constructed, reconstructed, rehabilitated or  
36 improved, undertaken by a developer, owner or tenant, or both, within  
37 a project area and any ancillary infrastructure project including  
38 infrastructure improvements in the public right of way, as set forth in  
39 an application to be made to the authority. The use of the term  
40 "redevelopment project" in sections 3 through 18 of P.L.2009, c.90  
41 (C.52:27D-489c et al.) shall not be limited to only redevelopment  
42 projects located in areas determined to be in need of redevelopment  
43 pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and  
44 C.40A:12A-6) but shall also include, but not be limited to, any work or  
45 undertaking in accordance with the "Redevelopment Area Bond  
46 Financing Law," sections 1 through 10 of P.L.2001, c.310  
47 (C.40A:12A-64 et seq.) or other applicable law, pursuant to a  
48 redevelopment plan adopted by a State entity, or as described in the

1 resolution adopted by a public entity created by State law with the  
2 power to adopt a redevelopment plan or otherwise determine the  
3 location, type and character of a redevelopment project or part of a  
4 redevelopment project on land owned or controlled by it or within its  
5 jurisdiction, including but not limited to, the New Jersey Meadowlands  
6 Commission established pursuant to P.L.1968, c.404 (C.13:17-1 et  
7 seq.), the New Jersey Sports and Exposition Authority established  
8 pursuant to P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth  
9 Economic Revitalization Authority created pursuant to P.L.2010, c.51  
10 (C.52:27I-18 et seq.).

11 "Redevelopment utility" means a self-liquidating fund created by a  
12 municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-489l)  
13 to account for revenues collected and incentive grants paid pursuant to  
14 section 11 of P.L.2009, c.90 (C.52:27D-489k), or other revenues  
15 dedicated to a redevelopment project.

16 "Revenue increment base" means the amounts of all eligible  
17 revenues from sources within the redevelopment project area in the  
18 calendar year proceeding the year in which the redevelopment  
19 incentive grant agreement is executed, as certified by the State  
20 Treasurer for State revenues, and the chief financial officer of the  
21 municipality for municipal revenues.

22 "SDA district" means an SDA district as defined in section 3 of  
23 P.L.2000, c.72 (C.18A:7G-3).

24 "SDA municipality" means a municipality in which an SDA  
25 district is situated.

26 "Technology startup company" means a for profit business that has  
27 been in operation fewer than five years and is developing or possesses  
28 a proprietary technology or business method of a high-technology or  
29 life science-related product, process, or service which the business  
30 intends to move to commercialization.

31 "Tourism destination project" means a redevelopment project that  
32 will be among the most visited privately owned or operated tourism or  
33 recreation sites in the State, and which is located within the incentive  
34 area and has been determined by the authority to be in an area  
35 appropriate for development and in need of economic development  
36 incentive assistance.

37 "Transit project" means a redevelopment project located within a  
38 1/2-mile radius, or one-mile radius for projects located in a Garden  
39 State Growth Zone, surrounding the mid-point of a New Jersey Transit  
40 Corporation, Port Authority Transit Corporation, or Port Authority  
41 Trans-Hudson Corporation rail, bus, or ferry station platform area,  
42 including all light rail stations.

43 "Transit village" means a community with a bus, train, light rail, or  
44 ferry station that has developed a plan to achieve its economic  
45 development and revitalization goals and has been designated by the  
46 New Jersey Department of Transportation as a transit village.

47 "University infrastructure" means any of the following located on  
48 the campus of Rutgers, the State University of New Jersey:

1 a. buildings and structures, such as academic buildings, recreation  
2 centers, indoor athletic facilities, public works garages, and water and  
3 sewer treatment and pumping facilities;

4 b. open space with improvements, such as athletic fields and other  
5 outdoor athletic facilities, planned commons, and parks; and

6 c. transportation facilities, such as bus shelters and parking  
7 facilities.

8 "Urban transit hub" means an urban transit hub, as defined in  
9 section 10 of P.L.2007, c.346 (C.34:1B-208), that is located within an  
10 eligible municipality, as defined in section 10 of P.L.2007, c.346  
11 (C.34:1B-208), or all light rail stations and property located within a  
12 one-mile radius of the mid-point of the platform area of such a rail,  
13 bus, or ferry station if the property is in a qualified municipality under  
14 the "Municipal Rehabilitation and Economic Recovery Act,"  
15 P.L.2002, c.43 (C.52:27BBB-1 et al.).

16 "Vacant commercial building" means any commercial building or  
17 complex of commercial buildings having over 400,000 square feet of  
18 office, laboratory, or industrial space that is more than 70 percent  
19 unoccupied at the time of application to the authority or is negatively  
20 impacted by the approval of a "qualified business facility," as defined  
21 pursuant to section 2 of P.L.2007, c.346 (C.34:1B-208), or any vacant  
22 commercial building in a Garden State Growth Zone having over  
23 35,000 square feet of office, laboratory, or industrial space, or over  
24 200,000 square feet of office, laboratory, or industrial space in  
25 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,  
26 Ocean, or Salem counties available for occupancy for a period of over  
27 one year.

28 "Vacant health facility project" means a redevelopment project  
29 where a health facility, as defined by section 2 of P.L.1971, c.136  
30 (C.26:2H-2), currently exists and is considered vacant. A health  
31 facility shall be considered vacant if at least 70 percent of that facility  
32 has not been open to the public or utilized to serve any patients at the  
33 time of application to the authority.

34 (cf: P.L.2016, c.75, s.2)

35

36 2. Section 6 of P.L.2009, c.90 (C.52:27D-489f) is amended to  
37 read as follows:

38 6. a. Up to the limits established in subsection b. of this section  
39 and in accordance with a redevelopment incentive grant agreement,  
40 beginning upon the receipt of occupancy permits for any portion of the  
41 redevelopment project, or upon any other event evidencing project  
42 completion as set forth in the incentive grant agreement, the State  
43 Treasurer shall pay to the developer incremental State revenues  
44 directly realized from businesses operating at the site of the  
45 redevelopment project from the following taxes: the Corporation  
46 Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), the tax  
47 imposed on marine insurance companies pursuant to R.S.54:16-1 et  
48 seq., the tax imposed on insurers generally, pursuant to P.L.1945,

1 c.132 (C.54:18A-1 et seq.), the public utility franchise tax, public  
2 utilities gross receipts tax and public utility excise tax imposed on  
3 sewerage and water corporations pursuant to P.L.1940, c.5 (C.54:30A-  
4 49 et seq.), those tariffs and charges imposed by electric, natural gas,  
5 telecommunications, water and sewage utilities, and cable television  
6 companies under the jurisdiction of the New Jersey Board of Public  
7 Utilities, or comparable entity, except for those tariffs, fees, or taxes  
8 related to societal benefits charges assessed pursuant to section 12 of  
9 P.L.1999, c.23 (C.48:3-60), any charges paid for compliance with the  
10 "Global Warming Response Act," P.L.2007, c.112 (C.26:2C-37 et  
11 seq.), transitional energy facility assessment unit taxes paid pursuant to  
12 section 67 of P.L.1997, c.162 (C.48:2-21.34), and the sales and use  
13 taxes on public utility and cable television services and commodities,  
14 the tax derived from net profits from business, a distributive share of  
15 partnership income, or a pro rata share of S corporation income under  
16 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the  
17 tax derived from a business at the site of a redevelopment project that  
18 is required to collect the tax pursuant to the "Sales and Use Tax Act,"  
19 P.L.1966, c.30 (C.54:32B-1 et seq.), the tax imposed pursuant to  
20 P.L.1966, c.30 (C.54:32B-1 et seq.) from the purchase of furniture,  
21 fixtures and equipment, or materials for the remediation, the  
22 construction of new structures at the site of a redevelopment project,  
23 the hotel and motel occupancy fee imposed pursuant to section 1 of  
24 P.L.2003, c.114 (C.54:32D-1), or the portion of the fee imposed  
25 pursuant to section 3 of P.L.1968, c.49 (C.46:15-7) derived from the  
26 sale of real property at the site of the redevelopment project and paid  
27 to the State Treasurer for use by the State, that is not credited to the  
28 "Shore Protection Fund" or the "Neighborhood Preservation  
29 Nonlapsing Revolving Fund" ("New Jersey Affordable Housing Trust  
30 Fund") pursuant to section 4 of P.L.1968, c.49 (C.46:15-8). Any  
31 developer shall be allowed to assign their ability to apply for the tax  
32 credit under this subsection to a non-profit organization with a mission  
33 dedicated to attracting investment and completing development and  
34 redevelopment projects in a Garden State Growth Zone. The non-  
35 profit organization may make an application on behalf of a developer  
36 which meets the requirements for the tax credit, or a group of non-  
37 qualifying developers, such that these will be considered a unified  
38 project for the purposes of the incentives provided under this section.

39 b. (1) Up to an average of 75 percent of the projected annual  
40 incremental revenues or 85 percent of the projected annual incremental  
41 revenues in a Garden State Growth Zone may be pledged towards the  
42 State portion of an incentive grant.

43 (2) In the case of a qualified residential project or a project  
44 involving university infrastructure, if the authority determines that the  
45 estimated amount of incremental revenues pledged towards the State  
46 portion of an incentive grant is inadequate to fully fund the amount of  
47 the State portion of the incentive grant, then in lieu of an incentive

1 grant based on the incremental revenues, the developer shall be  
2 awarded tax credits equal to the full amount of the incentive grant.

3 (3) In the case of a mixed use parking project, if the authority  
4 determines that the estimated amount of incremental revenues pledged  
5 towards the State portion of an incentive grant is inadequate to fully  
6 fund the amount of the State portion of the incentive grant, then, in  
7 lieu of an incentive grant based on the incremental revenues, the  
8 developer shall be awarded tax credits equal to the full amount of the  
9 incentive grant.

10 The value of all credits approved by the authority pursuant to  
11 paragraphs (2) and (3) of this subsection shall not exceed  
12 \$823,000,000, of which:

13 (a) \$250,000,000 shall be restricted to qualified residential projects  
14 within Atlantic, Burlington, Camden, Cape May, Cumberland,  
15 Gloucester, Ocean, and Salem counties, of which \$175,000,000 of the  
16 credits shall be restricted to the following categories of projects: (i)  
17 qualified residential projects located in a Garden State Growth Zone  
18 located within the aforementioned counties; and (ii) mixed use parking  
19 projects located in a Garden State Growth Zone or urban transit hub  
20 located within the aforementioned counties; (iii) and \$75,000,000 of  
21 the credits shall be restricted to qualified residential projects in  
22 municipalities with a 2007 Municipal Revitalization Index of 400 or  
23 higher as of the date of enactment of the "New Jersey Economic  
24 Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-489p et al.) and  
25 located within the aforementioned counties;

26 (b) \$395,000,000 shall be restricted to the following categories of  
27 projects: (i) qualified residential projects located in urban transit hubs  
28 that are commuter rail in nature that otherwise do not qualify under  
29 subparagraph (a) of this paragraph; (ii) qualified residential projects  
30 located in Garden State Growth Zones that do not qualify under  
31 subparagraph (a) of this paragraph; (iii) mixed use parking projects  
32 located in urban transit hubs or Garden State Growth Zones that do not  
33 qualify under subparagraph (a) of this paragraph, provided however,  
34 an urban transit hub shall be allocated no more than \$25,000,000 for  
35 mixed use parking projects; (iv) qualified residential projects which  
36 are disaster recovery projects that otherwise do not qualify under  
37 subparagraph (a) of this paragraph; (v) qualified residential projects in  
38 SDA municipalities located in Hudson County that were awarded State  
39 Aid in State Fiscal Year 2013 through the Transitional Aid to  
40 Localities program and otherwise do not qualify under subparagraph  
41 (a) of this paragraph; (vi) \$25,000,000 of credits shall be restricted to  
42 mixed use parking projects in Garden State Growth Zones which have  
43 a population in excess of 125,000 and do not qualify under  
44 subparagraph (a) of this paragraph; (vii) \$40,000,000 of credits shall  
45 be restricted to qualified residential projects that include a theater  
46 venue for the performing arts and do not qualify under subparagraph  
47 (a) of this paragraph, which projects are located in a municipality with  
48 a population of less than 100,000 according to the latest federal

1 decennial census, and within which municipality is located an urban  
2 transit hub and a campus of a public research university, as defined in  
3 section 1 of P.L.2009, c.308 (C.18A:3B-46); and (viii) \$105,000,000  
4 of credits shall be restricted to qualified residential projects and mixed  
5 use parking projects in Garden State Growth Zones having a  
6 population in excess of 125,000 and do not qualify under subparagraph  
7 (a) of this paragraph;

8 (c) \$87,000,000 shall be restricted to the following categories of  
9 projects: (i) qualified residential projects located in distressed  
10 municipalities, deep poverty pockets, highlands development credit  
11 receiving areas or redevelopment areas, otherwise not qualifying  
12 pursuant to subparagraph (a) or (b) of this paragraph; and (ii) mixed  
13 use parking projects that do not qualify under subparagraph (a) or (b)  
14 of this paragraph, and which are used by an independent institution of  
15 higher education, a school of medicine, a nonprofit hospital system, or  
16 any combination thereof; provided, however, that \$20,000,000 of the  
17 \$87,000,000 shall be allocated to mixed use parking projects that do  
18 not qualify under subparagraph (a) or (b) of this paragraph;

19 (d) (i) \$16,000,000 shall be restricted to qualified residential  
20 projects that are located within a qualifying economic redevelopment  
21 and growth grant incentive area otherwise not qualifying under  
22 subparagraph (a), (b), or (c) of this paragraph; and

23 (ii) an additional \$50,000,000 shall be restricted to qualified  
24 residential projects which, as of the effective date of P.L.2016, c.51,  
25 are located in a city of the first class with a population in excess of  
26 270,000, are subject to a Renewal Contract for a Section 8 Mark-Up-  
27 To-Market Project from the United States Department of Housing and  
28 Urban Development, and for which an application for the award of tax  
29 credits under this subsection was submitted prior to January 1, 2016;  
30 and

31 (e) \$25,000,000 shall be restricted to projects involving university  
32 infrastructure.

33 (f) For subparagraphs (a) through (d) of this paragraph, not more  
34 than \$40,000,000 of credits shall be awarded to any qualified  
35 residential project in a deep poverty pocket or distressed municipality  
36 and not more than \$20,000,000 of credits shall be awarded to any other  
37 qualified residential project. The developer of a qualified residential  
38 project seeking an award of credits towards the funding of its incentive  
39 grant shall submit an incentive grant application prior to July 1, 2016  
40 and if approved after September 18, 2013, the effective date of  
41 P.L.2013, c.161 (C.52:27D-489p et al.) shall submit a temporary  
42 certificate of occupancy for the project no later than July 28, 2021.  
43 The developer of a mixed use parking project seeking an award of  
44 credits towards the funding of its incentive grant pursuant to  
45 subparagraph (c) of this paragraph and if approved after the effective  
46 date of P.L.2015, c.217, shall submit a temporary certificate of  
47 occupancy for the project no later than July 28, 2021. The developer  
48 of a qualified residential project or a mixed use parking project

1 seeking an award of credits toward the funding of its incentive grant  
2 for a project restricted under **【category】** categories (vi) and (viii) of  
3 subparagraph (b) of this paragraph shall submit an incentive grant  
4 application prior to July 1, **【2018】** 2019, and if approved after the  
5 effective date of P.L.2017, c.59, shall submit a temporary certificate of  
6 occupancy for the project no later than July 28, **【2021】** 2022  
7 'provided that the municipality in which the project is located shall  
8 have submitted to the chief executive officer of the authority a letter of  
9 support identifying up to six projects prior to July 1, 2018. The letter  
10 of support is to contain a project scope for each of the projects and  
11 may be supplemented from time to time until July 1, 2019<sup>1</sup>.  
12 Applications for tax credits pursuant to this subsection relating to an  
13 ancillary infrastructure project or infrastructure improvement in the  
14 public right-of-way, or both, shall be accompanied with a letter of  
15 support relating to the project or improvement by the governing body  
16 or agency in which the project is located. Credits awarded to a  
17 developer pursuant to this subsection shall be subject to the same  
18 financial and related analysis by the authority, the same term of the  
19 grant, and the same mechanism for administering the credits, and shall  
20 be utilized or transferred by the developer as if the credits had been  
21 awarded to the developer pursuant to section 35 of P.L.2009, c.90  
22 (C.34:1B-209.3) for qualified residential projects thereunder. No  
23 portion of the revenues pledged pursuant to the "New Jersey Economic  
24 Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-489p et al.)  
25 shall be subject to withholding or retainage for adjustment, in the event  
26 the developer or taxpayer waives its rights to claim a refund thereof.

27 (4) A developer may apply to the Director of the Division of  
28 Taxation in the Department of the Treasury and the chief executive  
29 officer of the authority for a tax credit transfer certificate, if the  
30 developer is awarded a tax credit pursuant to paragraph (2) or  
31 paragraph (3) of this subsection, covering one or more years, in lieu of  
32 the developer being allowed any amount of the credit against the tax  
33 liability of the developer. The tax credit transfer certificate, upon  
34 receipt thereof by the developer from the director and the chief  
35 executive officer of the authority, may be sold or assigned, in full or in  
36 part, to any other person who may have a tax liability pursuant to  
37 section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of  
38 P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950,  
39 c.231 (C.17:32-15), or N.J.S.17B:23-5. The certificate provided to the  
40 developer shall include a statement waiving the developer's right to  
41 claim that amount of the credit against the taxes that the developer has  
42 elected to sell or assign. The sale or assignment of any amount of a  
43 tax credit transfer certificate allowed under this paragraph shall not be  
44 exchanged for consideration received by the developer of less than 75  
45 percent of the transferred credit amount before considering any further  
46 discounting to present value that may be permitted. Any amount of a  
47 tax credit transfer certificate used by a purchaser or assignee against a

1 tax liability shall be subject to the same limitations and conditions that  
2 apply to the use of the credit by the developer who originally applied  
3 for and was allowed the credit.

4 c. All administrative costs associated with the incentive grant  
5 shall be assessed to the applicant and be retained by the State  
6 Treasurer from the annual incentive grant payments.

