

FLOOR AMENDMENT STATEMENT:

No

LEGISLATIVE FISCAL ESTIMATE:

Yes

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

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RWH/CL

P.L.2016, CHAPTER 75, *approved December 5, 2016*
Senate, No. 2338 (*First Reprint*)

1 AN ACT concerning eligibility under certain business incentive
2 programs and amending P.L.2011, c.149 and P.L.2009, c.90.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to
8 read as follows:

9 2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

10 "Affiliate" means an entity that directly or indirectly controls, is
11 under common control with, or is controlled by the business.
12 Control exists in all cases in which the entity is a member of a
13 controlled group of corporations as defined pursuant to section 1563
14 of the Internal Revenue Code of 1986 (26 U.S.C. s.1563) or the
15 entity is an organization in a group of organizations under common
16 control as defined pursuant to subsection (b) or (c) of section 414 of
17 the Internal Revenue Code of 1986 (26 U.S.C. s.414). A taxpayer
18 may establish by clear and convincing evidence, as determined by
19 the Director of the Division of Taxation in the Department of the
20 Treasury, that control exists in situations involving lesser
21 percentages of ownership than required by those statutes. An
22 affiliate of a business may contribute to meeting either the qualified
23 investment or full-time employee requirements of a business that
24 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
25 209).

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

28 "Aviation district" means the area within a one-mile radius of the
29 outermost boundary of the "Atlantic City International Airport,"
30 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
31 24).

32 "Business" means an applicant proposing to own or lease
33 premises in a qualified business facility that is:

34 a corporation that is subject to the tax imposed pursuant to
35 section 5 of P.L.1945, c.162 (C.54:10A-5);

36 a corporation that is subject to the tax imposed pursuant to
37 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3),
38 section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

39 a partnership;

40 an S corporation;

41 a limited liability company; or

42 a non-profit corporation.

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

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted June 20, 2016.

1 If the business or tenant is a cooperative or part of a cooperative,
2 then the cooperative may qualify for credits by counting the full-
3 time employees and capital investments of its member
4 organizations, and the cooperative may distribute credits to its
5 member organizations. If the business or tenant is a cooperative
6 that leases to its member organizations, the lease shall be treated as
7 a lease to an affiliate or affiliates.

8 A business shall include an affiliate of the business if that
9 business applies for a credit based upon any capital investment
10 made by or full-time employees of an affiliate.

11 "Capital investment" in a qualified business facility means
12 expenses by a business or any affiliate of the business incurred after
13 application for:

14 a. site preparation and construction, repair, renovation,
15 improvement, equipping, or furnishing on real property or of a
16 building, structure, facility, or improvement to real property;

17 b. obtaining and installing furnishings and machinery,
18 apparatus, or equipment, including but not limited to material goods
19 subject to bonus depreciation under sections 168 and 179 of the
20 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the
21 operation of a business on real property or in a building, structure,
22 facility, or improvement to real property;

23 c. receiving Highlands Development Credits under the
24 Highlands Transfer Development Rights Program authorized
25 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

26 d. any of the foregoing.

27 In addition to the foregoing, in a Garden State Growth Zone, the
28 following qualify as a capital investment: any **[and all]**
29 development, redevelopment, and relocation costs, including, but
30 not limited to, site acquisition if made within 24 months of
31 application to the authority, engineering, legal, accounting, and
32 other professional services required; and relocation, environmental
33 remediation, and infrastructure improvements for the project area,
34 including, but not limited to, on- and off-site utility, road, pier,
35 wharf, bulkhead, or sidewalk construction or repair.

36 In addition to the foregoing, if a business acquires or leases a
37 qualified business facility, the capital investment made or acquired
38 by the seller or owner, as the case may be, if pertaining primarily to
39 the premises of the qualified business facility, shall be considered a
40 capital investment by the business and, if pertaining generally to the
41 qualified business facility being acquired or leased, shall be
42 allocated to the premises of the qualified business facility on the
43 basis of the gross leasable area of the premises in relation to the
44 total gross leasable area in the qualified business facility. The
45 capital investment described herein may include any capital
46 investment made or acquired within 24 months prior to the date of
47 application so long as the amount of capital investment made or
48 acquired by the business, any affiliate of the business, or any owner

1 after the date of application equals at least 50 percent of the amount
2 of capital investment, allocated to the premises of the qualified
3 business facility being acquired or leased on the basis of the gross
4 leasable area of **【such】** the premises in relation to the total gross
5 leasable area in the qualified business facility made or acquired
6 prior to the date of application.

7 "Commitment period" means the period of time that is 1.5 times
8 the eligibility period.

9 "Deep poverty pocket" means a population census tract having a
10 poverty level of 20 percent or more, and which is located within the
11 qualified incentive area and has been determined by the authority to
12 be an area appropriate for development and in need of economic
13 development incentive assistance.

14 "Disaster recovery project" means a project located on property
15 that has been wholly or substantially damaged or destroyed as a
16 result of a federally-declared disaster which, after utilizing all
17 disaster funds available from federal, State, county, and local
18 funding sources, demonstrates to the satisfaction of the authority
19 that access to additional funding authorized pursuant to the "New
20 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
21 (C.52:27D-489p et al.), is necessary to complete **【such】** the
22 redevelopment project, and which is located within the qualified
23 incentive area and has been determined by the authority to be in an
24 area appropriate for development and in need of economic
25 development incentive assistance.