7 d. The incremental revenue for the revenues listed in subsection a.  
8 of this section shall be calculated as the difference between the amount  
9 collected in any fiscal year from any eligible revenue source included  
10 in the State redevelopment incentive grant agreement, less the revenue  
11 increment base for that eligible revenue.

12 e. The municipality is authorized to collect any information  
13 necessary to facilitate grants under this program and remit that  
14 information in order to assist in the calculation of incremental revenue.  
15 (cf: P.L.2017, c.314, s.3)

16

17 3. Section 9 of P.L.2009, c.90 (C.52:27D-489i) is amended to  
18 read as follows:

19 9. a. The authority is authorized to enter into a redevelopment  
20 incentive grant agreement with a developer for any redevelopment  
21 project located within a qualifying economic redevelopment and  
22 growth grant incentive area that does not qualify as such an area solely  
23 by virtue of being a transit village.

24 b. The decision of whether to enter into a redevelopment  
25 incentive grant agreement is solely within the discretion of the  
26 authority and the State Treasurer, provided that they both agree to  
27 enter into an agreement.

28 c. The Chief Executive Officer of the authority, in consultation  
29 with the State Treasurer shall negotiate the terms and conditions of any  
30 redevelopment incentive grant agreement on behalf of the State.

31 d. (1) The redevelopment incentive grant agreement shall specify  
32 the maximum amount of project costs, the amount of the incentive  
33 grant to be awarded the developer, the frequency of payments, and the  
34 eligibility period, which shall not exceed 20 years, during which  
35 reimbursement will be granted, and for a project receiving an incentive  
36 grant in excess of \$50 million, the amount of the negotiated repayment  
37 amount to the State, which may include, but not be limited to, cash,  
38 equity, and warrants. Except for redevelopment incentive grant  
39 agreements with a municipal redeveloper, or with the developer of a  
40 redevelopment project solely with respect to the cost of infrastructure  
41 improvements in the public right-of-way including any ancillary  
42 infrastructure project in the public right-of-way, in no event shall the  
43 base amount of the combined reimbursements under redevelopment  
44 incentive grant agreements with the State or municipality exceed 20  
45 percent of the total project cost, except in a Garden State Growth  
46 Zone, which shall not exceed 30 percent.

47 (2) The authority shall be permitted to increase the amount of the  
48 reimbursement under the redevelopment incentive grant agreement

1 with the State by up to 10 percent of the total project cost if the project  
2 is:

3 (a) located in a distressed municipality which lacks adequate  
4 access to nutritious food in the judgment of the Chief Executive  
5 Officer of the authority and will include either a supermarket or  
6 grocery store with a minimum of 15,000 square feet of selling space  
7 devoted to the sale of consumable products or a prepared food  
8 establishment selling only nutritious ready to serve meals;

9 (b) located in a distressed municipality which lacks adequate  
10 access to health care and health services in the judgment of the Chief  
11 Executive Officer of the authority and will include a health care and  
12 health services center with a minimum of 10,000 square feet of space  
13 devoted to the provision of health care and health services;

14 (c) located in a distressed municipality which has a business  
15 located therein that is required to respond to a request for proposal to  
16 fulfill a contract with the federal government as set forth in subsection  
17 **[d.] f.** of section 3 of P.L.2011, c.149 (C.34:1B-244);

18 (d) a transit project;

19 (e) a qualified residential project in which at least 10 percent of the  
20 residential units are constructed as and reserved for moderate income  
21 housing;

22 (f) located in a highlands development credit receiving area or  
23 redevelopment area;

24 (g) located in a Garden State Growth Zone;

25 (h) a disaster recovery project;

26 (i) an aviation project;

27 (j) a tourism destination project; or

28 (k) substantial rehabilitation or renovation of an existing structure  
29 or structures.

30 (3) The maximum amount of any redevelopment incentive grant  
31 shall be equal to up to 30 percent of the total project costs, except for  
32 projects located in a Garden State Growth Zone, in which case the  
33 maximum amount of any redevelopment incentive grant shall be equal  
34 to up to 40 percent of the total project costs. Notwithstanding  
35 anything to the contrary contained within this section, the maximum  
36 amount of any redevelopment incentive grant with respect to a mixed  
37 use parking project shall be up to 100 percent of the total project costs  
38 allocable to the parking component of the project, and shall be up to 40  
39 percent of the total project costs allocable to the non-parking  
40 component of the project. In addition, notwithstanding anything to the  
41 contrary contained in this section, the maximum amount of any  
42 redevelopment incentive grant for a qualified residential project  
43 described in (i) below shall be up to 80 percent of the total project  
44 costs, and for a mixed use parking project described in (i) through (iv)  
45 below shall be up to 100 percent of the total project costs allocable to  
46 the parking component and up to 80 percent of the total project costs  
47 allocable to the non-parking component<sup>1</sup>, provided that if the amount  
48 of the redevelopment incentive grant exceeds 40 percent of the total

1 project costs for projects developed by non-public, for-profit entities,  
2 the authority shall consider the effect of the increased grant amount in  
3 determining the project financing gap, which shall include utilizing a  
4 rate of return on a developer's contributed capital, when used to  
5 determine the project financing gap, reflective of the reduced financial  
6 risk of the project, as set by the authority<sup>1</sup> : (i) with respect to a mixed  
7 use parking project or qualified residential project constructed upon all  
8 or a portion of a project site which project site was previously the  
9 subject of an award of tax credits pursuant to the "Urban Transit Hub  
10 Tax Credit Act," P.L.2007, c.346 (C.34:1B-207 et seq.), as amended  
11 by P.L.2009, c.90 (C.52:27D-489a et al.), but those tax credits were  
12 not issued, (ii) for entertainment venues with seating capacity in  
13 excess of 5,000, (iii) a visitor center within or adjacent to a national  
14 historic park, or (iv) a youth center in or adjacent to a national historic  
15 park.

16 e. Except in the case of a qualified residential project, a mixed  
17 use parking project, or a project involving university infrastructure, the  
18 authority and the State Treasurer may enter into a redevelopment  
19 incentive grant agreement only if they make a finding that the State  
20 revenues to be realized from the redevelopment project will be in  
21 excess of the amount necessary to reimburse the developer for its  
22 project financing gap. This finding may be made by an estimation  
23 based upon the professional judgment of the Chief Executive Officer  
24 of the authority and the State Treasurer.

25 f. In deciding whether to recommend entering into a  
26 redevelopment incentive grant agreement and in negotiating a  
27 redevelopment agreement with a developer, the Chief Executive  
28 Officer of the authority shall consider the following factors:

29 (1) the economic feasibility of the redevelopment project;

30 (2) the extent of economic and related social distress in the  
31 municipality and the area to be affected by the redevelopment project  
32 or the level of site specific distress to include dilapidated conditions,  
33 brownfields designation, environmental contamination, pattern of  
34 vacancy, abandonment, or **[under utilization]** under-utilization of the  
35 property, rate of foreclosures, or other site conditions as determined by  
36 the authority;

37 (3) the degree to which the redevelopment project will advance  
38 State, regional, and local development and planning strategies;

39 (4) the likelihood that the redevelopment project shall, upon  
40 completion, be capable of generating new tax revenue in an amount in  
41 excess of the amount necessary to reimburse the developer for project  
42 costs incurred as provided in the redevelopment incentive grant  
43 agreement, provided, however, that any tax revenue generated by a  
44 redevelopment project that is a disaster recovery project shall be  
45 considered new tax revenue even if the same or more tax revenue was  
46 generated at or on the site prior to the disaster;

1 (5) the relationship of the redevelopment project to a  
2 comprehensive local development strategy, including other major  
3 projects undertaken within the municipality;

4 (6) the need of the redevelopment incentive grant agreement to the  
5 viability of the redevelopment project or the promotion of the use of  
6 public transportation; and

7 (7) the degree to which the redevelopment project enhances and  
8 promotes job creation and economic development or the promotion of  
9 the use of public transportation.

10 g. (1) A developer who has entered into a redevelopment  
11 incentive grant agreement with the authority and the State Treasurer  
12 pursuant to this section may, upon notice to and consent of the  
13 authority and the State Treasurer, pledge, assign, transfer, or sell any  
14 or all of its right, title and interest in and to the agreements and in the  
15 incentive grants payable thereunder, and the right to receive same,  
16 along with the rights and remedies provided to the developer under the  
17 agreement. Any such assignment shall be an absolute assignment for  
18 all purposes, including the federal bankruptcy code.

19 (2) Any pledge of incentive grants made by the developer shall be  
20 valid and binding from the time the pledge is made and filed in the  
21 records of the authority. The incentive grants pledged and thereafter  
22 received by the developer shall immediately be subject to the lien of  
23 the pledge without any physical delivery thereof or further act, and the  
24 lien of any pledge shall be valid and binding against all parties having  
25 claims of any kind in tort, contract, or otherwise against the developer  
26 irrespective of whether the parties have notice thereof. Neither the  
27 redevelopment incentive grant agreement nor any other instrument by  
28 which a pledge under this section is created need be filed or recorded  
29 except with the authority.

30 (cf: P.L.2015, c.242, s.4)

31

32 4. This act shall take effect immediately.

33

34

35

36

37 \_\_\_\_\_  
38 Extends document submission deadline for certain residential  
39 and mixed use parking projects under Economic Redevelopment  
40 and Growth Grant program; increases maximum credit amounts  
awarded for certain residential and mixed use parking projects.

# SENATE, No. 1968

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 22, 2018

**Sponsored by:**

**Senator NELLIE POU**

**District 35 (Bergen and Passaic)**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman SHAVONDA E. SUMTER**

**District 35 (Bergen and Passaic)**

**Co-Sponsored by:**

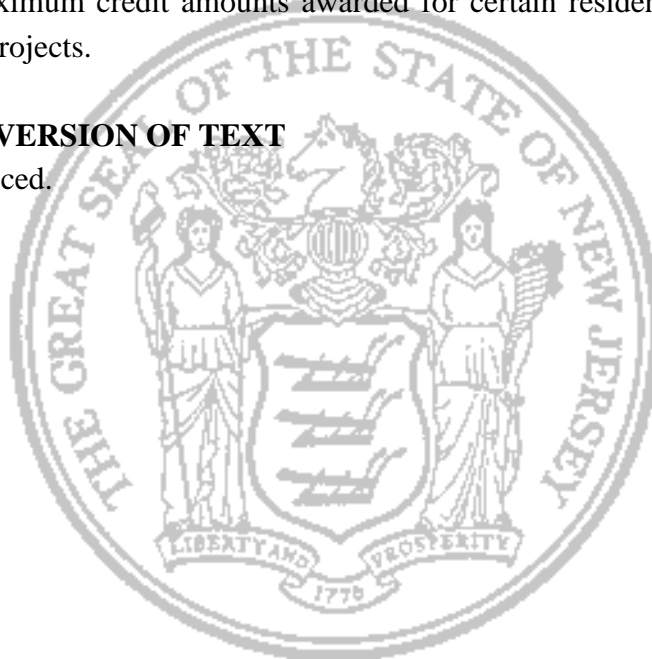
**Assemblywoman Pintor Marin**

**SYNOPSIS**

Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 4/13/2018)**

S1968 POU

2

1 AN ACT concerning tax credits under the Economic Redevelopment  
2 and Growth Grant program for certain qualified residential  
3 projects and mixed use parking projects, and amending P.L.2009,  
4 c.90.

5

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

8

9 1. Section 3 of P.L.2009, c. 90 (C.52:27D-489c) is amended to  
10 read as follows:

11 3. As used in sections 3 through 18 of P.L.2009, c.90  
12 (C.52:27D-489c et al.):

13 "Applicant" means a developer proposing to enter into a  
14 redevelopment incentive grant agreement.

15 "Ancillary infrastructure project" means structures or  
16 improvements that are located within the incentive area but outside  
17 the project area of a redevelopment project, including, but not  
18 limited to, docks, bulkheads, parking garages, freight rail spurs,  
19 roadway overpasses, and train station platforms, provided a  
20 developer or municipal redeveloper has demonstrated that the  
21 redevelopment project would not be economically viable or  
22 promote the use of public transportation without such  
23 improvements, as approved by the State Treasurer.

24 "Authority" means the New Jersey Economic Development  
25 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-  
26 4).

27 "Aviation district" means the area within a one-mile radius of the  
28 outermost boundary of the "Atlantic City International Airport,"  
29 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-  
30 24).

31 "Deep poverty pocket" means a population census tract having a  
32 poverty level of 20 percent or more, and which is located within the  
33 incentive area and has been determined by the authority to be an  
34 area appropriate for development and in need of economic  
35 development incentive assistance.

36 "Developer" means any person who enters or proposes to enter  
37 into a redevelopment incentive grant agreement pursuant to the  
38 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its  
39 successors or assignees, including but not limited to a lender that  
40 completes a redevelopment project, operates a redevelopment  
41 project, or completes and operates a redevelopment project. A  
42 developer also may be a municipal redeveloper as defined herein or  
43 Rutgers, the State University of New Jersey.

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

**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 "Disaster recovery project" means a redevelopment project  
2 located on property that has been wholly or substantially damaged  
3 or destroyed as a result of a federally-declared disaster, and which  
4 is located within the incentive area and has been determined by the  
5 authority to be in an area appropriate for development and in need  
6 of economic development incentive assistance.

7 "Distressed municipality" means a municipality that is qualified  
8 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a  
9 municipality under the supervision of the Local Finance Board  
10 pursuant to the provisions of the "Local Government Supervision  
11 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality  
12 identified by the Director of the Division of Local Government  
13 Services in the Department of Community Affairs to be facing  
14 serious fiscal distress, a SDA municipality, or a municipality in  
15 which a major rail station is located.

16 "Eligibility period" means the period of time specified in a  
17 redevelopment incentive grant agreement for the payment of  
18 reimbursements to a developer, which period shall not exceed 20  
19 years, with the term to be determined solely at the discretion of the  
20 applicant.

21 "Eligible revenue" means the property tax increment and any  
22 other incremental revenues set forth in section 11 of P.L.2009, c.90  
23 (C.52:27D-489k), except in the case of a Garden State Growth  
24 Zone, in which the property tax increment and any other  
25 incremental revenues are calculated as those incremental revenues  
26 that would have existed notwithstanding the provisions of the "New  
27 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161  
28 (C.52:27D-489p et al.).

29 "Garden State Growth Zone" or "growth zone" means the four  
30 New Jersey cities with the lowest median family income based on  
31 the 2009 American Community Survey from the US Census, (Table  
32 708. Household, Family, and Per Capita Income and Individuals,  
33 and Families Below Poverty Level by City: 2009); or a municipality  
34 which contains a Tourism District as established pursuant to section  
35 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
36 Reinvestment Development Authority.

37 "Highlands development credit receiving area or redevelopment  
38 area" means an area located within an incentive area and designated  
39 by the Highlands Council for the receipt of Highlands Development  
40 Credits under the Highlands Transfer Development Rights Program  
41 authorized under section 13 of P.L.2004, c.120 (C.13:20-13).

42 "Incentive grant" means reimbursement of all or a portion of the  
43 project financing gap of a redevelopment project through the State  
44 or a local Economic Redevelopment and Growth Grant program  
45 pursuant to section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d  
46 or C.52:27D-489e).

47 "Infrastructure improvements in the public right-of-way" mean  
48 public structures or improvements located in the public right-of-

1 way that are located within a project area or that constitute an  
2 ancillary infrastructure project, either of which are dedicated to or  
3 owned by a governmental body or agency upon completion, or any  
4 required payment in lieu of the structures, improvements or  
5 projects, or any costs of remediation associated with the structures,  
6 improvements or projects, and that are determined by the authority,  
7 in consultation with applicable State agencies, to be consistent with  
8 and in furtherance of State public infrastructure objectives and  
9 initiatives.

10 "Low-income housing" means housing affordable according to  
11 federal Department of Housing and Urban Development or other  
12 recognized standards for home ownership and rental costs and  
13 occupied or reserved for occupancy by households with a gross  
14 household income equal to 50 percent or less of the median gross  
15 household income for households of the same size within the  
16 housing region in which the housing is located.

17 "Major rail station" means a railroad station located within a  
18 qualified incentive area which provides access to the public to a  
19 minimum of six rail passenger service lines operated by the New  
20 Jersey Transit Corporation.

21 "Mixed use parking project" means a redevelopment project, the  
22 parking component of which shall constitute 51 percent or more of  
23 any of the following:

- 24 a. the total square footage of the entire mixed use parking  
25 project;
- 26 b. the estimated revenues of the entire mixed use parking  
27 project; or
- 28 c. the total construction cost of the entire mixed use parking  
29 project.

30 "Moderate-income housing" means housing affordable,  
31 according to United States Department of Housing and Urban  
32 Development or other recognized standards for home ownership  
33 and rental costs, and occupied or reserved for occupancy by  
34 households with a gross household income equal to more than 50  
35 percent but less than 80 percent of the median gross household  
36 income for households of the same size within the housing region in  
37 which the housing is located.

38 "Municipal redeveloper" means an applicant for a redevelopment  
39 incentive grant agreement, which applicant is:

- 40 a. a municipal government, a municipal parking authority, or a  
41 redevelopment agency acting on behalf of a municipal government  
42 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or
- 43 b. a developer of a mixed use parking project, provided that the  
44 parking component of the mixed use parking project is operated and  
45 maintained by a municipal parking authority for the term of any  
46 financial assistance granted pursuant to P.L.2015, c.69.

1 "Municipal Revitalization Index" means the 2007 index by the  
2 Office for Planning Advocacy within the Department of State  
3 measuring or ranking municipal distress.

4 "Non-parking component" means that portion of a mixed use  
5 parking project not used for parking, together with the portion of  
6 the costs of the mixed use parking project, including but not limited  
7 to the footings, foundations, site work, infrastructure, and soft costs  
8 that are allocable to the non-parking use.

9 "Parking component" means that portion of a mixed use parking  
10 project used for parking, together with the portion of the costs of  
11 the mixed use parking project, including but not limited to the  
12 footings, foundations, site work, infrastructure, and soft costs that  
13 are allocable to the parking use. The parking component, which  
14 may include pedestrian walkways or a skybridge, may be in the  
15 same structure as the non-parking component or may be in an  
16 adjacent or nearby structure.

17 "Project area" means land or lands located within the incentive  
18 area under common ownership or control including through a  
19 redevelopment agreement with a municipality, or as otherwise  
20 established by a municipality or a redevelopment agreement  
21 executed by a State entity to implement a redevelopment project.

22 "Project cost" means the costs incurred in connection with the  
23 redevelopment project by the developer until the issuance of a  
24 permanent certificate of occupancy, or until such other time  
25 specified by the authority, for a specific investment or  
26 improvement, including the costs relating to receiving Highlands  
27 Development Credits under the Highlands Transfer Development  
28 Rights Program authorized pursuant to section 13 of P.L.2004,  
29 c.120 (C.13:20-13), lands, buildings, improvements, real or  
30 personal property, or any interest therein, including leases  
31 discounted to present value, including lands under water, riparian  
32 rights, space rights and air rights acquired, owned, developed or  
33 redeveloped, constructed, reconstructed, rehabilitated or improved,  
34 any environmental remediation costs, plus costs not directly related  
35 to construction, of an amount not to exceed 20 percent of the total  
36 costs, capitalized interest paid to third parties, and the cost of  
37 infrastructure improvements, including ancillary infrastructure  
38 projects, and, for projects located in a Garden State Growth Zone  
39 only, the cost of infrastructure improvements including any  
40 ancillary infrastructure project and the amount by which total  
41 project cost exceeds the cost of an alternative location for the  
42 redevelopment project, but excluding any particular costs for which  
43 the project has received federal, State, or local funding.

44 "Project financing gap" means:

45 a. the part of the total project cost, including return on  
46 investment, that remains to be financed after all other sources of  
47 capital have been accounted for, including, but not limited to,  
48 developer-contributed capital, which shall not be less than 20

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1 percent of the total project cost, which may include the value of any  
2 existing land and improvements in the project area owned or  
3 controlled by the developer, and the cost of infrastructure  
4 improvements in the public right-of-way, subject to review by the  
5 State Treasurer, and investor or financial entity capital or loans for  
6 which the developer, after making all good faith efforts to raise  
7 additional capital, certifies that additional capital cannot be raised  
8 from other sources on a non-recourse basis; and

9 b. the amount by which total project cost exceeds the cost of an  
10 alternative location for the out-of-State redevelopment project.

11 "Project revenue" means all rents, fees, sales, and payments  
12 generated by a project, less taxes or other government payments.

13 "Property tax increment" means the amount obtained by:

14 a. multiplying the general tax rate levied each year by the  
15 taxable value of all the property assessed within a project area in  
16 the same year, excluding any special assessments; and

17 b. multiplying that product by a fraction having a numerator  
18 equal to the taxable value of all the property assessed within the  
19 project area, minus the property tax increment base, and having a  
20 denominator equal to the taxable value of all property assessed  
21 within the project area.

22 For the purpose of this definition, "property tax increment base"  
23 means the aggregate taxable value of all property assessed which is  
24 located within the redevelopment project area as of October 1st of  
25 the year proceeding the year in which the redevelopment incentive  
26 grant agreement is authorized.

27 "Qualified incubator facility" means a commercial building  
28 located within an incentive area: which contains 100,000 or more  
29 square feet of office, laboratory, or industrial space; which is  
30 located near, and presents opportunities for collaboration with, a  
31 research institution, teaching hospital, college, or university; and  
32 within which, at least 75 percent of the gross leasable area is  
33 restricted for use by one or more technology startup companies  
34 during the commitment period.

35 "Qualified residential project" means a redevelopment project  
36 that is predominantly residential and includes multi-family  
37 residential units for purchase or lease, or dormitory units for  
38 purchase or lease, having a total project cost of at least  
39 \$17,500,000, if the project is located in any municipality with a  
40 population greater than 200,000 according to the latest federal  
41 decennial census, or having a total project cost of at least  
42 \$10,000,000 if the project is located in any municipality with a  
43 population less than 200,000 according to the latest federal  
44 decennial census, or is a disaster recovery project, or having a total  
45 project cost of \$5,000,000 if the project is in a Garden State Growth  
46 Zone.

47 "Qualifying economic redevelopment and growth grant incentive  
48 area" or "incentive area" means:

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- 1 a. an aviation district;
- 2 b. a port district;
- 3 c. a distressed municipality; or
- 4 d. an area (1) designated pursuant to the "State Planning Act,"  
5 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
  - 6 (a) Planning Area 1 (Metropolitan);
  - 7 (b) Planning Area 2 (Suburban); or
  - 8 (c) Planning Area 3 (Fringe Planning Area);
  - 9 (2) located within a smart growth area and planning area  
10 designated in a master plan adopted by the New Jersey  
11 Meadowlands Commission pursuant to subsection (i) of section 6 of  
12 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan  
13 adopted by the New Jersey Meadowlands Commission pursuant to  
14 section 20 of P.L.1968, c.404 (C.13:17-21);
  - 15 (3) located within any land owned by the New Jersey Sports and  
16 Exposition Authority, established pursuant to P.L.1971, c.137  
17 (C.5:10-1 et seq.), within the boundaries of the Hackensack  
18 Meadowlands District as delineated in section 4 of P.L.1968, c.404  
19 (C.13:17-4);
  - 20 (4) located within a regional growth area, rural development  
21 area zoned for industrial use as of the effective date of P.L.2016,  
22 c.75, town, village, or a military and federal installation area  
23 designated in the comprehensive management plan prepared and  
24 adopted by the Pinelands Commission pursuant to the "Pinelands  
25 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
  - 26 (5) located within the planning area of the Highlands Region as  
27 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or in a  
28 highlands development credit receiving area or redevelopment area;
  - 29 (6) located within a Garden State Growth Zone;
  - 30 (7) located within land approved for closure under any federal  
31 Base Closure and Realignment Commission action; or
  - 32 (8) located only within the following portions of the areas  
33 designated pursuant to the "State Planning Act," P.L.1985, c.398  
34 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),  
35 Planning Area 4B (Rural/Environmentally Sensitive) or Planning  
36 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural  
37 Planning Area), Planning Area 4B (Rural/Environmentally  
38 Sensitive) or Planning Area 5 (Environmentally Sensitive) is  
39 located within:
    - 40 (a) a designated center under the State Development and  
41 Redevelopment Plan;
    - 42 (b) a designated growth center in an endorsed plan until the  
43 State Planning Commission revises and readopts New Jersey's State  
44 Strategic Plan and adopts regulations to revise this definition as it  
45 pertains to Statewide planning areas;
    - 46 (c) any area determined to be in need of redevelopment pursuant  
47 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and

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1 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of  
2 P.L.1992, c.79 (C.40A:12A-14);

3 (d) any area on which a structure exists or previously existed  
4 including any desired expansion of the footprint of the existing or  
5 previously existing structure provided the expansion otherwise  
6 complies with all applicable federal, State, county, and local  
7 permits and approvals;

8 (e) the planning area of the Highlands Region as defined in  
9 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands  
10 development credit receiving area or redevelopment area; or

11 (f) any area on which an existing tourism destination project is  
12 located.

13 "Qualifying economic redevelopment and growth grant incentive  
14 area" or "incentive area" shall not include any property located  
15 within the preservation area of the Highlands Region as defined in  
16 the "Highlands Water Protection and Planning Act," P.L.2004,  
17 c.120 (C.13:20-1 et al.).

18 "Redevelopment incentive grant agreement" means an agreement  
19 between:

20 a. the State and the New Jersey Economic Development  
21 Authority and a developer; or

22 b. a municipality and a developer, or a municipal ordinance  
23 authorizing a project to be undertaken by a municipal redeveloper,  
24 under which, in exchange for the proceeds of an incentive grant, the  
25 developer agrees to perform any work or undertaking necessary for  
26 a redevelopment project, including the clearance, development or  
27 redevelopment, construction, or rehabilitation of any structure or  
28 improvement of commercial, industrial, residential, or public  
29 structures or improvements within a qualifying economic  
30 redevelopment and growth grant incentive area or a transit village.

31 "Redevelopment project" means a specific construction project  
32 or improvement, including lands, buildings, improvements, real and  
33 personal property or any interest therein, including lands under  
34 water, riparian rights, space rights and air rights, acquired, owned,  
35 leased, developed or redeveloped, constructed, reconstructed,  
36 rehabilitated or improved, undertaken by a developer, owner or  
37 tenant, or both, within a project area and any ancillary infrastructure  
38 project including infrastructure improvements in the public right of  
39 way, as set forth in an application to be made to the authority. The  
40 use of the term "redevelopment project" in sections 3 through 18 of  
41 P.L.2009, c.90 (C.52:27D-489c et al.) shall not be limited to only  
42 redevelopment projects located in areas determined to be in need of  
43 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79  
44 (C.40A:12A-5 and C.40A:12A-6) but shall also include, but not be  
45 limited to, any work or undertaking in accordance with the  
46 "Redevelopment Area Bond Financing Law," sections 1 through 10  
47 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or other applicable law,  
48 pursuant to a redevelopment plan adopted by a State entity, or as

1 described in the resolution adopted by a public entity created by  
2 State law with the power to adopt a redevelopment plan or  
3 otherwise determine the location, type and character of a  
4 redevelopment project or part of a redevelopment project on land  
5 owned or controlled by it or within its jurisdiction, including but  
6 not limited to, the New Jersey Meadowlands Commission  
7 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the  
8 New Jersey Sports and Exposition Authority established pursuant to  
9 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth  
10 Economic Revitalization Authority created pursuant to P.L.2010,  
11 c.51 (C.52:27I-18 et seq.).

12 "Redevelopment utility" means a self-liquidating fund created by  
13 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-  
14 489l) to account for revenues collected and incentive grants paid  
15 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other  
16 revenues dedicated to a redevelopment project.

17 "Revenue increment base" means the amounts of all eligible  
18 revenues from sources within the redevelopment project area in the  
19 calendar year proceeding the year in which the redevelopment  
20 incentive grant agreement is executed, as certified by the State  
21 Treasurer for State revenues, and the chief financial officer of the  
22 municipality for municipal revenues.

23 "SDA district" means an SDA district as defined in section 3 of  
24 P.L.2000, c.72 (C.18A:7G-3).

25 "SDA municipality" means a municipality in which an SDA  
26 district is situated.

27 "Technology startup company" means a for profit business that  
28 has been in operation fewer than five years and is developing or  
29 possesses a proprietary technology or business method of a high-  
30 technology or life science-related product, process, or service which  
31 the business intends to move to commercialization.

32 "Tourism destination project" means a redevelopment project  
33 that will be among the most visited privately owned or operated  
34 tourism or recreation sites in the State, and which is located within  
35 the incentive area and has been determined by the authority to be in  
36 an area appropriate for development and in need of economic  
37 development incentive assistance.

38 "Transit project" means a redevelopment project located within a  
39 1/2-mile radius, or one-mile radius for projects located in a Garden  
40 State Growth Zone, surrounding the mid-point of a New Jersey  
41 Transit Corporation, Port Authority Transit Corporation, or Port  
42 Authority Trans-Hudson Corporation rail, bus, or ferry station  
43 platform area, including all light rail stations.

44 "Transit village" means a community with a bus, train, light rail,  
45 or ferry station that has developed a plan to achieve its economic  
46 development and revitalization goals and has been designated by  
47 the New Jersey Department of Transportation as a transit village.

1 "University infrastructure" means any of the following located  
2 on the campus of Rutgers, the State University of New Jersey:

3 a. buildings and structures, such as academic buildings,  
4 recreation centers, indoor athletic facilities, public works garages,  
5 and water and sewer treatment and pumping facilities;

6 b. open space with improvements, such as athletic fields and  
7 other outdoor athletic facilities, planned commons, and parks; and

8 c. transportation facilities, such as bus shelters and parking  
9 facilities.

10 "Urban transit hub" means an urban transit hub, as defined in  
11 section 10 of P.L.2007, c.346 (C.34:1B-208), that is located within  
12 an eligible municipality, as defined in section 10 of P.L.2007, c.346  
13 (C.34:1B-208), or all light rail stations and property located within  
14 a one-mile radius of the mid-point of the platform area of such a  
15 rail, bus, or ferry station if the property is in a qualified  
16 municipality under the "Municipal Rehabilitation and Economic  
17 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.).

18 "Vacant commercial building" means any commercial building  
19 or complex of commercial buildings having over 400,000 square  
20 feet of office, laboratory, or industrial space that is more than 70  
21 percent unoccupied at the time of application to the authority or is  
22 negatively impacted by the approval of a "qualified business  
23 facility," as defined pursuant to section 2 of P.L.2007, c.346  
24 (C.34:1B-208), or any vacant commercial building in a Garden  
25 State Growth Zone having over 35,000 square feet of office,  
26 laboratory, or industrial space, or over 200,000 square feet of  
27 office, laboratory, or industrial space in Atlantic, Burlington,  
28 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem  
29 counties available for occupancy for a period of over one year.

30 "Vacant health facility project" means a redevelopment project  
31 where a health facility, as defined by section 2 of P.L.1971, c.136  
32 (C.26:2H-2), currently exists and is considered vacant. A health  
33 facility shall be considered vacant if at least 70 percent of that  
34 facility has not been open to the public or utilized to serve any  
35 patients at the time of application to the authority.

36 (cf: P.L.2016, c.75, s.2)

37

38 2. Section 6 of P.L.2009, c.90 (C.52:27D-489f) is amended to  
39 read as follows:

40 6. a. Up to the limits established in subsection b. of this section  
41 and in accordance with a redevelopment incentive grant agreement,  
42 beginning upon the receipt of occupancy permits for any portion of  
43 the redevelopment project, or upon any other event evidencing  
44 project completion as set forth in the incentive grant agreement, the  
45 State Treasurer shall pay to the developer incremental State  
46 revenues directly realized from businesses operating at the site of  
47 the redevelopment project from the following taxes: the Corporation  
48 Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), the

1 tax imposed on marine insurance companies pursuant to R.S.54:16-  
2 1 et seq., the tax imposed on insurers generally, pursuant to  
3 P.L.1945, c.132 (C.54:18A-1 et seq.), the public utility franchise  
4 tax, public utilities gross receipts tax and public utility excise tax  
5 imposed on sewerage and water corporations pursuant to P.L.1940,  
6 c.5 (C.54:30A-49 et seq.), those tariffs and charges imposed by  
7 electric, natural gas, telecommunications, water and sewage  
8 utilities, and cable television companies under the jurisdiction of  
9 the New Jersey Board of Public Utilities, or comparable entity,  
10 except for those tariffs, fees, or taxes related to societal benefits  
11 charges assessed pursuant to section 12 of P.L.1999, c.23 (C.48:3-  
12 60), any charges paid for compliance with the "Global Warming  
13 Response Act," P.L.2007, c.112 (C.26:2C-37 et seq.), transitional  
14 energy facility assessment unit taxes paid pursuant to section 67 of  
15 P.L.1997, c.162 (C.48:2-21.34), and the sales and use taxes on  
16 public utility and cable television services and commodities, the tax  
17 derived from net profits from business, a distributive share of  
18 partnership income, or a pro rata share of S corporation income  
19 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
20 seq., the tax derived from a business at the site of a redevelopment  
21 project that is required to collect the tax pursuant to the "Sales and  
22 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), the tax imposed  
23 pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.) from the purchase  
24 of furniture, fixtures and equipment, or materials for the  
25 remediation, the construction of new structures at the site of a  
26 redevelopment project, the hotel and motel occupancy fee imposed  
27 pursuant to section 1 of P.L.2003, c.114 (C.54:32D-1), or the  
28 portion of the fee imposed pursuant to section 3 of P.L.1968, c.49  
29 (C.46:15-7) derived from the sale of real property at the site of the  
30 redevelopment project and paid to the State Treasurer for use by the  
31 State, that is not credited to the "Shore Protection Fund" or the  
32 "Neighborhood Preservation Nonlapsing Revolving Fund" ("New  
33 Jersey Affordable Housing Trust Fund") pursuant to section 4 of  
34 P.L.1968, c.49 (C.46:15-8). Any developer shall be allowed to  
35 assign their ability to apply for the tax credit under this subsection  
36 to a non-profit organization with a mission dedicated to attracting  
37 investment and completing development and redevelopment  
38 projects in a Garden State Growth Zone. The non-profit  
39 organization may make an application on behalf of a developer  
40 which meets the requirements for the tax credit, or a group of non-  
41 qualifying developers, such that these will be considered a unified  
42 project for the purposes of the incentives provided under this  
43 section.

44 b. (1) Up to an average of 75 percent of the projected annual  
45 incremental revenues or 85 percent of the projected annual  
46 incremental revenues in a Garden State Growth Zone may be  
47 pledged towards the State portion of an incentive grant.

1 (2) In the case of a qualified residential project or a project  
2 involving university infrastructure, if the authority determines that  
3 the estimated amount of incremental revenues pledged towards the  
4 State portion of an incentive grant is inadequate to fully fund the  
5 amount of the State portion of the incentive grant, then in lieu of an  
6 incentive grant based on the incremental revenues, the developer  
7 shall be awarded tax credits equal to the full amount of the  
8 incentive grant.

9 (3) In the case of a mixed use parking project, if the authority  
10 determines that the estimated amount of incremental revenues  
11 pledged towards the State portion of an incentive grant is  
12 inadequate to fully fund the amount of the State portion of the  
13 incentive grant, then, in lieu of an incentive grant based on the  
14 incremental revenues, the developer shall be awarded tax credits  
15 equal to the full amount of the incentive grant.