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

35 "Eligibility period" means the period in which a business may
36 claim a tax credit under the Grow New Jersey Assistance Program,
37 beginning with the tax period in which the authority accepts
38 certification of the business that it has met the capital investment
39 and employment requirements of the Grow New Jersey Assistance
40 Program and extending thereafter for a term of not more than 10
41 years, with the term to be determined solely at the discretion of the
42 applicant.

43 "Eligible position" or "full-time job" means a full-time position
44 in a business in this State which the business has filled with a full-
45 time employee.

46 "Full-time employee" means a person:

47 a. who is employed by a business for consideration for at least
48 35 hours a week, or who renders any other standard of service

1 generally accepted by custom or practice as full-time employment
2 **‘[.];’** or

3 b. who is employed by a professional employer organization
4 pursuant to an employee leasing agreement between the business
5 and the professional employer organization, in accordance with
6 P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or
7 who renders any other standard of service generally accepted by
8 custom or practice as full-time employment, and whose wages are
9 subject to withholding as provided in the "New Jersey Gross
10 Income Tax Act," N.J.S.54A:1-1 et seq. **‘[.];’** or

11 c. who is a resident of another State but whose income is not
12 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
13 et seq. or who is a partner of a business who works for the
14 partnership for at least 35 hours a week, or who renders any other
15 standard of service generally accepted by custom or practice as full-
16 time employment, and whose distributive share of income, gain,
17 loss, or deduction, or whose guaranteed payments, or any
18 combination thereof, is subject to the payment of estimated taxes, as
19 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
20 et seq. **‘[.];’** and

21 d. who, except for purposes of the Statewide workforce, is
22 provided, by the business, with employee health benefits under a
23 health benefits plan authorized pursuant to State or federal law.

24 With respect to a logistics, manufacturing, energy, defense,
25 aviation, or maritime business, excluding primarily warehouse or
26 distribution operations, located in a port district having a container
27 terminal:

28 the requirement that employee health benefits are to be provided
29 shall be deemed to be satisfied if **[such]** the benefits are provided
30 in accordance with industry practice by a third party obligated to
31 provide such benefits pursuant to a collective bargaining agreement;

32 full-time employment shall include, but not be limited to,
33 employees that have been hired by way of a labor union hiring hall
34 or its equivalent;

35 35 hours of employment per week at a qualified business facility
36 shall constitute one "full-time employee," regardless of whether or
37 not the hours of work were performed by one or more persons.

38 For any project located in a Garden State Growth Zone which
39 qualifies under the "Municipal Rehabilitation and Economic
40 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
41 project located in the Atlantic City Tourism District as established
42 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
43 by the Casino Reinvestment Development Authority, and which
44 will include a retail facility of at least 150,000 square feet, of which
45 at least 50 percent will be occupied by either a full-service
46 supermarket or grocery store, 30 hours of employment per week at a
47 qualified business facility shall constitute one "full-time employee,"
48 regardless of whether **[or not]** the hours of work were performed

1 by one or more persons, and the requirement that employee health
2 benefits are to be provided shall be deemed to be satisfied if the
3 employees of the business are covered by a collective bargaining
4 agreement.

5 "Full-time employee" shall not include any person who works as
6 an independent contractor or on a consulting basis for the business.
7 Full-time employee shall also not include any person who at the
8 time of project application works in New Jersey for consideration
9 for at least 35 hours per week, or who renders any other standard of
10 service generally accepted by custom or practice as full-time
11 employment but who prior to project application was not provided,
12 by the business, with employee health benefits under a health
13 benefits plan authorized pursuant to State or federal law.

14 "Garden State Growth Zone" or "growth zone" means the four
15 New Jersey cities with the lowest median family income based on
16 the 2009 American Community Survey from the US Census, (Table
17 708. Household, Family, and Per Capita Income and Individuals,
18 and Families Below Poverty Level by City: 2009); or a municipality
19 which contains a Tourism District as established pursuant to section
20 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
21 Reinvestment Development Authority.

22 "Highlands development credit receiving area or redevelopment
23 area" means an area located within a qualified incentive area and
24 designated by the Highlands Water Protection and Planning Council
25 for the receipt of Highlands Development Credits under the
26 Highlands Transfer Development Rights Program authorized
27 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

28 "Incentive agreement" means the contract between the business
29 and the authority, which sets forth the terms and conditions under
30 which the business shall be eligible to receive the incentives
31 authorized pursuant to the program.

32 "Incentive effective date" means the date the authority issues a
33 tax credit based on documentation submitted by a business pursuant
34 to paragraph (1) of subsection b. of section 6 of P.L.2011, c.149
35 (C.34:1B-247).

36 "Major rail station" means a railroad station located within a
37 qualified incentive area which provides access to the public to a
38 minimum of six rail passenger service lines operated by the New
39 Jersey Transit Corporation.