16 The value of all credits approved by the authority pursuant to  
17 paragraphs (2) and (3) of this subsection shall not exceed  
18 \$823,000,000, of which:

19 (a) \$250,000,000 shall be restricted to qualified residential  
20 projects within Atlantic, Burlington, Camden, Cape May,  
21 Cumberland, Gloucester, Ocean, and Salem counties, of which  
22 \$175,000,000 of the credits shall be restricted to the following  
23 categories of projects: (i) qualified residential projects located in a  
24 Garden State Growth Zone located within the aforementioned  
25 counties; and (ii) mixed use parking projects located in a Garden  
26 State Growth Zone or urban transit hub located within the  
27 aforementioned counties; (iii) and \$75,000,000 of the credits shall  
28 be restricted to qualified residential projects in municipalities with a  
29 2007 Municipal Revitalization Index of 400 or higher as of the date  
30 of enactment of the "New Jersey Economic Opportunity Act of  
31 2013," P.L.2013, c.161 (C.52:27D-489p et al.) and located within  
32 the aforementioned counties;

33 (b) \$395,000,000 shall be restricted to the following categories  
34 of projects: (i) qualified residential projects located in urban transit  
35 hubs that are commuter rail in nature that otherwise do not qualify  
36 under subparagraph (a) of this paragraph; (ii) qualified residential  
37 projects located in Garden State Growth Zones that do not qualify  
38 under subparagraph (a) of this paragraph; (iii) mixed use parking  
39 projects located in urban transit hubs or Garden State Growth Zones  
40 that do not qualify under subparagraph (a) of this paragraph,  
41 provided however, an urban transit hub shall be allocated no more  
42 than \$25,000,000 for mixed use parking projects; (iv) qualified  
43 residential projects which are disaster recovery projects that  
44 otherwise do not qualify under subparagraph (a) of this paragraph;  
45 (v) qualified residential projects in SDA municipalities located in  
46 Hudson County that were awarded State Aid in State Fiscal Year  
47 2013 through the Transitional Aid to Localities program and  
48 otherwise do not qualify under subparagraph (a) of this paragraph;

1 (vi) \$25,000,000 of credits shall be restricted to mixed use parking  
2 projects in Garden State Growth Zones which have a population in  
3 excess of 125,000 and do not qualify under subparagraph (a) of this  
4 paragraph; (vii) \$40,000,000 of credits shall be restricted to  
5 qualified residential projects that include a theater venue for the  
6 performing arts and do not qualify under subparagraph (a) of this  
7 paragraph, which projects are located in a municipality with a  
8 population of less than 100,000 according to the latest federal  
9 decennial census, and within which municipality is located an urban  
10 transit hub and a campus of a public research university, as defined  
11 in section 1 of P.L.2009, c.308 (C.18A:3B-46); and (viii)  
12 \$105,000,000 of credits shall be restricted to qualified residential  
13 projects and mixed use parking projects in Garden State Growth  
14 Zones having a population in excess of 125,000 and do not qualify  
15 under subparagraph (a) of this paragraph;

16 (c) \$87,000,000 shall be restricted to the following categories of  
17 projects: (i) qualified residential projects located in distressed  
18 municipalities, deep poverty pockets, highlands development credit  
19 receiving areas or redevelopment areas, otherwise not qualifying  
20 pursuant to subparagraph (a) or (b) of this paragraph; and (ii) mixed  
21 use parking projects that do not qualify under subparagraph (a) or  
22 (b) of this paragraph, and which are used by an independent  
23 institution of higher education, a school of medicine, a nonprofit  
24 hospital system, or any combination thereof; provided, however,  
25 that \$20,000,000 of the \$87,000,000 shall be allocated to mixed use  
26 parking projects that do not qualify under subparagraph (a) or (b) of  
27 this paragraph;

28 (d) (i) \$16,000,000 shall be restricted to qualified residential  
29 projects that are located within a qualifying economic  
30 redevelopment and growth grant incentive area otherwise not  
31 qualifying under subparagraph (a), (b), or (c) of this paragraph; and

32 (ii) an additional \$50,000,000 shall be restricted to qualified  
33 residential projects which, as of the effective date of P.L.2016, c.51,  
34 are located in a city of the first class with a population in excess of  
35 270,000, are subject to a Renewal Contract for a Section 8 Mark-  
36 Up-To-Market Project from the United States Department of  
37 Housing and Urban Development, and for which an application for  
38 the award of tax credits under this subsection was submitted prior to  
39 January 1, 2016; and

40 (e) \$25,000,000 shall be restricted to projects involving  
41 university infrastructure.

42 (f) For subparagraphs (a) through (d) of this paragraph, not  
43 more than \$40,000,000 of credits shall be awarded to any qualified  
44 residential project in a deep poverty pocket or distressed  
45 municipality and not more than \$20,000,000 of credits shall be  
46 awarded to any other qualified residential project. The developer of  
47 a qualified residential project seeking an award of credits towards  
48 the funding of its incentive grant shall submit an incentive grant

1 application prior to July 1, 2016 and if approved after September  
2 18, 2013, the effective date of P.L.2013, c.161 (C.52:27D-489p et  
3 al.) shall submit a temporary certificate of occupancy for the project  
4 no later than July 28, 2021. The developer of a mixed use parking  
5 project seeking an award of credits towards the funding of its  
6 incentive grant pursuant to subparagraph (c) of this paragraph and if  
7 approved after the effective date of P.L.2015, c.217, shall submit a  
8 temporary certificate of occupancy for the project no later than July  
9 28, 2021. The developer of a qualified residential project or a  
10 mixed use parking project seeking an award of credits toward the  
11 funding of its incentive grant for a project restricted under  
12 **【category】** categories (vi) and (viii) of subparagraph (b) of this  
13 paragraph shall submit an incentive grant application prior to July  
14 1, **【2018】** 2019, and if approved after the effective date of  
15 P.L.2017, c.59, shall submit a temporary certificate of occupancy  
16 for the project no later than July 28, **【2021】** 2022. Applications for  
17 tax credits pursuant to this subsection relating to an ancillary  
18 infrastructure project or infrastructure improvement in the public  
19 right-of-way, or both, shall be accompanied with a letter of support  
20 relating to the project or improvement by the governing body or  
21 agency in which the project is located. Credits awarded to a  
22 developer pursuant to this subsection shall be subject to the same  
23 financial and related analysis by the authority, the same term of the  
24 grant, and the same mechanism for administering the credits, and  
25 shall be utilized or transferred by the developer as if the credits had  
26 been awarded to the developer pursuant to section 35 of P.L.2009,  
27 c.90 (C.34:1B-209.3) for qualified residential projects thereunder.  
28 No portion of the revenues pledged pursuant to the "New Jersey  
29 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-  
30 489p et al.) shall be subject to withholding or retainage for  
31 adjustment, in the event the developer or taxpayer waives its rights  
32 to claim a refund thereof.

33 (4) A developer may apply to the Director of the Division of  
34 Taxation in the Department of the Treasury and the chief executive  
35 officer of the authority for a tax credit transfer certificate, if the  
36 developer is awarded a tax credit pursuant to paragraph (2) or  
37 paragraph (3) of this subsection, covering one or more years, in lieu  
38 of the developer being allowed any amount of the credit against the  
39 tax liability of the developer. The tax credit transfer certificate,  
40 upon receipt thereof by the developer from the director and the  
41 chief executive officer of the authority, may be sold or assigned, in  
42 full or in part, to any other person who may have a tax liability  
43 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2  
44 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), section 1  
45 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The certificate  
46 provided to the developer shall include a statement waiving the  
47 developer's right to claim that amount of the credit against the taxes  
48 that the developer has elected to sell or assign. The sale or

1 assignment of any amount of a tax credit transfer certificate allowed  
2 under this paragraph shall not be exchanged for consideration  
3 received by the developer of less than 75 percent of the transferred  
4 credit amount before considering any further discounting to present  
5 value that may be permitted. Any amount of a tax credit transfer  
6 certificate used by a purchaser or assignee against a tax liability  
7 shall be subject to the same limitations and conditions that apply to  
8 the use of the credit by the developer who originally applied for and  
9 was allowed the credit.

10 c. All administrative costs associated with the incentive grant  
11 shall be assessed to the applicant and be retained by the State  
12 Treasurer from the annual incentive grant payments.

13 d. The incremental revenue for the revenues listed in  
14 subsection a. of this section shall be calculated as the difference  
15 between the amount collected in any fiscal year from any eligible  
16 revenue source included in the State redevelopment incentive grant  
17 agreement, less the revenue increment base for that eligible  
18 revenue.

19 e. The municipality is authorized to collect any information  
20 necessary to facilitate grants under this program and remit that  
21 information in order to assist in the calculation of incremental  
22 revenue.

23 (cf: P.L.2017, c.314, s.3)

24

25 3. Section 9 of P.L.2009, c.90 (C.52:27D-489i) is amended to  
26 read as follows:

27 9. a. The authority is authorized to enter into a redevelopment  
28 incentive grant agreement with a developer for any redevelopment  
29 project located within a qualifying economic redevelopment and  
30 growth grant incentive area that does not qualify as such an area  
31 solely by virtue of being a transit village.

32 b. The decision of whether to enter into a redevelopment  
33 incentive grant agreement is solely within the discretion of the  
34 authority and the State Treasurer, provided that they both agree to  
35 enter into an agreement.

36 c. The Chief Executive Officer of the authority, in consultation  
37 with the State Treasurer shall negotiate the terms and conditions of  
38 any redevelopment incentive grant agreement on behalf of the State.

39 d. (1) The redevelopment incentive grant agreement shall  
40 specify the maximum amount of project costs, the amount of the  
41 incentive grant to be awarded the developer, the frequency of  
42 payments, and the eligibility period, which shall not exceed 20  
43 years, during which reimbursement will be granted, and for a  
44 project receiving an incentive grant in excess of \$50 million, the  
45 amount of the negotiated repayment amount to the State, which may  
46 include, but not be limited to, cash, equity, and warrants. Except  
47 for redevelopment incentive grant agreements with a municipal  
48 redeveloper, or with the developer of a redevelopment project

1 solely with respect to the cost of infrastructure improvements in the  
2 public right-of-way including any ancillary infrastructure project in  
3 the public right-of-way, in no event shall the base amount of the  
4 combined reimbursements under redevelopment incentive grant  
5 agreements with the State or municipality exceed 20 percent of the  
6 total project cost, except in a Garden State Growth Zone, which  
7 shall not exceed 30 percent.

8 (2) The authority shall be permitted to increase the amount of  
9 the reimbursement under the redevelopment incentive grant  
10 agreement with the State by up to 10 percent of the total project  
11 cost if the project is:

12 (a) located in a distressed municipality which lacks adequate  
13 access to nutritious food in the judgment of the Chief Executive  
14 Officer of the authority and will include either a supermarket or  
15 grocery store with a minimum of 15,000 square feet of selling space  
16 devoted to the sale of consumable products or a prepared food  
17 establishment selling only nutritious ready to serve meals;

18 (b) located in a distressed municipality which lacks adequate  
19 access to health care and health services in the judgment of the  
20 Chief Executive Officer of the authority and will include a health  
21 care and health services center with a minimum of 10,000 square  
22 feet of space devoted to the provision of health care and health  
23 services;

24 (c) located in a distressed municipality which has a business  
25 located therein that is required to respond to a request for proposal  
26 to fulfill a contract with the federal government as set forth in  
27 subsection **[d.] f.** of section 3 of P.L.2011, c.149 (C.34:1B-244);

28 (d) a transit project;

29 (e) a qualified residential project in which at least 10 percent of  
30 the residential units are constructed as and reserved for moderate  
31 income housing;

32 (f) located in a highlands development credit receiving area or  
33 redevelopment area;

34 (g) located in a Garden State Growth Zone;

35 (h) a disaster recovery project;

36 (i) an aviation project;

37 (j) a tourism destination project; or

38 (k) substantial rehabilitation or renovation of an existing  
39 structure or structures.

40 (3) The maximum amount of any redevelopment incentive grant  
41 shall be equal to up to 30 percent of the total project costs, except  
42 for projects located in a Garden State Growth Zone, in which case  
43 the maximum amount of any redevelopment incentive grant shall be  
44 equal to up to 40 percent of the total project costs. Notwithstanding  
45 anything to the contrary contained within this section, the maximum  
46 amount of any redevelopment incentive grant with respect to a  
47 mixed use parking project shall be up to 100 percent of the total  
48 project costs allocable to the parking component of the project, and

1 shall be up to 40 percent of the total project costs allocable to the  
2 non-parking component of the project. In addition, notwithstanding  
3 anything to the contrary contained in this section, the maximum  
4 amount of any redevelopment incentive grant for a qualified  
5 residential project described in (i) below shall be up to 80 percent  
6 of the total project costs, and for a mixed use parking project  
7 described in (i) through (iv) below shall be up to 100 percent of the  
8 total project costs allocable to the parking component and up to 80  
9 percent of the total project costs allocable to the non-parking  
10 component: (i) with respect to a mixed use parking project or  
11 qualified residential project constructed upon all or a portion of a  
12 project site which project site was previously the subject of an  
13 award of tax credits pursuant to the “Urban Transit Hub Tax Credit  
14 Act,” P.L.2007, c.346 (C.34:1B-207 et seq.), as amended by  
15 P.L.2009, c.90 (C.52:27D-489a et al.), but those tax credits were  
16 not issued, (ii) for entertainment venues with seating capacity in  
17 excess of 5,000, (iii) a visitor center within or adjacent to a national  
18 historic park, or (iv) a youth center in or adjacent to a national  
19 historic park.

20 e. Except in the case of a qualified residential project, a mixed  
21 use parking project, or a project involving university infrastructure,  
22 the authority and the State Treasurer may enter into a  
23 redevelopment incentive grant agreement only if they make a  
24 finding that the State revenues to be realized from the  
25 redevelopment project will be in excess of the amount necessary to  
26 reimburse the developer for its project financing gap. This finding  
27 may be made by an estimation based upon the professional  
28 judgment of the Chief Executive Officer of the authority and the  
29 State Treasurer.

30 f. In deciding whether to recommend entering into a  
31 redevelopment incentive grant agreement and in negotiating a  
32 redevelopment agreement with a developer, the Chief Executive  
33 Officer of the authority shall consider the following factors:

34 (1) the economic feasibility of the redevelopment project;  
35 (2) the extent of economic and related social distress in the  
36 municipality and the area to be affected by the redevelopment  
37 project or the level of site specific distress to include dilapidated  
38 conditions, brownfields designation, environmental contamination,  
39 pattern of vacancy, abandonment, or **【under utilization】** under-  
40 utilization of the property, rate of foreclosures, or other site  
41 conditions as determined by the authority;

42 (3) the degree to which the redevelopment project will advance  
43 State, regional, and local development and planning strategies;

44 (4) the likelihood that the redevelopment project shall, upon  
45 completion, be capable of generating new tax revenue in an amount  
46 in excess of the amount necessary to reimburse the developer for  
47 project costs incurred as provided in the redevelopment incentive  
48 grant agreement, provided, however, that any tax revenue generated

1 by a redevelopment project that is a disaster recovery project shall  
2 be considered new tax revenue even if the same or more tax revenue  
3 was generated at or on the site prior to the disaster;

4 (5) the relationship of the redevelopment project to a  
5 comprehensive local development strategy, including other major  
6 projects undertaken within the municipality;

7 (6) the need of the redevelopment incentive grant agreement to  
8 the viability of the redevelopment project or the promotion of the  
9 use of public transportation; and

10 (7) the degree to which the redevelopment project enhances and  
11 promotes job creation and economic development or the promotion  
12 of the use of public transportation.

13 g. (1) A developer who has entered into a redevelopment  
14 incentive grant agreement with the authority and the State Treasurer  
15 pursuant to this section may, upon notice to and consent of the  
16 authority and the State Treasurer, pledge, assign, transfer, or sell  
17 any or all of its right, title and interest in and to the agreements and  
18 in the incentive grants payable thereunder, and the right to receive  
19 same, along with the rights and remedies provided to the developer  
20 under the agreement. Any such assignment shall be an absolute  
21 assignment for all purposes, including the federal bankruptcy code.

22 (2) Any pledge of incentive grants made by the developer shall  
23 be valid and binding from the time the pledge is made and filed in  
24 the records of the authority. The incentive grants pledged and  
25 thereafter received by the developer shall immediately be subject to  
26 the lien of the pledge without any physical delivery thereof or  
27 further act, and the lien of any pledge shall be valid and binding  
28 against all parties having claims of any kind in tort, contract, or  
29 otherwise against the developer irrespective of whether the parties  
30 have notice thereof. Neither the redevelopment incentive grant  
31 agreement nor any other instrument by which a pledge under this  
32 section is created need be filed or recorded except with the  
33 authority.

34 (cf: P.L.2015, c.242, s.4)

35

36 4. This act shall take effect immediately.

37

38

39

#### STATEMENT

40

41 The bill extends by one year, to July 1, 2019, the application  
42 deadline for tax credits for qualified residential projects and mixed  
43 use parking projects under the Economic Redevelopment and  
44 Growth (ERG) Program in Garden State Growth Zones that have a  
45 population in excess of 125,000 and do not otherwise qualify for tax  
46 credits under the ERG Program. The deadline for approved projects  
47 in these locations to obtain a temporary certificate of occupancy is  
48 extended by one year, to July 28, 2022.

**S1968 POU**

1       The bill revises the definition of “parking component” for  
2 purposes of mixed use parking projects under the ERG program.  
3 Under the bill, the parking component of a mixed use parking  
4 project may include pedestrian walkways or a skybridge, and may  
5 be in the same structure as the non-parking component or may be in  
6 an adjacent or nearby structure.

7       The bill increases the maximum tax credit amounts allowed to be  
8 awarded for certain qualified residential projects and mixed use  
9 parking projects. The bill specifies that for qualified residential  
10 projects constructed upon all or a portion of a project site that was  
11 previously the subject of an award under the “Urban Transit Hub  
12 Tax Credit Act” (but those tax credits were not issued), the  
13 maximum amount of any tax credit is to be up to 80 percent of the  
14 total project costs. For mixed use parking projects constructed  
15 upon all or a portion of a project site that was previously the subject  
16 of an award under the “Urban Transit Hub Tax Credit Act” (but  
17 those tax credits were not issued), for entertainment venues with  
18 seating capacity in excess of 5,000, a visitor center within or  
19 adjacent to a national historic park, or a youth center in or adjacent  
20 to a national historic park, the maximum amount of any tax credit is  
21 to be up to 100 percent of the total project costs allocable to the  
22 parking component and up to 80 percent of the total project costs  
23 allocable to the non-parking component.

# SENATE ECONOMIC GROWTH COMMITTEE

## STATEMENT TO

### SENATE, No. 1968

# STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Senate Economic Growth Committee reports favorably Senate Bill No. 1968.