40 "Mega project" means:

41 a. a qualified business facility located in a port district housing
42 a business in the logistics, manufacturing, energy, defense, or
43 maritime industries, either:

44 (1) having a capital investment in excess of \$20,000,000, and at
45 which more than 250 full-time employees of **[such]** the business
46 are created or retained ¹**[,]**¹ or

47 (2) at which more than 1,000 full-time employees of **[such]** the
48 business are created or retained;

1 b. a qualified business facility located in an aviation district
2 housing a business in the aviation industry, in a Garden State
3 Growth Zone, or in a priority area housing the United States
4 headquarters and related facilities of an automobile manufacturer,
5 either:

6 (1) having a capital investment in excess of \$20,000,000, and at
7 which more than 250 full-time employees of **【such】** the business
8 are created or retained, or

9 (2) at which more than 1,000 full-time employees of **【such】** the
10 business are created or retained;

11 c. a qualified business facility located in an urban transit hub
12 housing a business of any kind, having a capital investment in
13 excess of \$50,000,000, and at which more than 250 full-time
14 employees of **【a】** the business are created or retained;

15 d. a project located in an area designated in need of
16 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
17 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
18 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
19 Ocean, or Salem counties having a capital investment in excess of
20 \$20,000,000, and at which more than 150 full-time employees of
21 **【a】** the business are created or retained; or

22 e. a qualified business facility primarily used by a business
23 principally engaged in research, development, or manufacture of a
24 drug or device, as defined in R.S.24:1-1, or primarily used by a
25 business licensed to conduct a clinical laboratory and business
26 facility pursuant to the "New Jersey Clinical Laboratory
27 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:

28 (1) having a capital investment in excess of \$20,000,000, and at
29 which more than 250 full-time employees of **【such】** the business
30 are created or retained, or

31 (2) at which more than 1,000 full-time employees of **【such】** the
32 business are created or retained.

33 "Minimum environmental and sustainability standards" means
34 standards established by the authority in accordance with the green
35 building manual prepared by the Commissioner of Community
36 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
37 regarding the use of renewable energy, energy-efficient technology,
38 and non-renewable resources in order to reduce environmental
39 degradation and encourage long-term cost reduction.

40 "Moderate-income housing" means housing affordable,
41 according to United States Department of Housing and Urban
42 Development or other recognized standards for home ownership
43 and rental costs, and occupied or reserved for occupancy by
44 households with a gross household income equal to more than 50
45 percent but less than 80 percent of the median gross household
46 income for households of the same size within the housing region in
47 which the housing is located.

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 "New full-time job" means an eligible position created by the
5 business at the qualified business facility that did not previously
6 exist in this State. For the purposes of determining a number of
7 new full-time jobs, the eligible positions of an affiliate shall be
8 considered eligible positions of the business.

9 "Other eligible area" means the portions of the qualified
10 incentive area that are not located within a distressed municipality,
11 or the priority area.

12 "Partnership" means an entity classified as a partnership for
13 federal income tax purposes.

14 "Port district" means the portions of a qualified incentive area
15 that are located within:

16 a. the "Port of New York District" of the Port Authority of
17 New York and New Jersey, as defined in Article II of the Compact
18 Between the States of New York and New Jersey of 1921; or

19 b. a 15-mile radius of the outermost boundary of each marine
20 terminal facility established, acquired, constructed, rehabilitated, or
21 improved by the South Jersey Port District established pursuant to
22 "The South Jersey Port Corporation Act," P.L.1968, c.60
23 (C.12:11A-1 et seq.).

24 "Priority area" means the portions of the qualified incentive area
25 that are not located within a distressed municipality and which:

26 a. are designated pursuant to the "State Planning Act,"
27 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
28 (Metropolitan), Planning Area 2 (Suburban), a designated center
29 under the State Development and Redevelopment Plan, or a
30 designated growth center in an endorsed plan until June 30, 2013, or
31 until the State Planning Commission revises and readopts New
32 Jersey's State Strategic Plan and adopts regulations to revise this
33 definition;

34 b. intersect with portions of: a deep poverty pocket, a port
35 district, or federally-owned land approved for closure under a
36 federal Commission on Base Realignment and Closure action;

37 c. are the proposed site of a disaster recovery project, a
38 qualified incubator facility, a highlands development credit
39 receiving area or redevelopment area, a tourism destination project,
40 or transit oriented development; or

41 d. contain: a vacant commercial building having over 400,000
42 square feet of office, laboratory, or industrial space available for
43 occupancy for a period of over one year; or a site that has been
44 negatively impacted by the approval of a "qualified business
45 facility," as defined pursuant to section 2 of P.L.2007, c.346
46 (C.34:1B-208).

1 "Professional employer organization" means an employee leasing
2 company registered with the Department of Labor and Workforce
3 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

4 "Program" means the "Grow New Jersey Assistance Program"
5 established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

6 "Qualified business facility" means any building, complex of
7 buildings or structural components of buildings, and all machinery
8 and equipment located within a qualified incentive area, used in
9 connection with the operation of a business that is not engaged in
10 final point of sale retail business at that location unless the building,
11 complex of buildings or structural components of buildings, and all
12 machinery and equipment located within a qualified incentive area,
13 are used in connection with the operation of:

14 a. a final point of sale retail business located in a Garden State
15 Growth Zone that will include a retail facility of at least 150,000
16 square feet, of which at least 50 percent is occupied by either a full-
17 service supermarket or grocery store; or

18 b. a tourism destination project located in the Atlantic City
19 Tourism District as established pursuant to section 5 of P.L.2011,
20 c.18 (C.5:12-219).

21 "Qualified incentive area" means:

22 a. an aviation district;

23 b. a port district;

24 c. a distressed municipality or urban transit hub municipality;

25 d. an area (1) designated pursuant to the "State Planning Act,"
26 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

27 (a) Planning Area 1 (Metropolitan);

28 (b) Planning Area 2 (Suburban); or

29 (c) Planning Area 3 (Fringe Planning Area);

30 (2) located within a smart growth area and planning area
31 designated in a master plan adopted by the New Jersey
32 Meadowlands Commission pursuant to subsection (i) of section 6 of
33 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
34 adopted by the New Jersey Meadowlands Commission pursuant to
35 section 20 of P.L.1968, c.404 (C.13:17-21);

36 (3) located within any land owned by the New Jersey Sports and
37 Exposition Authority, established pursuant to P.L.1971, c.137
38 (C.5:10-1 et seq.), within the boundaries of the Hackensack
39 Meadowlands District as delineated in section 4 of P.L.1968, c.404
40 (C.13:17-4);

41 (4) located within a regional growth area, rural development
42 area zoned for industrial use ¹as of the effective date of P.L. _____,
43 c. (C. _____) (pending before the Legislature as this bill)¹, town,
44 village, or a military and federal installation area designated in the
45 comprehensive management plan prepared and adopted by the
46 Pinelands Commission pursuant to the "Pinelands Protection Act,"
47 P.L.1979, c.111 (C.13:18A-1 et seq.);

1 (5) located within the planning area of the Highlands Region as
2 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
3 development credit receiving area or redevelopment area;

4 (6) located within a Garden State Growth Zone;

5 (7) located within land approved for closure under any federal
6 Commission on Base Realignment and Closure action; or

7 (8) located only within the following portions of the areas
8 designated pursuant to the "State Planning Act," P.L.1985, c.398
9 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
10 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
11 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural
12 Planning Area), Planning Area 4B (Rural/Environmentally
13 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
14 located within:

15 (a) a designated center under the State Development and
16 Redevelopment Plan;

17 (b) a designated growth center in an endorsed plan until the
18 State Planning Commission revises and readopts New Jersey's State
19 Strategic Plan and adopts regulations to revise this definition as it
20 pertains to Statewide planning areas;

21 (c) any area determined to be in need of redevelopment pursuant
22 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
23 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
24 P.L.1992, c.79 (C.40A:12A-14);

25 (d) any area on which a structure exists or previously existed
26 including any desired expansion of the footprint of the existing or
27 previously existing structure provided **【such】** the expansion
28 otherwise complies with all applicable federal, State, county, and
29 local permits and approvals;

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

33 (f) any area on which an existing tourism destination project is
34 located.

35 "Qualified incentive area" shall not include any property located
36 within the preservation area of the Highlands Region as defined in
37 section 3 of P.L.2004, c.120 (C.13:20-3).

38 "Qualified incubator facility" means a commercial building
39 located within a qualified incentive area: which contains 50,000 or
40 more square feet of office, laboratory, or industrial space; which is
41 located near, and presents opportunities for collaboration with, a
42 research institution, teaching hospital, college, or university; and
43 within which, at least 50 percent of the gross leasable area is
44 restricted for use by one or more technology startup companies
45 during the commitment period.

46 "Retained full-time job" means an eligible position that currently
47 exists in New Jersey and is filled by a full-time employee but
48 which, because of a potential relocation by the business, is at risk of

1 being lost to another state or country, or eliminated. For the
2 purposes of determining a number of retained full-time jobs, the
3 eligible positions of an affiliate shall be considered eligible
4 positions of the business. For the purposes of the certifications and
5 annual reports required in the incentive agreement pursuant to
6 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
7 extent an eligible position that was the basis of the award no longer
8 exists, a business shall include as a retained full-time job a new
9 eligible position that is filled by a full-time employee provided that
10 the position is included in the order of date of hire and is not the
11 basis for any other incentive award. For a project located in a
12 Garden State Growth Zone which qualified for the "Municipal
13 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
14 (C.52:27BBB-1 et al.), retained full-time job shall include any
15 employee previously employed in New Jersey and transferred to the
16 new location in the Garden State Growth Zone which qualified for
17 the "Municipal Rehabilitation and Economic Recovery Act,"
18 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

21 "SDA municipality" means a municipality in which an SDA
22 district is situate.

23 "Targeted industry" means any industry identified from time to
24 time by the authority including initially, a transportation,
25 manufacturing, defense, energy, logistics, life sciences, technology,
26 health, and finance business, but excluding a primarily warehouse
27 or distribution business.

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

33 "Tourism destination project" means a qualified non-gaming
34 business facility that will be among the most visited privately
35 owned or operated tourism or recreation sites in the State, and
36 which is located within the qualified incentive area and has been
37 determined by the authority to be in an area appropriate for
38 development and in need of economic development incentive
39 assistance, including a non-gaming business within an established
40 Tourism District with a significant impact on the economic viability
41 of that District.