As reported, the bill extends by one year, to July 1, 2019, the application deadline for tax credits for qualified residential projects and mixed use parking projects under the Economic Redevelopment and Growth Grant Program (ERG Program) in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of “parking component” for purposes of mixed use parking projects under the ERG Program. Under the bill, the parking component of a mixed use parking project may include pedestrian walkways or a skybridge, and may be in the same structure as the non-parking component or may be in an adjacent or nearby structure.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 1968

# STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1968.

The bill extends by one year, to July 1, 2019, the application deadline for tax credits for qualified residential projects and mixed use parking projects under the Economic Redevelopment and Growth (ERG) Program in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of “parking component” for purposes of mixed use parking projects under the ERG program. Under the bill, the parking component of a mixed use parking project may include pedestrian walkways or a skybridge, and may be in the same structure as the non-parking component or may be in an adjacent or nearby structure.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

#### FISCAL IMPACT:

The Office of Legislative Services notes that the bill is likely to produce a negative fiscal net impact of indeterminate magnitude on the State, considering that the Economic Redevelopment and Growth

Grant (ERG) program residential tax credits do not require projects to yield a net fiscal benefit to the State.

It is not possible to quantify the impact due to uncertainty about what projects will advance under the bill that would have otherwise not advanced if not for the extended deadline for Paterson projects and the enhanced credit awards for certain projects. It is also unclear what State spending may be displaced by ERG incentive awards.

The entire \$130 million in ERG residential tax credit balances restricted to Paterson projects currently remains uncommitted, representing a potential direct State revenue loss of up to \$130 million if Paterson projects advance under the bill, but would have expired unused if not for the bill.

Additional indirect fiscal impacts may accrue as a result of the bill based on the economic activity generated by projects constructed as a result of the bill's deadline extension and enhanced incentive levels. This indirect impact includes indeterminate indirect revenue gain through additional business and employment activity, and indeterminate impacts from State expenditures that would have occurred with the revenues that have instead been forgone through the residential tax credits. These indirect impacts must be applied to the direct State revenue loss to determine the net fiscal impact on the State.

Affected local government may accrue indirect revenue gains as a result of the bill's stimulus effects on the local economy. Specifically, a local government may realize enhanced local property tax collections from an incentive recipient investing the incentive amount in facility improvements, which then increase the property's value.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 1968**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: APRIL 16, 2018

**SUMMARY**

- Synopsis:** Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.
- Type of Impact:** Increased State cost; potential increase in local revenues
- Agencies Affected:** Department of the Treasury, New Jersey Economic Development Authority (EDA), Certain Local Governments

**Office of Legislative Services Estimate**

| <b>Fiscal Impact</b> | <b><u>Year 1</u></b> | <b><u>Year 2</u></b> | <b><u>Year 3</u></b> |
|----------------------|----------------------|----------------------|----------------------|
| <b>State Cost</b>    |                      | Indeterminate        |                      |
| <b>State Revenue</b> |                      | Indeterminate        |                      |
| <b>Local Cost</b>    |                      | Indeterminate        |                      |
| <b>Local Revenue</b> |                      | Indeterminate        |                      |

- The bill is likely to produce a negative fiscal net impact of indeterminate magnitude on the State, considering that the Economic Redevelopment and Growth Grant (ERG) program residential tax credits do not require projects to yield a net fiscal benefit to the State. It is not possible to quantify the impact due to uncertainty about what projects will advance under the bill that would not have advanced if not for the extended deadline for Paterson projects to be located in Paterson and the enhanced credit awards for certain projects. It is also unclear what State spending may be displaced by ERG incentive awards that would not have happened if not for this bill.
- The entire \$130 million in ERG residential tax credit balances for Paterson projects to be located in Paterson currently remains uncommitted, representing a potential direct State revenue loss of up to \$130 million if those projects advance under the bill, but would have expired unused if not for the bill.
- Additional indirect fiscal impacts may accrue as a result of the bill based on the economic activity generated by projects constructed as a result of the bills deadline extension and

enhanced incentive levels. This indirect impact includes indeterminate indirect revenue gain through additional business and employment activity, and indeterminate impacts from State expenditures that would have occurred with the revenues that have instead been forgone through the residential tax credits. These indirect impacts must be applied to the direct State revenue loss to determine the net fiscal impact on the State.

- An affected local government may accrue indirect revenue gains as a result of the bill's stimulus effects on the local economy. Specifically, affected local governments may realize enhanced local property tax collections from an incentive recipient investing the incentive amount in facility improvements, which then increase the property's value.

## **BILL DESCRIPTION**

The bill extends by one year, to July 1, 2019, the application deadline for tax credits for qualified residential projects and mixed use parking projects under the Economic Redevelopment and Growth Grant Program (ERG Program) in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of "parking component" for purposes of mixed use parking projects under the ERG Program. Under the bill, the parking component of a mixed use parking project may include pedestrian walkways or a skybridge, and may be in the same structure as the non-parking component or may be in an adjacent or nearby structure.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The bill is expected to produce an indeterminate negative net fiscal impact on the State, with potential revenue gains for affected local governments. The net fiscal impact for the State is a

result of the direct revenue loss from the residential tax credits impacted by the bill, to the extent that they would not have been committed if not for the bill. This impact is offset by the indeterminate indirect impact of increased revenues from the economic activity generated by the projects incentivized by the tax credits. Additionally, there is an indeterminate indirect impact based on the opportunity cost of State spending that would have happened with the tax revenues that were not collected as a result of the tax credits, which cannot be known. This combination of a revenue negative direct impact, a revenue positive indirect impact, and an opportunity cost that could be revenue positive or negative generates the overall net fiscal impact.

### **Direct State Revenue Loss**

The bill does not change the amount of tax credits that can be issued through the ERG program, but there are \$130 million in residential tax credits allocated to projects within Paterson where no projects have been approved. It appears likely that these credits will be unused prior to the application deadline under current law, given the short amount of time before the deadline, and the lack of activity in this category over the life of the ERG program. The bill extends that deadline while also allowing for certain types of projects in this area to receive substantially larger tax credit awards. While it is not clear whether this increase in project incentive award values will be sufficient for the full \$130 million to be awarded; it is much more likely than under current law.

It is not possible to know how much of the \$130 million in residential tax credit allocation will be awarded under the bill; however, for the amount that is awarded that would not have happened if not for the deadline extension and increased project cost awards, those residential tax credits represent a direct revenue loss that can be attributed to the bill.

### **Indirect State and Local Revenue Gain**

It is not possible to determine the indirect revenue gain to the State and affected local governments from the issuance of additional residential tax credits under the ERG program because it cannot be known what projects might be constructed from the remaining tax credit allocations under the program. It is expected that the revenue gain from those projects is likely to be less than the tax credit amounts.

The ERG tax credit awards provide revenue to businesses by allowing them not to pay some portion of their tax liability. These retained revenues are spent by the business on goods and services. The taxes on these goods and services purchased by the businesses represent indirect revenues to the State and affected local governments.

If the only spending that results from the tax credit is the value of the credit, the State would realize a significant revenue loss relative to the tax credit. The goal of the tax credit is to incentivize significant additional spending by the business. For instance, a business may be looking to construct a \$100 million factory, and is considering two locations. The company's internal analysis indicates that there is a roughly \$5 million difference between the two locations in terms of expected revenues. A tax credit of \$6 million from the less favorable location may be sufficient to convince a company to invest \$100 million in that location compared to no investment if not for the incentive. In this scenario, all of the tax revenues resulting from the \$100 million investment are realized as indirect revenues to the State and affected local governments, potentially more than offsetting the initial \$6 million direct revenue loss for the tax credit.

It is unlikely that the ERG residential tax credits under this bill will be large enough to offset the direct impact of the tax credit awards. The ERG tax credit program does not subject credit-receiving capital investments to the multiplier-based net benefit test calculation, which for other economic development incentive programs is intended to ensure that the EDA will award tax incentives only to capital projects that are estimated to generate indirect State revenue equal to at

least 110 percent of a tax incentive's direct State cost. Also, under the ERG tax credit program, the EDA must only determine that the realization of a credit-receiving capital project is likely with the provision of a tax credit at the level requested, but not likely without the tax credit. By not requiring that the financial assistance be instrumental to project execution, however, the bill gives projects the benefit of doubt and thereby allows for projects to receive tax credits that will happen irrespective of the receipt of the State assistance.

### **Alternative State Expenditures**

Residential tax credits under the ERG program are just one of many ways to spend State revenues. A tax credit is effectively an expenditure by not collecting a revenue that the State would otherwise be entitled to collect. While the tax credit has a series of indirect impacts that may or may not result in net revenue gain, all other State expenditures have comparable direct costs and indirect impacts which may or may not result in a net revenue gain as well. It cannot be determined what other expenditures the State would have made, but if they would have had a more favorable net fiscal impact than the residential ERG tax credit awards under this bill, then that difference represents a net fiscal loss to the State based on the opportunity cost of not being able to adopt that alternative policy approach.

The indirect fiscal impact of these opportunity costs also must be factored into the consideration of this bill. While it is not possible to identify the opportunity costs when viewing a bill on its own, when viewed alongside other legislation or fiscal policy options, it is clear that there are other viable policy alternatives that could potentially generate comparable or greater fiscal benefits. These comparisons are particularly relevant in the analysis of economic development policies, because the primary intent of such programs is to increase economic activity, and in turn, positive fiscal impacts.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Senior Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

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

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 1968 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 26, 2018

### SUMMARY

- Synopsis:** Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.
- Type of Impact:** Increased State cost; potential increase in local revenues
- Agencies Affected:** Department of Treasury, New Jersey Economic Development Authority (EDA), Certain Local Governments

#### Office of Legislative Services Estimate

| <b>Fiscal Impact</b> | <b><u>Year 1</u></b> | <b><u>Year 2</u></b> | <b><u>Year 3</u></b> |
|----------------------|----------------------|----------------------|----------------------|
| <b>State Cost</b>    |                      | Indeterminate        |                      |
| <b>State Revenue</b> |                      | Indeterminate        |                      |
| <b>Local Cost</b>    |                      | Indeterminate        |                      |
| <b>Local Revenue</b> |                      | Indeterminate        |                      |

- The bill is likely to produce a negative fiscal net impact of indeterminate magnitude on the State, considering that the Economic Redevelopment and Growth Grant (ERG) program residential tax credits do not require projects to yield a net fiscal benefit to the State. It is not possible to quantify the impact due to uncertainty about what projects will advance under the bill that would not have advanced if not for the extended deadline for projects to be located in Paterson and the enhanced credit awards for certain projects. It is also unclear what State spending may be displaced by ERG incentive awards that would not have happened if not for this bill.
- The entire \$130 million in ERG residential tax credit balances for projects to be located in Paterson currently remains uncommitted, representing a potential direct State revenue loss of up to \$130 million if those projects advance under the bill, but would have expired unused if not for the bill.

- Additional indirect fiscal impacts may accrue as a result of the bill based on the economic activity generated by projects constructed as a result of the bills deadline extension and enhanced incentive levels. This indirect impact includes indeterminate indirect revenue gain through additional business and employment activity, and indeterminate impacts from State expenditures that would have occurred with the revenues that have instead been forgone through the residential tax credits. These indirect impacts must be applied to the direct State revenue loss to determine the net fiscal impact on the State.
- An affected local government may accrue indirect revenue gains as a result of the bill's stimulus effects on the local economy. Specifically, affected local governments may realize enhanced local property tax collections from an incentive recipient investing the incentive amount in facility improvements, which then increase the property's value.

### **BILL DESCRIPTION**

The bill extends by one year, to July 1, 2019, the application deadline for tax credits for, up to six candidate qualified residential projects and mixed use parking projects submitted by the municipality prior to July 1, 2018, under the Economic Redevelopment and Growth Grant Program (ERG Program) in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of "parking component" for purposes of mixed use parking projects under the ERG Program. Under the bill, the parking component of a mixed use parking project may include enclosed pedestrian walkways or a skybridge, and may be in the same structure as all the non-parking components or may be in a structure with some non-parking components with the remaining non-parking components in an adjacent or nearby structure that is no more than one third of a mile from the parking components.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

The bill also establishes that if the amount of the redevelopment incentive grant exceeds 40 percent of the total project costs for projects developed by non-public, for-profit entities the authority may consider the increased grant amount in determining the project financing gap.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The bill is expected to produce an indeterminate negative net fiscal impact on the State, with potential revenue gains for affected local governments. The net fiscal impact for the State is a result of the direct revenue loss from the residential tax credits impacted by the bill, to the extent that they would not have been committed if not for the bill. This impact is offset by the indeterminate indirect impact of increased revenues from the economic activity generated by the projects incentivized by the tax credits. Additionally, there is an indeterminate indirect impact based on the opportunity cost of State spending that would have happened with the tax revenues that were not collected as a result of the tax credits, which cannot be known. This combination of a revenue negative direct impact, a revenue positive indirect impact, and an opportunity cost that could be revenue positive or negative generates the overall net fiscal impact.

#### **Direct State Revenue Loss**

The bill does not change the amount of tax credits that can be issued through the ERG program, but there are \$130 million in residential tax credits allocated to projects within Paterson where no projects have been approved. It appears likely that these credits will be unused prior to the application deadline under current law, given the short amount of time before the deadline, and the lack of activity in this category over the life of the ERG program. The bill extends that deadline, for up to six projects identified by the municipality by July 1, 2018, while also allowing for certain types of projects in this area to receive substantially larger tax credit awards. While it is not clear whether this increase in project incentive award values will be sufficient for the full \$130 million to be awarded; it is much more likely than under current law.

It is not possible to know how much of the \$130 million in residential tax credit allocation will be awarded under the bill; however, for the amount that is awarded that would not have happened if not for the deadline extension and increased project cost awards, those residential tax credits represent a direct revenue loss that can be attributed to the bill.

#### **Indirect State and Local Revenue Gain**

It is not possible to determine the indirect revenue gain to the State and affected local governments from the issuance of additional residential tax credits under the ERG program because it cannot be known what projects might be constructed from the remaining tax credit allocations under the program. It is expected that the revenue gain from those projects is likely to be less than the tax credit amounts.

The ERG tax credit awards provide revenue to businesses by allowing them not to pay some portion of their tax liability. These retained revenues are spent by the business on goods and services. The taxes on these goods and services purchased by the businesses represent indirect revenues to the State and affected local governments.

If the only spending that results from the tax credit is the value of the credit, the State would realize a significant revenue loss relative to the tax credit. The goal of the tax credit is to incentivize significant additional spending by the business. For instance, a business may be looking to construct a \$100 million factory, and is considering two locations. The company's

internal analysis indicates that there is a roughly \$5 million difference between the two locations in terms of expected revenues. A tax credit of \$6 million from the less favorable location may be sufficient to convince a company to invest \$100 million in that location compared to no investment if not for the incentive. In this scenario, all of the tax revenues resulting from the \$100 million investment are realized as indirect revenues to the State and affected local governments, potentially more than offsetting the initial \$6 million direct revenue loss for the tax credit.

It is unlikely that the ERG residential tax credits under this bill will be large enough to offset the direct impact of the tax credit awards. The ERG tax credit program does not subject credit-receiving capital investments to the multiplier-based net benefit test calculation, which for other economic development incentive programs is intended to ensure that the EDA will award tax incentives only to capital projects that are estimated to generate indirect State revenue equal to at least 110 percent of a tax incentive's direct State cost. Also, under the ERG tax credit program, the EDA must only determine that the realization of a credit-receiving capital project is likely with the provision of a tax credit at the level requested, but not likely without the tax credit. By not requiring that the financial assistance be instrumental to project execution, however, the bill gives projects the benefit of doubt and thereby allows for projects to receive tax credits that will happen irrespective of the receipt of the State assistance.

### **Alternative State Expenditures**

Residential tax credits under the ERG program are just one of many ways to spend State revenues. A tax credit is effectively an expenditure by not collecting a revenue that the State would otherwise be entitled to collect. While the tax credit has a series of indirect impacts that may or may not result in net revenue gain, all other State expenditures have comparable direct costs and indirect impacts which may or may not result in a net revenue gain as well. It cannot be determined what other expenditures the State would have made, but if they would have had a more favorable net fiscal impact than the residential ERG tax credit awards under this bill, then that difference represents a net fiscal loss to the State based on the opportunity cost of not being able to adopt that alternative policy approach.

The indirect fiscal impact of these opportunity costs also must be factored into the consideration of this bill. While it is not possible to identify the opportunity costs when viewing a bill on its own, when viewed alongside other legislation or fiscal policy options, it is clear that there are other viable policy alternatives that could potentially generate comparable or greater fiscal benefits. These comparisons are particularly relevant in the analysis of economic development policies, because the primary intent of such programs is to increase economic activity, and in turn, positive fiscal impacts.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brenman  
Lead Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

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

# ASSEMBLY, No. 3619

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 12, 2018

**Sponsored by:**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman SHAVONDA E. SUMTER**

**District 35 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblywoman Pintor Marin**

**SYNOPSIS**

Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 4/13/2018)**

A3619 WIMBERLY, MUKHERJI

2

1 AN ACT concerning tax credits under the Economic Redevelopment  
2 and Growth Grant program for certain qualified residential  
3 projects and mixed use parking projects, and amending P.L.2009,  
4 c.90.

5

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

8

9 1. Section 3 of P.L.2009, c. 90 (C.52:27D-489c) is amended to  
10 read as follows:

11 3. As used in sections 3 through 18 of P.L.2009, c.90  
12 (C.52:27D-489c et al.):

13 "Applicant" means a developer proposing to enter into a  
14 redevelopment incentive grant agreement.

15 "Ancillary infrastructure project" means structures or  
16 improvements that are located within the incentive area but outside  
17 the project area of a redevelopment project, including, but not  
18 limited to, docks, bulkheads, parking garages, freight rail spurs,  
19 roadway overpasses, and train station platforms, provided a  
20 developer or municipal redeveloper has demonstrated that the  
21 redevelopment project would not be economically viable or  
22 promote the use of public transportation without such  
23 improvements, as approved by the State Treasurer.

24 "Authority" means the New Jersey Economic Development  
25 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-  
26 4).

27 "Aviation district" means the area within a one-mile radius of the  
28 outermost boundary of the "Atlantic City International Airport,"  
29 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-  
30 24).

31 "Deep poverty pocket" means a population census tract having a  
32 poverty level of 20 percent or more, and which is located within the  
33 incentive area and has been determined by the authority to be an  
34 area appropriate for development and in need of economic  
35 development incentive assistance.

36 "Developer" means any person who enters or proposes to enter  
37 into a redevelopment incentive grant agreement pursuant to the  
38 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its  
39 successors or assignees, including but not limited to a lender that  
40 completes a redevelopment project, operates a redevelopment  
41 project, or completes and operates a redevelopment project. A  
42 developer also may be a municipal redeveloper as defined herein or  
43 Rutgers, the State University of New Jersey.

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

**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 "Disaster recovery project" means a redevelopment project  
2 located on property that has been wholly or substantially damaged  
3 or destroyed as a result of a federally-declared disaster, and which  
4 is located within the incentive area and has been determined by the  
5 authority to be in an area appropriate for development and in need  
6 of economic development incentive assistance.

7 "Distressed municipality" means a municipality that is qualified  
8 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a  
9 municipality under the supervision of the Local Finance Board  
10 pursuant to the provisions of the "Local Government Supervision  
11 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality  
12 identified by the Director of the Division of Local Government  
13 Services in the Department of Community Affairs to be facing  
14 serious fiscal distress, a SDA municipality, or a municipality in  
15 which a major rail station is located.

16 "Eligibility period" means the period of time specified in a  
17 redevelopment incentive grant agreement for the payment of  
18 reimbursements to a developer, which period shall not exceed 20  
19 years, with the term to be determined solely at the discretion of the  
20 applicant.

21 "Eligible revenue" means the property tax increment and any  
22 other incremental revenues set forth in section 11 of P.L.2009, c.90  
23 (C.52:27D-489k), except in the case of a Garden State Growth  
24 Zone, in which the property tax increment and any other  
25 incremental revenues are calculated as those incremental revenues  
26 that would have existed notwithstanding the provisions of the "New  
27 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161  
28 (C.52:27D-489p et al.).

29 "Garden State Growth Zone" or "growth zone" means the four  
30 New Jersey cities with the lowest median family income based on  
31 the 2009 American Community Survey from the US Census, (Table  
32 708. Household, Family, and Per Capita Income and Individuals,  
33 and Families Below Poverty Level by City: 2009); or a municipality  
34 which contains a Tourism District as established pursuant to section  
35 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
36 Reinvestment Development Authority.

37 "Highlands development credit receiving area or redevelopment  
38 area" means an area located within an incentive area and designated  
39 by the Highlands Council for the receipt of Highlands Development  
40 Credits under the Highlands Transfer Development Rights Program  
41 authorized under section 13 of P.L.2004, c.120 (C.13:20-13).

42 "Incentive grant" means reimbursement of all or a portion of the  
43 project financing gap of a redevelopment project through the State  
44 or a local Economic Redevelopment and Growth Grant program  
45 pursuant to section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d  
46 or C.52:27D-489e).

47 "Infrastructure improvements in the public right-of-way" mean  
48 public structures or improvements located in the public right-of-

1 way that are located within a project area or that constitute an  
2 ancillary infrastructure project, either of which are dedicated to or  
3 owned by a governmental body or agency upon completion, or any  
4 required payment in lieu of the structures, improvements or  
5 projects, or any costs of remediation associated with the structures,  
6 improvements or projects, and that are determined by the authority,  
7 in consultation with applicable State agencies, to be consistent with  
8 and in furtherance of State public infrastructure objectives and  
9 initiatives.

10 "Low-income housing" means housing affordable according to  
11 federal Department of Housing and Urban Development or other  
12 recognized standards for home ownership and rental costs and  
13 occupied or reserved for occupancy by households with a gross  
14 household income equal to 50 percent or less of the median gross  
15 household income for households of the same size within the  
16 housing region in which the housing is located.

17 "Major rail station" means a railroad station located within a  
18 qualified incentive area which provides access to the public to a  
19 minimum of six rail passenger service lines operated by the New  
20 Jersey Transit Corporation.

21 "Mixed use parking project" means a redevelopment project, the  
22 parking component of which shall constitute 51 percent or more of  
23 any of the following:

- 24 a. the total square footage of the entire mixed use parking  
25 project;
- 26 b. the estimated revenues of the entire mixed use parking  
27 project; or
- 28 c. the total construction cost of the entire mixed use parking  
29 project.

30 "Moderate-income housing" means housing affordable,  
31 according to United States Department of Housing and Urban  
32 Development or other recognized standards for home ownership  
33 and rental costs, and occupied or reserved for occupancy by  
34 households with a gross household income equal to more than 50  
35 percent but less than 80 percent of the median gross household  
36 income for households of the same size within the housing region in  
37 which the housing is located.

38 "Municipal redeveloper" means an applicant for a redevelopment  
39 incentive grant agreement, which applicant is:

- 40 a. a municipal government, a municipal parking authority, or a  
41 redevelopment agency acting on behalf of a municipal government  
42 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or
- 43 b. a developer of a mixed use parking project, provided that the  
44 parking component of the mixed use parking project is operated and  
45 maintained by a municipal parking authority for the term of any  
46 financial assistance granted pursuant to P.L.2015, c.69.

1 "Municipal Revitalization Index" means the 2007 index by the  
2 Office for Planning Advocacy within the Department of State  
3 measuring or ranking municipal distress.

4 "Non-parking component" means that portion of a mixed use  
5 parking project not used for parking, together with the portion of  
6 the costs of the mixed use parking project, including but not limited  
7 to the footings, foundations, site work, infrastructure, and soft costs  
8 that are allocable to the non-parking use.

9 "Parking component" means that portion of a mixed use parking  
10 project used for parking, together with the portion of the costs of  
11 the mixed use parking project, including but not limited to the  
12 footings, foundations, site work, infrastructure, and soft costs that  
13 are allocable to the parking use. The parking component, which  
14 may include pedestrian walkways or a skybridge, may be in the  
15 same structure as the non-parking component or may be in an  
16 adjacent or nearby structure.

17 "Project area" means land or lands located within the incentive  
18 area under common ownership or control including through a  
19 redevelopment agreement with a municipality, or as otherwise  
20 established by a municipality or a redevelopment agreement  
21 executed by a State entity to implement a redevelopment project.

22 "Project cost" means the costs incurred in connection with the  
23 redevelopment project by the developer until the issuance of a  
24 permanent certificate of occupancy, or until such other time  
25 specified by the authority, for a specific investment or  
26 improvement, including the costs relating to receiving Highlands  
27 Development Credits under the Highlands Transfer Development  
28 Rights Program authorized pursuant to section 13 of P.L.2004,  
29 c.120 (C.13:20-13), lands, buildings, improvements, real or  
30 personal property, or any interest therein, including leases  
31 discounted to present value, including lands under water, riparian  
32 rights, space rights and air rights acquired, owned, developed or  
33 redeveloped, constructed, reconstructed, rehabilitated or improved,  
34 any environmental remediation costs, plus costs not directly related  
35 to construction, of an amount not to exceed 20 percent of the total  
36 costs, capitalized interest paid to third parties, and the cost of  
37 infrastructure improvements, including ancillary infrastructure  
38 projects, and, for projects located in a Garden State Growth Zone  
39 only, the cost of infrastructure improvements including any  
40 ancillary infrastructure project and the amount by which total  
41 project cost exceeds the cost of an alternative location for the  
42 redevelopment project, but excluding any particular costs for which  
43 the project has received federal, State, or local funding.

44 "Project financing gap" means:

45 a. the part of the total project cost, including return on  
46 investment, that remains to be financed after all other sources of  
47 capital have been accounted for, including, but not limited to,  
48 developer-contributed capital, which shall not be less than 20

1 percent of the total project cost, which may include the value of any  
2 existing land and improvements in the project area owned or  
3 controlled by the developer, and the cost of infrastructure  
4 improvements in the public right-of-way, subject to review by the  
5 State Treasurer, and investor or financial entity capital or loans for  
6 which the developer, after making all good faith efforts to raise  
7 additional capital, certifies that additional capital cannot be raised  
8 from other sources on a non-recourse basis; and

9 b. the amount by which total project cost exceeds the cost of an  
10 alternative location for the out-of-State redevelopment project.

11 "Project revenue" means all rents, fees, sales, and payments  
12 generated by a project, less taxes or other government payments.

13 "Property tax increment" means the amount obtained by:

14 a. multiplying the general tax rate levied each year by the  
15 taxable value of all the property assessed within a project area in  
16 the same year, excluding any special assessments; and

17 b. multiplying that product by a fraction having a numerator  
18 equal to the taxable value of all the property assessed within the  
19 project area, minus the property tax increment base, and having a  
20 denominator equal to the taxable value of all property assessed  
21 within the project area.

22 For the purpose of this definition, "property tax increment base"  
23 means the aggregate taxable value of all property assessed which is  
24 located within the redevelopment project area as of October 1st of  
25 the year proceeding the year in which the redevelopment incentive  
26 grant agreement is authorized.

27 "Qualified incubator facility" means a commercial building  
28 located within an incentive area: which contains 100,000 or more  
29 square feet of office, laboratory, or industrial space; which is  
30 located near, and presents opportunities for collaboration with, a  
31 research institution, teaching hospital, college, or university; and  
32 within which, at least 75 percent of the gross leasable area is  
33 restricted for use by one or more technology startup companies  
34 during the commitment period.

35 "Qualified residential project" means a redevelopment project  
36 that is predominantly residential and includes multi-family  
37 residential units for purchase or lease, or dormitory units for  
38 purchase or lease, having a total project cost of at least  
39 \$17,500,000, if the project is located in any municipality with a  
40 population greater than 200,000 according to the latest federal  
41 decennial census, or having a total project cost of at least  
42 \$10,000,000 if the project is located in any municipality with a  
43 population less than 200,000 according to the latest federal  
44 decennial census, or is a disaster recovery project, or having a total  
45 project cost of \$5,000,000 if the project is in a Garden State Growth  
46 Zone.

47 "Qualifying economic redevelopment and growth grant incentive  
48 area" or "incentive area" means:

- 1 a. an aviation district;
- 2 b. a port district;
- 3 c. a distressed municipality; or
- 4 d. an area (1) designated pursuant to the "State Planning Act,"
- 5 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
  - 6 (a) Planning Area 1 (Metropolitan);
  - 7 (b) Planning Area 2 (Suburban); or
  - 8 (c) Planning Area 3 (Fringe Planning Area);
  - 9 (2) located within a smart growth area and planning area
  - 10 designated in a master plan adopted by the New Jersey
  - 11 Meadowlands Commission pursuant to subsection (i) of section 6 of
  - 12 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
  - 13 adopted by the New Jersey Meadowlands Commission pursuant to
  - 14 section 20 of P.L.1968, c.404 (C.13:17-21);
  - 15 (3) located within any land owned by the New Jersey Sports and
  - 16 Exposition Authority, established pursuant to P.L.1971, c.137
  - 17 (C.5:10-1 et seq.), within the boundaries of the Hackensack
  - 18 Meadowlands District as delineated in section 4 of P.L.1968, c.404
  - 19 (C.13:17-4);
  - 20 (4) located within a regional growth area, rural development
  - 21 area zoned for industrial use as of the effective date of P.L.2016,
  - 22 c.75, town, village, or a military and federal installation area
  - 23 designated in the comprehensive management plan prepared and
  - 24 adopted by the Pinelands Commission pursuant to the "Pinelands
  - 25 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
  - 26 (5) located within the planning area of the Highlands Region as
  - 27 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or in a
  - 28 highlands development credit receiving area or redevelopment area;
  - 29 (6) located within a Garden State Growth Zone;
  - 30 (7) located within land approved for closure under any federal
  - 31 Base Closure and Realignment Commission action; or
  - 32 (8) located only within the following portions of the areas
  - 33 designated pursuant to the "State Planning Act," P.L.1985, c.398
  - 34 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
  - 35 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
  - 36 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural
  - 37 Planning Area), Planning Area 4B (Rural/Environmentally
  - 38 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
  - 39 located within:
    - 40 (a) a designated center under the State Development and
    - 41 Redevelopment Plan;
    - 42 (b) a designated growth center in an endorsed plan until the
    - 43 State Planning Commission revises and readopts New Jersey's State
    - 44 Strategic Plan and adopts regulations to revise this definition as it
    - 45 pertains to Statewide planning areas;
    - 46 (c) any area determined to be in need of redevelopment pursuant
    - 47 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and

1 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of  
2 P.L.1992, c.79 (C.40A:12A-14);

3 (d) any area on which a structure exists or previously existed  
4 including any desired expansion of the footprint of the existing or  
5 previously existing structure provided the expansion otherwise  
6 complies with all applicable federal, State, county, and local  
7 permits and approvals;

8 (e) the planning area of the Highlands Region as defined in  
9 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands  
10 development credit receiving area or redevelopment area; or

11 (f) any area on which an existing tourism destination project is  
12 located.

13 "Qualifying economic redevelopment and growth grant incentive  
14 area" or "incentive area" shall not include any property located  
15 within the preservation area of the Highlands Region as defined in  
16 the "Highlands Water Protection and Planning Act," P.L.2004,  
17 c.120 (C.13:20-1 et al.).

18 "Redevelopment incentive grant agreement" means an agreement  
19 between:

20 a. the State and the New Jersey Economic Development  
21 Authority and a developer; or

22 b. a municipality and a developer, or a municipal ordinance  
23 authorizing a project to be undertaken by a municipal redeveloper,  
24 under which, in exchange for the proceeds of an incentive grant, the  
25 developer agrees to perform any work or undertaking necessary for  
26 a redevelopment project, including the clearance, development or  
27 redevelopment, construction, or rehabilitation of any structure or  
28 improvement of commercial, industrial, residential, or public  
29 structures or improvements within a qualifying economic  
30 redevelopment and growth grant incentive area or a transit village.

31 "Redevelopment project" means a specific construction project  
32 or improvement, including lands, buildings, improvements, real and  
33 personal property or any interest therein, including lands under  
34 water, riparian rights, space rights and air rights, acquired, owned,  
35 leased, developed or redeveloped, constructed, reconstructed,  
36 rehabilitated or improved, undertaken by a developer, owner or  
37 tenant, or both, within a project area and any ancillary infrastructure  
38 project including infrastructure improvements in the public right of  
39 way, as set forth in an application to be made to the authority. The  
40 use of the term "redevelopment project" in sections 3 through 18 of  
41 P.L.2009, c.90 (C.52:27D-489c et al.) shall not be limited to only  
42 redevelopment projects located in areas determined to be in need of  
43 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79  
44 (C.40A:12A-5 and C.40A:12A-6) but shall also include, but not be  
45 limited to, any work or undertaking in accordance with the  
46 "Redevelopment Area Bond Financing Law," sections 1 through 10  
47 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or other applicable law,  
48 pursuant to a redevelopment plan adopted by a State entity, or as

1 described in the resolution adopted by a public entity created by  
2 State law with the power to adopt a redevelopment plan or  
3 otherwise determine the location, type and character of a  
4 redevelopment project or part of a redevelopment project on land  
5 owned or controlled by it or within its jurisdiction, including but  
6 not limited to, the New Jersey Meadowlands Commission  
7 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the  
8 New Jersey Sports and Exposition Authority established pursuant to  
9 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth  
10 Economic Revitalization Authority created pursuant to P.L.2010,  
11 c.51 (C.52:27I-18 et seq.).

12 "Redevelopment utility" means a self-liquidating fund created by  
13 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-  
14 489I) to account for revenues collected and incentive grants paid  
15 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other  
16 revenues dedicated to a redevelopment project.

17 "Revenue increment base" means the amounts of all eligible  
18 revenues from sources within the redevelopment project area in the  
19 calendar year proceeding the year in which the redevelopment  
20 incentive grant agreement is executed, as certified by the State  
21 Treasurer for State revenues, and the chief financial officer of the  
22 municipality for municipal revenues.

23 "SDA district" means an SDA district as defined in section 3 of  
24 P.L.2000, c.72 (C.18A:7G-3).

25 "SDA municipality" means a municipality in which an SDA  
26 district is situated.

27 "Technology startup company" means a for profit business that  
28 has been in operation fewer than five years and is developing or  
29 possesses a proprietary technology or business method of a high-  
30 technology or life science-related product, process, or service which  
31 the business intends to move to commercialization.

32 "Tourism destination project" means a redevelopment project  
33 that will be among the most visited privately owned or operated  
34 tourism or recreation sites in the State, and which is located within  
35 the incentive area and has been determined by the authority to be in  
36 an area appropriate for development and in need of economic  
37 development incentive assistance.

38 "Transit project" means a redevelopment project located within a  
39 1/2-mile radius, or one-mile radius for projects located in a Garden  
40 State Growth Zone, surrounding the mid-point of a New Jersey  
41 Transit Corporation, Port Authority Transit Corporation, or Port  
42 Authority Trans-Hudson Corporation rail, bus, or ferry station  
43 platform area, including all light rail stations.

44 "Transit village" means a community with a bus, train, light rail,  
45 or ferry station that has developed a plan to achieve its economic  
46 development and revitalization goals and has been designated by  
47 the New Jersey Department of Transportation as a transit village.

1 "University infrastructure" means any of the following located  
2 on the campus of Rutgers, the State University of New Jersey:

3 a. buildings and structures, such as academic buildings,  
4 recreation centers, indoor athletic facilities, public works garages,  
5 and water and sewer treatment and pumping facilities;

6 b. open space with improvements, such as athletic fields and  
7 other outdoor athletic facilities, planned commons, and parks; and

8 c. transportation facilities, such as bus shelters and parking  
9 facilities.

10 "Urban transit hub" means an urban transit hub, as defined in  
11 section 10 of P.L.2007, c.346 (C.34:1B-208), that is located within  
12 an eligible municipality, as defined in section 10 of P.L.2007, c.346  
13 (C.34:1B-208), or all light rail stations and property located within  
14 a one-mile radius of the mid-point of the platform area of such a  
15 rail, bus, or ferry station if the property is in a qualified  
16 municipality under the "Municipal Rehabilitation and Economic  
17 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.).

18 "Vacant commercial building" means any commercial building  
19 or complex of commercial buildings having over 400,000 square  
20 feet of office, laboratory, or industrial space that is more than 70  
21 percent unoccupied at the time of application to the authority or is  
22 negatively impacted by the approval of a "qualified business  
23 facility," as defined pursuant to section 2 of P.L.2007, c.346  
24 (C.34:1B-208), or any vacant commercial building in a Garden  
25 State Growth Zone having over 35,000 square feet of office,  
26 laboratory, or industrial space, or over 200,000 square feet of  
27 office, laboratory, or industrial space in Atlantic, Burlington,  
28 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem  
29 counties available for occupancy for a period of over one year.