42 "Transit oriented development" means a qualified business
43 facility located within a 1/2-mile radius, or one-mile radius for
44 projects located in a Garden State Growth Zone, surrounding the
45 mid-point of a New Jersey Transit Corporation, Port Authority
46 Transit Corporation, or Port Authority Trans-Hudson Corporation
47 rail, bus, or ferry station platform area, including all light rail
48 stations.

1 "Urban transit hub" means an urban transit hub, as defined in
2 section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within
3 an eligible municipality, as defined in section 2 of P.L.2007, c.346
4 (C.34:1B-208) and also located within a qualified incentive area.

5 "Urban transit hub municipality" means a municipality: a. which
6 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
7 seq.), or which has continued to be a qualified municipality
8 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent
9 or more of the value of real property was exempt from local
10 property taxation during tax year 2006. The percentage of exempt
11 property shall be calculated by dividing the total exempt value by
12 the sum of the net valuation which is taxable and that which is tax
13 exempt.

14 (cf: P.L.2015, c.217, s.1)

15

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

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

20 "Applicant" means a developer proposing to enter into a
21 redevelopment incentive grant agreement.

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

31 "Authority" means the New Jersey Economic Development
32 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-
33 4).

34 "Aviation district" means the area within a one-mile radius of the
35 outermost boundary of the "Atlantic City International Airport,"
36 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
37 24).

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

43 "Developer" means any person who enters or proposes to enter
44 into a redevelopment incentive grant agreement pursuant to the
45 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its
46 successors or **1[assigns] assignees¹**, including but not limited to a
47 lender that completes a redevelopment project, operates a
48 redevelopment project, or completes and operates a redevelopment

1 project. A developer also may be a municipal redeveloper as
2 defined herein or Rutgers, the State University of New Jersey.

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

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

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

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

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

33 "Garden State Growth Zone" or "growth zone" means the four
34 New Jersey cities with the lowest median family income based on
35 the 2009 American Community Survey from the US Census, (Table
36 708. Household, Family, and Per Capita Income and Individuals,
37 and Families Below Poverty Level by City: 2009); or a municipality
38 which contains a Tourism District as established pursuant to section
39 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
40 Reinvestment Development Authority.

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

46 "Incentive grant" means reimbursement of all or a portion of the
47 project financing gap of a redevelopment project through the State
48 or a local Economic Redevelopment and Growth Grant program

1 pursuant to section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d
2 or C.52:27D-489e).

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

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

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

25 "Mixed use parking project" means a redevelopment project, the
26 parking component of which shall constitute 51 percent or more of
27 any of the following:

- 28 a. the total square footage of the entire mixed use parking
29 project;
- 30 b. the estimated revenues of the entire mixed use parking
31 project; or
- 32 c. the total construction cost of the entire mixed use parking
33 project.

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

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

- 44 a. a municipal government, a municipal parking authority, or a
45 redevelopment agency acting on behalf of a municipal government
46 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or
- 47 b. a developer of a mixed use parking project, provided that the
48 parking component of the mixed use parking project is operated and

1 maintained by a municipal parking authority for the term of any
2 financial assistance granted pursuant to P.L.2015, c.69.

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

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

11 "Parking component" means that portion of a mixed use parking
12 project used for parking, together with the portion of the costs of
13 the mixed use parking project, including but not limited to the
14 footings, foundations, site work, infrastructure, and soft costs that
15 are allocable to the parking use.

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

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

43 "Project financing gap" means:

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

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

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

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

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

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

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

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

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

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

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

48 a. an aviation district;

- 1 b. a port district;
- 2 c. a distressed municipality; or
- 3 d. an area (1) designated pursuant to the "State Planning Act,"
- 4 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
- 5 (a) Planning Area 1 (Metropolitan);
- 6 (b) Planning Area 2 (Suburban); or
- 7 (c) Planning Area 3 (Fringe Planning Area);
- 8 (2) located within a smart growth area and planning area
- 9 designated in a master plan adopted by the New Jersey
- 10 Meadowlands Commission pursuant to subsection (i) of section 6 of
- 11 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
- 12 adopted by the New Jersey Meadowlands Commission pursuant to
- 13 section 20 of P.L.1968, c.404 (C.13:17-21);
- 14 (3) located within any land owned by the New Jersey Sports and
- 15 Exposition Authority, established pursuant to P.L.1971, c.137
- 16 (C.5:10-1 et seq.), within the boundaries of the Hackensack
- 17 Meadowlands District as delineated in section 4 of P.L.1968, c.404
- 18 (C.13:17-4);
- 19 (4) located within a regional growth area, **[a]** rural development
- 20 area zoned for industrial use ¹as of the effective date of P.L. , c.
- 21 (C.) (pending before the Legislature as this bill)¹, town,
- 22 village, or a military and federal installation area designated in the
- 23 comprehensive management plan prepared and adopted by the
- 24 Pinelands Commission pursuant to the "Pinelands Protection Act,"
- 25 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 **【such】** the expansion
6 otherwise complies with all applicable federal, State, county, and
7 local 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.2015, c.242, s.1)

37

38 3. This act shall take effect immediately.