30 "Vacant health facility project" means a redevelopment project  
31 where a health facility, as defined by section 2 of P.L.1971, c.136  
32 (C.26:2H-2), currently exists and is considered vacant. A health  
33 facility shall be considered vacant if at least 70 percent of that  
34 facility has not been open to the public or utilized to serve any  
35 patients at the time of application to the authority.

36 (cf: P.L.2016, c.75, s.2)

37

38 2. Section 6 of P.L.2009, c.90 (C.52:27D-489f) is amended to  
39 read as follows:

40 6. a. Up to the limits established in subsection b. of this  
41 section and in accordance with a redevelopment incentive grant  
42 agreement, beginning upon the receipt of occupancy permits for any  
43 portion of the redevelopment project, or upon any other event  
44 evidencing project completion as set forth in the incentive grant  
45 agreement, the State Treasurer shall pay to the developer  
46 incremental State revenues directly realized from businesses  
47 operating at the site of the redevelopment project from the  
48 following taxes: the Corporation Business Tax Act (1945),

1 P.L.1945, c.162 (C.54:10A-1 et seq.), the tax imposed on marine  
2 insurance companies pursuant to R.S.54:16-1 et seq., the tax  
3 imposed on insurers generally, pursuant to P.L.1945, c.132  
4 (C.54:18A-1 et seq.), the public utility franchise tax, public utilities  
5 gross receipts tax and public utility excise tax imposed on sewerage  
6 and water corporations pursuant to P.L.1940, c.5 (C.54:30A-49 et  
7 seq.), those tariffs and charges imposed by electric, natural gas,  
8 telecommunications, water and sewage utilities, and cable television  
9 companies under the jurisdiction of the New Jersey Board of Public  
10 Utilities, or comparable entity, except for those tariffs, fees, or taxes  
11 related to societal benefits charges assessed pursuant to section 12  
12 of P.L.1999, c.23 (C.48:3-60), any charges paid for compliance  
13 with the "Global Warming Response Act," P.L.2007, c.112  
14 (C.26:2C-37 et seq.), transitional energy facility assessment unit  
15 taxes paid pursuant to section 67 of P.L.1997, c.162 (C.48:2-21.34),  
16 and the sales and use taxes on public utility and cable television  
17 services and commodities, the tax derived from net profits from  
18 business, a distributive share of partnership income, or a pro rata  
19 share of S corporation income under the "New Jersey Gross Income  
20 Tax Act," N.J.S.54A:1-1 et seq., the tax derived from a business at  
21 the site of a redevelopment project that is required to collect the tax  
22 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-  
23 1 et seq.), the tax imposed pursuant to P.L.1966, c.30 (C.54:32B-1  
24 et seq.) from the purchase of furniture, fixtures and equipment, or  
25 materials for the remediation, the construction of new structures at  
26 the site of a redevelopment project, the hotel and motel occupancy  
27 fee imposed pursuant to section 1 of P.L.2003, c.114 (C.54:32D-1),  
28 or the portion of the fee imposed pursuant to section 3 of P.L.1968,  
29 c.49 (C.46:15-7) derived from the sale of real property at the site of  
30 the redevelopment project and paid to the State Treasurer for use by  
31 the State, that is not credited to the "Shore Protection Fund" or the  
32 "Neighborhood Preservation Nonlapsing Revolving Fund" ("New  
33 Jersey Affordable Housing Trust Fund") pursuant to section 4 of  
34 P.L.1968, c.49 (C.46:15-8). Any developer shall be allowed to  
35 assign their ability to apply for the tax credit under this subsection  
36 to a non-profit organization with a mission dedicated to attracting  
37 investment and completing development and redevelopment  
38 projects in a Garden State Growth Zone. The non-profit  
39 organization may make an application on behalf of a developer  
40 which meets the requirements for the tax credit, or a group of non-  
41 qualifying developers, such that these will be considered a unified  
42 project for the purposes of the incentives provided under this  
43 section.

44 b. (1) Up to an average of 75 percent of the projected annual  
45 incremental revenues or 85 percent of the projected annual  
46 incremental revenues in a Garden State Growth Zone may be  
47 pledged towards the State portion of an incentive grant.

1 (2) In the case of a qualified residential project or a project  
2 involving university infrastructure, if the authority determines that  
3 the estimated amount of incremental revenues pledged towards the  
4 State portion of an incentive grant is inadequate to fully fund the  
5 amount of the State portion of the incentive grant, then in lieu of an  
6 incentive grant based on the incremental revenues, the developer  
7 shall be awarded tax credits equal to the full amount of the  
8 incentive grant.

9 (3) In the case of a mixed use parking project, if the authority  
10 determines that the estimated amount of incremental revenues  
11 pledged towards the State portion of an incentive grant is  
12 inadequate to fully fund the amount of the State portion of the  
13 incentive grant, then, in lieu of an incentive grant based on the  
14 incremental revenues, the developer shall be awarded tax credits  
15 equal to the full amount of the incentive grant.

16 The value of all credits approved by the authority pursuant to  
17 paragraphs (2) and (3) of this subsection shall not exceed  
18 \$823,000,000, of which:

19 (a) \$250,000,000 shall be restricted to qualified residential  
20 projects within Atlantic, Burlington, Camden, Cape May,  
21 Cumberland, Gloucester, Ocean, and Salem counties, of which  
22 \$175,000,000 of the credits shall be restricted to the following  
23 categories of projects: (i) qualified residential projects located in a  
24 Garden State Growth Zone located within the aforementioned  
25 counties; and (ii) mixed use parking projects located in a Garden  
26 State Growth Zone or urban transit hub located within the  
27 aforementioned counties; (iii) and \$75,000,000 of the credits shall  
28 be restricted to qualified residential projects in municipalities with a  
29 2007 Municipal Revitalization Index of 400 or higher as of the date  
30 of enactment of the "New Jersey Economic Opportunity Act of  
31 2013," P.L.2013, c.161 (C.52:27D-489p et al.) and located within  
32 the aforementioned counties;

33 (b) \$395,000,000 shall be restricted to the following categories  
34 of projects: (i) qualified residential projects located in urban transit  
35 hubs that are commuter rail in nature that otherwise do not qualify  
36 under subparagraph (a) of this paragraph; (ii) qualified residential  
37 projects located in Garden State Growth Zones that do not qualify  
38 under subparagraph (a) of this paragraph; (iii) mixed use parking  
39 projects located in urban transit hubs or Garden State Growth Zones  
40 that do not qualify under subparagraph (a) of this paragraph,  
41 provided however, an urban transit hub shall be allocated no more  
42 than \$25,000,000 for mixed use parking projects; (iv) qualified  
43 residential projects which are disaster recovery projects that  
44 otherwise do not qualify under subparagraph (a) of this paragraph;  
45 (v) qualified residential projects in SDA municipalities located in  
46 Hudson County that were awarded State Aid in State Fiscal Year  
47 2013 through the Transitional Aid to Localities program and  
48 otherwise do not qualify under subparagraph (a) of this paragraph;

1 (vi) \$25,000,000 of credits shall be restricted to mixed use parking  
2 projects in Garden State Growth Zones which have a population in  
3 excess of 125,000 and do not qualify under subparagraph (a) of this  
4 paragraph; (vii) \$40,000,000 of credits shall be restricted to  
5 qualified residential projects that include a theater venue for the  
6 performing arts and do not qualify under subparagraph (a) of this  
7 paragraph, which projects are located in a municipality with a  
8 population of less than 100,000 according to the latest federal  
9 decennial census, and within which municipality is located an urban  
10 transit hub and a campus of a public research university, as defined  
11 in section 1 of P.L.2009, c.308 (C.18A:3B-46); and (viii)  
12 \$105,000,000 of credits shall be restricted to qualified residential  
13 projects and mixed use parking projects in Garden State Growth  
14 Zones having a population in excess of 125,000 and do not qualify  
15 under subparagraph (a) of this paragraph;

16 (c) \$87,000,000 shall be restricted to the following categories of  
17 projects: (i) qualified residential projects located in distressed  
18 municipalities, deep poverty pockets, highlands development credit  
19 receiving areas or redevelopment areas, otherwise not qualifying  
20 pursuant to subparagraph (a) or (b) of this paragraph; and (ii) mixed  
21 use parking projects that do not qualify under subparagraph (a) or  
22 (b) of this paragraph, and which are used by an independent  
23 institution of higher education, a school of medicine, a nonprofit  
24 hospital system, or any combination thereof; provided, however,  
25 that \$20,000,000 of the \$87,000,000 shall be allocated to mixed use  
26 parking projects that do not qualify under subparagraph (a) or (b) of  
27 this paragraph;

28 (d) (i) \$16,000,000 shall be restricted to qualified residential  
29 projects that are located within a qualifying economic  
30 redevelopment and growth grant incentive area otherwise not  
31 qualifying under subparagraph (a), (b), or (c) of this paragraph; and

32 (ii) an additional \$50,000,000 shall be restricted to qualified  
33 residential projects which, as of the effective date of P.L.2016, c.51,  
34 are located in a city of the first class with a population in excess of  
35 270,000, are subject to a Renewal Contract for a Section 8 Mark-  
36 Up-To-Market Project from the United States Department of  
37 Housing and Urban Development, and for which an application for  
38 the award of tax credits under this subsection was submitted prior to  
39 January 1, 2016; and

40 (e) \$25,000,000 shall be restricted to projects involving  
41 university infrastructure.

42 (f) For subparagraphs (a) through (d) of this paragraph, not  
43 more than \$40,000,000 of credits shall be awarded to any qualified  
44 residential project in a deep poverty pocket or distressed  
45 municipality and not more than \$20,000,000 of credits shall be  
46 awarded to any other qualified residential project. The developer of  
47 a qualified residential project seeking an award of credits towards  
48 the funding of its incentive grant shall submit an incentive grant

1 application prior to July 1, 2016 and if approved after September  
2 18, 2013, the effective date of P.L.2013, c.161 (C.52:27D-489p et  
3 al.) shall submit a temporary certificate of occupancy for the project  
4 no later than July 28, 2021. The developer of a mixed use parking  
5 project seeking an award of credits towards the funding of its  
6 incentive grant pursuant to subparagraph (c) of this paragraph and if  
7 approved after the effective date of P.L.2015, c.217, shall submit a  
8 temporary certificate of occupancy for the project no later than July  
9 28, 2021. The developer of a qualified residential project or a  
10 mixed use parking project seeking an award of credits toward the  
11 funding of its incentive grant for a project restricted under  
12 **【category】** categories (vi) and (viii) of subparagraph (b) of this  
13 paragraph shall submit an incentive grant application prior to July  
14 1, **【2018】** 2019, and if approved after the effective date of  
15 P.L.2017, c.59, shall submit a temporary certificate of occupancy  
16 for the project no later than July 28, **【2021】** 2022. Applications for  
17 tax credits pursuant to this subsection relating to an ancillary  
18 infrastructure project or infrastructure improvement in the public  
19 right-of-way, or both, shall be accompanied with a letter of support  
20 relating to the project or improvement by the governing body or  
21 agency in which the project is located. Credits awarded to a  
22 developer pursuant to this subsection shall be subject to the same  
23 financial and related analysis by the authority, the same term of the  
24 grant, and the same mechanism for administering the credits, and  
25 shall be utilized or transferred by the developer as if the credits had  
26 been awarded to the developer pursuant to section 35 of P.L.2009,  
27 c.90 (C.34:1B-209.3) for qualified residential projects thereunder.  
28 No portion of the revenues pledged pursuant to the "New Jersey  
29 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-  
30 489p et al.) shall be subject to withholding or retainage for  
31 adjustment, in the event the developer or taxpayer waives its rights  
32 to claim a refund thereof.

33 (4) A developer may apply to the Director of the Division of  
34 Taxation in the Department of the Treasury and the chief executive  
35 officer of the authority for a tax credit transfer certificate, if the  
36 developer is awarded a tax credit pursuant to paragraph (2) or  
37 paragraph (3) of this subsection, covering one or more years, in lieu  
38 of the developer being allowed any amount of the credit against the  
39 tax liability of the developer. The tax credit transfer certificate,  
40 upon receipt thereof by the developer from the director and the  
41 chief executive officer of the authority, may be sold or assigned, in  
42 full or in part, to any other person who may have a tax liability  
43 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2  
44 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), section 1  
45 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The certificate  
46 provided to the developer shall include a statement waiving the  
47 developer's right to claim that amount of the credit against the taxes  
48 that the developer has elected to sell or assign. The sale or

1 assignment of any amount of a tax credit transfer certificate allowed  
2 under this paragraph shall not be exchanged for consideration  
3 received by the developer of less than 75 percent of the transferred  
4 credit amount before considering any further discounting to present  
5 value that may be permitted. Any amount of a tax credit transfer  
6 certificate used by a purchaser or assignee against a tax liability  
7 shall be subject to the same limitations and conditions that apply to  
8 the use of the credit by the developer who originally applied for and  
9 was allowed the credit.

10 c. All administrative costs associated with the incentive grant  
11 shall be assessed to the applicant and be retained by the State  
12 Treasurer from the annual incentive grant payments.

13 d. The incremental revenue for the revenues listed in  
14 subsection a. of this section shall be calculated as the difference  
15 between the amount collected in any fiscal year from any eligible  
16 revenue source included in the State redevelopment incentive grant  
17 agreement, less the revenue increment base for that eligible  
18 revenue.

19 e. The municipality is authorized to collect any information  
20 necessary to facilitate grants under this program and remit that  
21 information in order to assist in the calculation of incremental  
22 revenue.

23 (cf: P.L.2017, c.314, s.3)

24

25 3. Section 9 of P.L.2009, c.90 (C.52:27D-489i) is amended to  
26 read as follows:

27 9. a. The authority is authorized to enter into a redevelopment  
28 incentive grant agreement with a developer for any redevelopment  
29 project located within a qualifying economic redevelopment and  
30 growth grant incentive area that does not qualify as such an area  
31 solely by virtue of being a transit village.

32 b. The decision of whether to enter into a redevelopment  
33 incentive grant agreement is solely within the discretion of the  
34 authority and the State Treasurer, provided that they both agree to  
35 enter into an agreement.

36 c. The Chief Executive Officer of the authority, in consultation  
37 with the State Treasurer shall negotiate the terms and conditions of  
38 any redevelopment incentive grant agreement on behalf of the State.

39 d. (1) The redevelopment incentive grant agreement shall  
40 specify the maximum amount of project costs, the amount of the  
41 incentive grant to be awarded the developer, the frequency of  
42 payments, and the eligibility period, which shall not exceed 20  
43 years, during which reimbursement will be granted, and for a  
44 project receiving an incentive grant in excess of \$50 million, the  
45 amount of the negotiated repayment amount to the State, which may  
46 include, but not be limited to, cash, equity, and warrants. Except  
47 for redevelopment incentive grant agreements with a municipal  
48 redeveloper, or with the developer of a redevelopment project

1 solely with respect to the cost of infrastructure improvements in the  
2 public right-of-way including any ancillary infrastructure project in  
3 the public right-of-way, in no event shall the base amount of the  
4 combined reimbursements under redevelopment incentive grant  
5 agreements with the State or municipality exceed 20 percent of the  
6 total project cost, except in a Garden State Growth Zone, which  
7 shall not exceed 30 percent.

8 (2) The authority shall be permitted to increase the amount of  
9 the reimbursement under the redevelopment incentive grant  
10 agreement with the State by up to 10 percent of the total project  
11 cost if the project is:

12 (a) located in a distressed municipality which lacks adequate  
13 access to nutritious food in the judgment of the Chief Executive  
14 Officer of the authority and will include either a supermarket or  
15 grocery store with a minimum of 15,000 square feet of selling space  
16 devoted to the sale of consumable products or a prepared food  
17 establishment selling only nutritious ready to serve meals;

18 (b) located in a distressed municipality which lacks adequate  
19 access to health care and health services in the judgment of the  
20 Chief Executive Officer of the authority and will include a health  
21 care and health services center with a minimum of 10,000 square  
22 feet of space devoted to the provision of health care and health  
23 services;

24 (c) located in a distressed municipality which has a business  
25 located therein that is required to respond to a request for proposal  
26 to fulfill a contract with the federal government as set forth in  
27 subsection **[d.] f.** of section 3 of P.L.2011, c.149 (C.34:1B-244);

28 (d) a transit project;

29 (e) a qualified residential project in which at least 10 percent of  
30 the residential units are constructed as and reserved for moderate  
31 income housing;

32 (f) located in a highlands development credit receiving area or  
33 redevelopment area;

34 (g) located in a Garden State Growth Zone;

35 (h) a disaster recovery project;

36 (i) an aviation project;

37 (j) a tourism destination project; or

38 (k) substantial rehabilitation or renovation of an existing  
39 structure or structures.

40 (3) The maximum amount of any redevelopment incentive grant  
41 shall be equal to up to 30 percent of the total project costs, except  
42 for projects located in a Garden State Growth Zone, in which case  
43 the maximum amount of any redevelopment incentive grant shall be  
44 equal to up to 40 percent of the total project costs. Notwithstanding  
45 anything to the contrary contained within this section, the maximum  
46 amount of any redevelopment incentive grant with respect to a  
47 mixed use parking project shall be up to 100 percent of the total  
48 project costs allocable to the parking component of the project, and

1 shall be up to 40 percent of the total project costs allocable to the  
2 non-parking component of the project. In addition, notwithstanding  
3 anything to the contrary contained in this section, the maximum  
4 amount of any redevelopment incentive grant for a qualified  
5 residential project described in (i) below shall be up to 80 percent  
6 of the total project costs, and for a mixed use parking project  
7 described in (i) through (iv) below shall be up to 100 percent of the  
8 total project costs allocable to the parking component and up to 80  
9 percent of the total project costs allocable to the non-parking  
10 component: (i) with respect to a mixed use parking project or  
11 qualified residential project constructed upon all or a portion of a  
12 project site which project site was previously the subject of an  
13 award of tax credits pursuant to the “Urban Transit Hub Tax Credit  
14 Act,” P.L.2007, c.346 (C.34:1B-207 et seq.), as amended by  
15 P.L.2009, c.90 (C.52:27D-489a et al.), but those tax credits were  
16 not issued, (ii) for entertainment venues with seating capacity in  
17 excess of 5,000, (iii) a visitor center within or adjacent to a national  
18 historic park, or (iv) a youth center in or adjacent to a national  
19 historic park.