39

40

41

42

43 _____
44 Allows existing rural development areas zoned for industrial use
45 under pinelands comprehensive management plan to be included as
eligible areas under certain business incentive programs.

SENATE, No. 2338

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED JUNE 9, 2016

Sponsored by:

Senator JIM WHELAN

District 2 (Atlantic)

Co-Sponsored by:

Senator Lesniak

SYNOPSIS

Allows rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2016)

1 AN ACT concerning eligibility under certain business incentive
2 programs and amending P.L.2011, c.149 and P.L.2009, c.90.

3

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

6

7 1. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to
8 read as follows:

9 2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

10 "Affiliate" means an entity that directly or indirectly controls, is
11 under common control with, or is controlled by the business.
12 Control exists in all cases in which the entity is a member of a
13 controlled group of corporations as defined pursuant to section 1563
14 of the Internal Revenue Code of 1986 (26 U.S.C. s.1563) or the
15 entity is an organization in a group of organizations under common
16 control as defined pursuant to subsection (b) or (c) of section 414 of
17 the Internal Revenue Code of 1986 (26 U.S.C. s.414). A taxpayer
18 may establish by clear and convincing evidence, as determined by
19 the Director of the Division of Taxation in the Department of the
20 Treasury, that control exists in situations involving lesser
21 percentages of ownership than required by those statutes. An
22 affiliate of a business may contribute to meeting either the qualified
23 investment or full-time employee requirements of a business that
24 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
25 209).

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

28 "Aviation district" means the area within a one-mile radius of the
29 outermost boundary of the "Atlantic City International Airport,"
30 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
31 24).

32 "Business" means an applicant proposing to own or lease
33 premises in a qualified business facility that is:

34 a corporation that is subject to the tax imposed pursuant to
35 section 5 of P.L.1945, c.162 (C.54:10A-5);

36 a corporation that is subject to the tax imposed pursuant to
37 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3),
38 section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

39 a partnership;

40 an S corporation;

41 a limited liability company; or

42 a non-profit corporation.

43 If the business or tenant is a cooperative or part of a cooperative,
44 then the cooperative may qualify for credits by counting the full-
45 time employees and capital investments of its member

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 organizations, and the cooperative may distribute credits to its
2 member organizations. If the business or tenant is a cooperative
3 that leases to its member organizations, the lease shall be treated as
4 a lease to an affiliate or affiliates.

5 A business shall include an affiliate of the business if that
6 business applies for a credit based upon any capital investment
7 made by or full-time employees of an affiliate.

8 "Capital investment" in a qualified business facility means
9 expenses by a business or any affiliate of the business incurred after
10 application for:

11 a. site preparation and construction, repair, renovation,
12 improvement, equipping, or furnishing on real property or of a
13 building, structure, facility, or improvement to real property;

14 b. obtaining and installing furnishings and machinery,
15 apparatus, or equipment, including but not limited to material goods
16 subject to bonus depreciation under sections 168 and 179 of the
17 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the
18 operation of a business on real property or in a building, structure,
19 facility, or improvement to real property;

20 c. receiving Highlands Development Credits under the
21 Highlands Transfer Development Rights Program authorized
22 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

23 d. any of the foregoing.

24 In addition to the foregoing, in a Garden State Growth Zone, the
25 following qualify as a capital investment: any **[and all]**
26 development, redevelopment, and relocation costs, including, but
27 not limited to, site acquisition if made within 24 months of
28 application to the authority, engineering, legal, accounting, and
29 other professional services required; and relocation, environmental
30 remediation, and infrastructure improvements for the project area,
31 including, but not limited to, on- and off-site utility, road, pier,
32 wharf, bulkhead, or sidewalk construction or repair.

33 In addition to the foregoing, if a business acquires or leases a
34 qualified business facility, the capital investment made or acquired
35 by the seller or owner, as the case may be, if pertaining primarily to
36 the premises of the qualified business facility, shall be considered a
37 capital investment by the business and, if pertaining generally to the
38 qualified business facility being acquired or leased, shall be
39 allocated to the premises of the qualified business facility on the
40 basis of the gross leasable area of the premises in relation to the
41 total gross leasable area in the qualified business facility. The
42 capital investment described herein may include any capital
43 investment made or acquired within 24 months prior to the date of
44 application so long as the amount of capital investment made or
45 acquired by the business, any affiliate of the business, or any owner
46 after the date of application equals at least 50 percent of the amount
47 of capital investment, allocated to the premises of the qualified
48 business facility being acquired or leased on the basis of the gross

1 leasable area of **【such】** the premises in relation to the total gross
2 leasable area in the qualified business facility made or acquired
3 prior to the date of application.

4 "Commitment period" means the period of time that is 1.5 times
5 the eligibility period.

6 "Deep poverty pocket" means a population census tract having a
7 poverty level of 20 percent or more, and which is located within the
8 qualified incentive area and has been determined by the authority to
9 be an area appropriate for development and in need of economic
10 development incentive assistance.

11 "Disaster recovery project" means a project located on property
12 that has been wholly or substantially damaged or destroyed as a
13 result of a federally-declared disaster which, after utilizing all
14 disaster funds available from federal, State, county, and local
15 funding sources, demonstrates to the satisfaction of the authority
16 that access to additional funding authorized pursuant to the "New
17 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
18 (C.52:27D-489p et al.), is necessary to complete **【such】** the
19 redevelopment project, and which is located within the qualified
20 incentive area and has been determined by the authority to be in an
21 area appropriate for development and in need of economic
22 development incentive assistance.

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

32 "Eligibility period" means the period in which a business may
33 claim a tax credit under the Grow New Jersey Assistance Program,
34 beginning with the tax period in which the authority accepts
35 certification of the business that it has met the capital investment
36 and employment requirements of the Grow New Jersey Assistance
37 Program and extending thereafter for a term of not more than 10
38 years, with the term to be determined solely at the discretion of the
39 applicant.

40 "Eligible position" or "full-time job" means a full-time position
41 in a business in this State which the business has filled with a full-
42 time employee.

43 "Full-time employee" means a person:

- 44 a. who is employed by a business for consideration for at least
45 35 hours a week, or who renders any other standard of service
46 generally accepted by custom or practice as full-time employment,
47 or

1 b. who is employed by a professional employer organization
2 pursuant to an employee leasing agreement between the business
3 and the professional employer organization, in accordance with
4 P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or
5 who renders any other standard of service generally accepted by
6 custom or practice as full-time employment, and whose wages are
7 subject to withholding as provided in the "New Jersey Gross
8 Income Tax Act," N.J.S.54A:1-1 et seq., or

9 c. who is a resident of another State but whose income is not
10 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
11 et seq. or who is a partner of a business who works for the
12 partnership for at least 35 hours a week, or who renders any other
13 standard of service generally accepted by custom or practice as full-
14 time employment, and whose distributive share of income, gain,
15 loss, or deduction, or whose guaranteed payments, or any
16 combination thereof, is subject to the payment of estimated taxes, as
17 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
18 et seq., and

19 d. who, except for purposes of the Statewide workforce, is
20 provided, by the business, with employee health benefits under a
21 health benefits plan authorized pursuant to State or federal law.

22 With respect to a logistics, manufacturing, energy, defense,
23 aviation, or maritime business, excluding primarily warehouse or
24 distribution operations, located in a port district having a container
25 terminal:

26 the requirement that employee health benefits are to be provided
27 shall be deemed to be satisfied if **[such]** the benefits are provided
28 in accordance with industry practice by a third party obligated to
29 provide such benefits pursuant to a collective bargaining agreement;

30 full-time employment shall include, but not be limited to,
31 employees that have been hired by way of a labor union hiring hall
32 or its equivalent;

33 35 hours of employment per week at a qualified business facility
34 shall constitute one "full-time employee," regardless of whether or
35 not the hours of work were performed by one or more persons.

36 For any project located in a Garden State Growth Zone which
37 qualifies under the "Municipal Rehabilitation and Economic
38 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
39 project located in the Atlantic City Tourism District as established
40 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
41 by the Casino Reinvestment Development Authority, and which
42 will include a retail facility of at least 150,000 square feet, of which
43 at least 50 percent will be occupied by either a full-service
44 supermarket or grocery store, 30 hours of employment per week at a
45 qualified business facility shall constitute one "full-time employee,"
46 regardless of whether **[or not]** the hours of work were performed
47 by one or more persons, and the requirement that employee health
48 benefits are to be provided shall be deemed to be satisfied if the

1 employees of the business are covered by a collective bargaining
2 agreement.

3 "Full-time employee" shall not include any person who works as
4 an independent contractor or on a consulting basis for the business.
5 Full-time employee shall also not include any person who at the
6 time of project application works in New Jersey for consideration
7 for at least 35 hours per week, or who renders any other standard of
8 service generally accepted by custom or practice as full-time
9 employment but who prior to project application was not provided,
10 by the business, with employee health benefits under a health
11 benefits plan authorized pursuant to State or federal law.

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

20 "Highlands development credit receiving area or redevelopment
21 area" means an area located within a qualified incentive area and
22 designated by the Highlands Water Protection and Planning Council
23 for the receipt of Highlands Development Credits under the
24 Highlands Transfer Development Rights Program authorized
25 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

26 "Incentive agreement" means the contract between the business
27 and the authority, which sets forth the terms and conditions under
28 which the business shall be eligible to receive the incentives
29 authorized pursuant to the program.

30 "Incentive effective date" means the date the authority issues a
31 tax credit based on documentation submitted by a business pursuant
32 to paragraph (1) of subsection b. of section 6 of P.L.2011, c.149
33 (C.34:1B-247).

34 "Major rail station" means a railroad station located within a
35 qualified incentive area which provides access to the public to a
36 minimum of six rail passenger service lines operated by the New
37 Jersey Transit Corporation.