20 e. Except in the case of a qualified residential project, a mixed  
21 use parking project, or a project involving university infrastructure,  
22 the authority and the State Treasurer may enter into a  
23 redevelopment incentive grant agreement only if they make a  
24 finding that the State revenues to be realized from the  
25 redevelopment project will be in excess of the amount necessary to  
26 reimburse the developer for its project financing gap. This finding  
27 may be made by an estimation based upon the professional  
28 judgment of the Chief Executive Officer of the authority and the  
29 State Treasurer.

30 f. In deciding whether to recommend entering into a  
31 redevelopment incentive grant agreement and in negotiating a  
32 redevelopment agreement with a developer, the Chief Executive  
33 Officer of the authority shall consider the following factors:

34 (1) the economic feasibility of the redevelopment project;

35 (2) the extent of economic and related social distress in the  
36 municipality and the area to be affected by the redevelopment  
37 project or the level of site specific distress to include dilapidated  
38 conditions, brownfields designation, environmental contamination,  
39 pattern of vacancy, abandonment, or **【under utilization】** under-  
40 utilization of the property, rate of foreclosures, or other site  
41 conditions as determined by the authority;

42 (3) the degree to which the redevelopment project will advance  
43 State, regional, and local development and planning strategies;

44 (4) the likelihood that the redevelopment project shall, upon  
45 completion, be capable of generating new tax revenue in an amount  
46 in excess of the amount necessary to reimburse the developer for  
47 project costs incurred as provided in the redevelopment incentive  
48 grant agreement, provided, however, that any tax revenue generated

1 by a redevelopment project that is a disaster recovery project shall  
2 be considered new tax revenue even if the same or more tax revenue  
3 was generated at or on the site prior to the disaster;

4 (5) the relationship of the redevelopment project to a  
5 comprehensive local development strategy, including other major  
6 projects undertaken within the municipality;

7 (6) the need of the redevelopment incentive grant agreement to  
8 the viability of the redevelopment project or the promotion of the  
9 use of public transportation; and

10 (7) the degree to which the redevelopment project enhances and  
11 promotes job creation and economic development or the promotion  
12 of the use of public transportation.

13 g. (1) A developer who has entered into a redevelopment  
14 incentive grant agreement with the authority and the State Treasurer  
15 pursuant to this section may, upon notice to and consent of the  
16 authority and the State Treasurer, pledge, assign, transfer, or sell  
17 any or all of its right, title and interest in and to the agreements and  
18 in the incentive grants payable thereunder, and the right to receive  
19 same, along with the rights and remedies provided to the developer  
20 under the agreement. Any such assignment shall be an absolute  
21 assignment for all purposes, including the federal bankruptcy code.

22 (2) Any pledge of incentive grants made by the developer shall  
23 be valid and binding from the time the pledge is made and filed in  
24 the records of the authority. The incentive grants pledged and  
25 thereafter received by the developer shall immediately be subject to  
26 the lien of the pledge without any physical delivery thereof or  
27 further act, and the lien of any pledge shall be valid and binding  
28 against all parties having claims of any kind in tort, contract, or  
29 otherwise against the developer irrespective of whether the parties  
30 have notice thereof. Neither the redevelopment incentive grant  
31 agreement nor any other instrument by which a pledge under this  
32 section is created need be filed or recorded except with the  
33 authority.

34 (cf: P.L.2015, c.242, s.4)

35

36 4. This act shall take effect immediately.

37

38

39

#### STATEMENT

40

41 The bill extends by one year, to July 1, 2019, the application  
42 deadline for tax credits for qualified residential projects and mixed  
43 use parking projects under the Economic Redevelopment and  
44 Growth (ERG) Program in Garden State Growth Zones that have a  
45 population in excess of 125,000 and do not otherwise qualify for tax  
46 credits under the ERG Program. The deadline for approved projects  
47 in these locations to obtain a temporary certificate of occupancy is  
48 extended by one year, to July 28, 2022.

1       The bill revises the definition of “parking component” for  
2 purposes of mixed use parking projects under the ERG program.  
3 Under the bill, the parking component of a mixed use parking  
4 project may include pedestrian walkways or a skybridge, and may  
5 be in the same structure as the non-parking component or may be in  
6 an adjacent or nearby structure.

7       The bill increases the maximum tax credit amounts allowed to be  
8 awarded for certain qualified residential projects and mixed use  
9 parking projects. The bill specifies that for qualified residential  
10 projects constructed upon all or a portion of a project site that was  
11 previously the subject of an award under the “Urban Transit Hub  
12 Tax Credit Act” (but those tax credits were not issued), the  
13 maximum amount of any tax credit is to be up to 80 percent of the  
14 total project costs. For mixed use parking projects constructed  
15 upon all or a portion of a project site that was previously the subject  
16 of an award under the “Urban Transit Hub Tax Credit Act” (but  
17 those tax credits were not issued), for entertainment venues with  
18 seating capacity in excess of 5,000, a visitor center within or  
19 adjacent to a national historic park, or a youth center in or adjacent  
20 to a national historic park, the maximum amount of any tax credit is  
21 to be up to 100 percent of the total project costs allocable to the  
22 parking component and up to 80 percent of the total project costs  
23 allocable to the non-parking component.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3619

# STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3619.

This bill, extends by one year, to July 1, 2019, the application deadline for tax credits for qualified residential projects and mixed use parking projects under the Economic Redevelopment and Growth (ERG) Program in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of “parking component” for purposes of mixed use parking projects under the ERG program. Under the bill, the parking component of a mixed use parking project may include pedestrian walkways or a skybridge, and may be in the same structure as the non-parking component or may be in an adjacent or nearby structure.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the “Urban Transit Hub Tax Credit Act” (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

#### FISCAL IMPACT:

The Office of Legislative Services notes that the bill is likely to produce a negative net fiscal impact of indeterminate magnitude on the State, considering that the Economic Redevelopment and Growth

Grant (ERG) program residential tax credits do not require projects to yield a net fiscal benefit to the State.

It is not possible to quantify the impact due to uncertainty about which projects will advance under the bill that would have otherwise not advanced if not for the extended deadline for Paterson projects and the enhanced credit awards for certain projects. It is also unclear what State spending may be displaced by ERG incentive awards.

The entire \$130 million in ERG residential tax credit balances restricted to Paterson projects currently remains uncommitted, representing a potential direct State revenue loss of up to \$130 million if Paterson projects advance under the bill, but would have expired unused if not for the bill.

Additional indirect fiscal impacts may accrue as a result of the bill based on the economic activity generated by projects constructed as a result of the bill's deadline extension and enhanced incentive levels. This indirect impact includes indeterminate indirect revenue gain through additional business and employment activity, and indeterminate impacts from State expenditures that would have occurred with the revenues that have instead been forgone through the residential tax credits. These indirect impacts must be applied to the direct State revenue loss to determine the net fiscal impact on the State.

Affected local governments may accrue indirect revenue gains as a result of the bill's stimulus effects on the local economy. Specifically, a local government may realize enhanced local property tax collections from an incentive recipient investing the incentive amount in the facility improvements, which then increases the property's value.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 3619**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: APRIL 16, 2018

**SUMMARY**

- Synopsis:** Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.
- Type of Impact:** Increased State cost; potential increase in local revenues
- Agencies Affected:** Department of the Treasury, New Jersey Economic Development Authority (EDA), Certain Local Governments

**Office of Legislative Services Estimate**

| <b>Fiscal Impact</b> | <u><b>Year 1</b></u> | <u><b>Year 2</b></u> | <u><b>Year 3</b></u> |
|----------------------|----------------------|----------------------|----------------------|
| <b>State Cost</b>    |                      | Indeterminate        |                      |
| <b>State Revenue</b> |                      | Indeterminate        |                      |
| <b>Local Cost</b>    |                      | Indeterminate        |                      |
| <b>Local Revenue</b> |                      | Indeterminate        |                      |

- The bill is likely to produce a negative fiscal net impact of indeterminate magnitude on the State, considering that the Economic Redevelopment and Growth Grant (ERG) program residential tax credits do not require projects to yield a net fiscal benefit to the State. It is not possible to quantify the impact due to uncertainty about what projects will advance under the bill that would not have advanced if not for the extended deadline for Paterson projects to be located in Paterson and the enhanced credit awards for certain projects. It is also unclear what State spending may be displaced by ERG incentive awards that would not have happened if not for this bill.
- The entire \$130 million in ERG residential tax credit balances for Paterson projects to be located in Paterson currently remains uncommitted, representing a potential direct State revenue loss of up to \$130 million if those projects advance under the bill, but would have expired unused if not for the bill.



- Additional indirect fiscal impacts may accrue as a result of the bill based on the economic activity generated by projects constructed as a result of the bills deadline extension and enhanced incentive levels. This indirect impact includes indeterminate indirect revenue gain through additional business and employment activity, and indeterminate impacts from State expenditures that would have occurred with the revenues that have instead been forgone through the residential tax credits. These indirect impacts must be applied to the direct State revenue loss to determine the net fiscal impact on the State.
- An affected local government may accrue indirect revenue gains as a result of the bill's stimulus effects on the local economy. Specifically, affected local governments may realize enhanced local property tax collections from an incentive recipient investing the incentive amount in facility improvements, which then increase the property's value.

## **BILL DESCRIPTION**

The bill extends by one year, to July 1, 2019, the application deadline for tax credits for qualified residential projects and mixed use parking projects under the Economic Redevelopment and Growth Grant Program (ERG Program) in Garden State Growth Zones that have a population in excess of 125,000 and do not otherwise qualify for tax credits under the ERG Program. The deadline for approved projects in these locations to obtain a temporary certificate of occupancy is extended by one year, to July 28, 2022.

The bill revises the definition of "parking component" for purposes of mixed use parking projects under the ERG Program. Under the bill, the parking component of a mixed use parking project may include pedestrian walkways or a skybridge, and may be in the same structure as the non-parking component or may be in an adjacent or nearby structure.

The bill increases the maximum tax credit amounts allowed to be awarded for certain qualified residential projects and mixed use parking projects. The bill specifies that for qualified residential projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), the maximum amount of any tax credit is to be up to 80 percent of the total project costs. For mixed use parking projects constructed upon all or a portion of a project site that was previously the subject of an award under the "Urban Transit Hub Tax Credit Act" (but those tax credits were not issued), for entertainment venues with seating capacity in excess of 5,000, a visitor center within or adjacent to a national historic park, or a youth center in or adjacent to a national historic park, the maximum amount of any tax credit is to be up to 100 percent of the total project costs allocable to the parking component and up to 80 percent of the total project costs allocable to the non-parking component.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The bill is expected to produce an indeterminate negative net fiscal impact on the State, with potential revenue gains for affected local governments. The net fiscal impact for the State is a result of the direct revenue loss from the residential tax credits impacted by the bill, to the extent that they would not have been committed if not for the bill. This impact is offset by the indeterminate indirect impact of increased revenues from the economic activity generated by the projects incentivized by the tax credits. Additionally, there is an indeterminate indirect impact based on the opportunity cost of State spending that would have happened with the tax revenues that were not collected as a result of the tax credits, which cannot be known. This combination of a revenue negative direct impact, a revenue positive indirect impact, and an opportunity cost that could be revenue positive or negative generates the overall net fiscal impact.

### **Direct State Revenue Loss**

The bill does not change the amount of tax credits that can be issued through the ERG program, but there are \$130 million in residential tax credits allocated to projects within Paterson where no projects have been approved. It appears likely that these credits will be unused prior to the application deadline under current law, given the short amount of time before the deadline, and the lack of activity in this category over the life of the ERG program. The bill extends that deadline while also allowing for certain types of projects in this area to receive substantially larger tax credit awards. While it is not clear whether this increase in project incentive award values will be sufficient for the full \$130 million to be awarded; it is much more likely than under current law.

It is not possible to know how much of the \$130 million in residential tax credit allocation will be awarded under the bill; however, for the amount that is awarded that would not have happened if not for the deadline extension and increased project cost awards, those residential tax credits represent a direct revenue loss that can be attributed to the bill.

### **Indirect State and Local Revenue Gain**

It is not possible to determine the indirect revenue gain to the State and affected local governments from the issuance of additional residential tax credits under the ERG program because it cannot be known what projects might be constructed from the remaining tax credit allocations under the program. It is expected that the revenue gain from those projects is likely to be less than the tax credit amounts.

The ERG tax credit awards provide revenue to businesses by allowing them not to pay some portion of their tax liability. These retained revenues are spent by the business on goods and services. The taxes on these goods and services purchased by the businesses represent indirect revenues to the State and affected local governments.

If the only spending that results from the tax credit is the value of the credit, the State would realize a significant revenue loss relative to the tax credit. The goal of the tax credit is to incentivize significant additional spending by the business. For instance, a business may be looking to construct a \$100 million factory, and is considering two locations. The company's internal analysis indicates that there is a roughly \$5 million difference between the two locations in terms of expected revenues. A tax credit of \$6 million from the less favorable location may be sufficient to convince a company to invest \$100 million in that location compared to no investment if not for the incentive. In this scenario, all of the tax revenues resulting from the \$100 million investment are realized as indirect revenues to the State and affected local governments, potentially more than offsetting the initial \$6 million direct revenue loss for the tax credit.

It is unlikely that the ERG residential tax credits under this bill will be large enough to offset the direct impact of the tax credit awards. The ERG tax credit program does not subject credit-

receiving capital investments to the multiplier-based net benefit test calculation, which for other economic development incentive programs is intended to ensure that the EDA will award tax incentives only to capital projects that are estimated to generate indirect State revenue equal to at least 110 percent of a tax incentive's direct State cost. Also, under the ERG tax credit program, the EDA must only determine that the realization of a credit-receiving capital project is likely with the provision of a tax credit at the level requested, but not likely without the tax credit. By not requiring that the financial assistance be instrumental to project execution, however, the bill gives projects the benefit of doubt and thereby allows for projects to receive tax credits that will happen irrespective of the receipt of the State assistance.

### **Alternative State Expenditures**

Residential tax credits under the ERG program are just one of many ways to spend State revenues. A tax credit is effectively an expenditure by not collecting a revenue that the State would otherwise be entitled to collect. While the tax credit has a series of indirect impacts that may or may not result in net revenue gain, all other State expenditures have comparable direct costs and indirect impacts which may or may not result in a net revenue gain as well. It cannot be determined what other expenditures the State would have made, but if they would have had a more favorable net fiscal impact than the residential ERG tax credit awards under this bill, then that difference represents a net fiscal loss to the State based on the opportunity cost of not being able to adopt that alternative policy approach.

The indirect fiscal impact of these opportunity costs also must be factored into the consideration of this bill. While it is not possible to identify the opportunity costs when viewing a bill on its own, when viewed alongside other legislation or fiscal policy options, it is clear that there are other viable policy alternatives that could potentially generate comparable or greater fiscal benefits. These comparisons are particularly relevant in the analysis of economic development policies, because the primary intent of such programs is to increase economic activity, and in turn, positive fiscal impacts.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Senior Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

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

**SENATE BILL NO. 1968**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1968 with my recommendations for reconsideration.

New Jersey's Economic and Redevelopment Grant ("ERG") Program has been the State's primary redevelopment incentive program since 2013. The program provides qualified redevelopers with State tax credits and incentive grants equal to a certain percentage of their overall project costs, depending upon the type and location of the project. Amendments to the ERG program enacted in 2015 and 2017 reserved a significant amount of the program's funds for mixed-use development in our poorest cities. These earmarks were designed to attract private investment in areas of the State most in need of economic revitalization.

Some of this funding has not yet been utilized and is now on the verge of expiring. This funding, which has long been anticipated by the State, is critical to realizing housing and recreational development opportunities in areas desperately in need of economic investment. The bill's sponsors are therefore seeking several revisions to the program, including an extension of project submission deadlines and an increase in the maximum tax credits and incentive grants available to eligible projects.

I support the efforts of the bill's sponsors to preserve the availability of the funding and to promote its productive use. However, programmatic changes must be accomplished in a manner that both stimulates redevelopment and ensures that the State receives an appropriate return on its investment. As such, I am recommending revisions that will extend submission deadlines, but only if a universe of potential projects is identified as an incremental step in the application process. I am also recommending language that will give the State's Economic Development Authority greater discretion to evaluate an eligible project's return on investment whenever an enhanced tax credit or incentive grant is awarded.

I am confident that these and other modest revisions will provide the additional time and resources necessary to facilitate redevelopment projects in critical areas of the State, while also protecting the State's considerable investment.

Accordingly, I herewith return Senate Bill No. 1968 and recommend that it be amended as follows:

- Page 5, Section 1, Line 14: After "include" insert "enclosed"
- Page 5, Section 1, Line 15: After "as" insert "all"
- Page 5, Section 1, Line 15: Delete "component" and insert "components"
- Page 5, Section 1, Line 15: After "in" insert "a structure with some non-parking components with the remaining non-parking components in"
- Page 5, Section 1, Line 16: After "structure" insert "that is no more than one third of a mile from the parking components"
- Page 14, Section 2, Line 16: After "2022" insert "provided that the municipality in which the project is located shall have submitted to the chief executive officer of the authority a letter of support identifying up to six projects prior to July 1, 2018. The letter of support is to contain a project scope for each of the projects and may be supplemented from time to time until July 1, 2019"
- Page 17, Section 3, Line 10: After "component" insert ", provided that if the amount of the redevelopment incentive grant exceeds 40 percent of the total project costs for projects developed by non-public, for-profit entities, the authority shall consider the effect of the increased grant amount in determining the project financing gap, which shall include utilizing a rate of return on a developer's contributed capital, when used to determine the project financing gap, reflective of the reduced financial risk of the project, as set by the authority"

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor



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# Newark, N.J.

## Governor Phil Murphy Takes Action on Legislation

06/28/2018

**TRENTON** - Governor Phil Murphy today signed the following bill into law:

**S1968/A3619 (Pou/Wimberly, Mukherji, Sumter)** - Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.

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