38 "Mega project" means:

39 a. a qualified business facility located in a port district housing
40 a business in the logistics, manufacturing, energy, defense, or
41 maritime industries, either:

42 (1) having a capital investment in excess of \$20,000,000, and at
43 which more than 250 full-time employees of **[such]** the business
44 are created or retained, or

45 (2) at which more than 1,000 full-time employees of **[such]** the
46 business are created or retained;

47 b. a qualified business facility located in an aviation district
48 housing a business in the aviation industry, in a Garden State

1 Growth Zone, or in a priority area housing the United States
2 headquarters and related facilities of an automobile manufacturer,
3 either:

4 (1) having a capital investment in excess of \$20,000,000, and at
5 which more than 250 full-time employees of **[such]** the business
6 are created or retained, or

7 (2) at which more than 1,000 full-time employees of **[such]** the
8 business are created or retained;

9 c. a qualified business facility located in an urban transit hub
10 housing a business of any kind, having a capital investment in
11 excess of \$50,000,000, and at which more than 250 full-time
12 employees of **[a]** the business are created or retained;

13 d. a project located in an area designated in need of
14 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
15 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
16 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
17 Ocean, or Salem counties having a capital investment in excess of
18 \$20,000,000, and at which more than 150 full-time employees of
19 **[a]** the business are created or retained; or

20 e. a qualified business facility primarily used by a business
21 principally engaged in research, development, or manufacture of a
22 drug or device, as defined in R.S.24:1-1, or primarily used by a
23 business licensed to conduct a clinical laboratory and business
24 facility pursuant to the "New Jersey Clinical Laboratory
25 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:

26 (1) having a capital investment in excess of \$20,000,000, and at
27 which more than 250 full-time employees of **[such]** the business
28 are created or retained, or

29 (2) at which more than 1,000 full-time employees of **[such]** the
30 business are created or retained.

31 "Minimum environmental and sustainability standards" means
32 standards established by the authority in accordance with the green
33 building manual prepared by the Commissioner of Community
34 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
35 regarding the use of renewable energy, energy-efficient technology,
36 and non-renewable resources in order to reduce environmental
37 degradation and encourage long-term cost reduction.

38 "Moderate-income housing" means housing affordable,
39 according to United States Department of Housing and Urban
40 Development or other recognized standards for home ownership
41 and rental costs, and occupied or reserved for occupancy by
42 households with a gross household income equal to more than 50
43 percent but less than 80 percent of the median gross household
44 income for households of the same size within the housing region in
45 which the housing is located.

46 "Municipal Revitalization Index" means the 2007 index by the
47 Office for Planning Advocacy within the Department of State
48 measuring or ranking municipal distress.

1 "New full-time job" means an eligible position created by the
2 business at the qualified business facility that did not previously
3 exist in this State. For the purposes of determining a number of
4 new full-time jobs, the eligible positions of an affiliate shall be
5 considered eligible positions of the business.

6 "Other eligible area" means the portions of the qualified
7 incentive area that are not located within a distressed municipality,
8 or the priority area.

9 "Partnership" means an entity classified as a partnership for
10 federal income tax purposes.

11 "Port district" means the portions of a qualified incentive area
12 that are located within:

13 a. the "Port of New York District" of the Port Authority of
14 New York and New Jersey, as defined in Article II of the Compact
15 Between the States of New York and New Jersey of 1921; or

16 b. a 15-mile radius of the outermost boundary of each marine
17 terminal facility established, acquired, constructed, rehabilitated, or
18 improved by the South Jersey Port District established pursuant to
19 "The South Jersey Port Corporation Act," P.L.1968, c.60
20 (C.12:11A-1 et seq.).

21 "Priority area" means the portions of the qualified incentive area
22 that are not located within a distressed municipality and which:

23 a. are designated pursuant to the "State Planning Act,"
24 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
25 (Metropolitan), Planning Area 2 (Suburban), a designated center
26 under the State Development and Redevelopment Plan, or a
27 designated growth center in an endorsed plan until June 30, 2013, or
28 until the State Planning Commission revises and readopts New
29 Jersey's State Strategic Plan and adopts regulations to revise this
30 definition;

31 b. intersect with portions of: a deep poverty pocket, a port
32 district, or federally-owned land approved for closure under a
33 federal Commission on Base Realignment and Closure action;

34 c. are the proposed site of a disaster recovery project, a
35 qualified incubator facility, a highlands development credit
36 receiving area or redevelopment area, a tourism destination project,
37 or transit oriented development; or

38 d. contain: a vacant commercial building having over 400,000
39 square feet of office, laboratory, or industrial space available for
40 occupancy for a period of over one year; or a site that has been
41 negatively impacted by the approval of a "qualified business
42 facility," as defined pursuant to section 2 of P.L.2007, c.346
43 (C.34:1B-208).

44 "Professional employer organization" means an employee leasing
45 company registered with the Department of Labor and Workforce
46 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

47 "Program" means the "Grow New Jersey Assistance Program"
48 established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

1 "Qualified business facility" means any building, complex of
2 buildings or structural components of buildings, and all machinery
3 and equipment located within a qualified incentive area, used in
4 connection with the operation of a business that is not engaged in
5 final point of sale retail business at that location unless the building,
6 complex of buildings or structural components of buildings, and all
7 machinery and equipment located within a qualified incentive area,
8 are used in connection with the operation of:

9 a. a final point of sale retail business located in a Garden State
10 Growth Zone that will include a retail facility of at least 150,000
11 square feet, of which at least 50 percent is occupied by either a full-
12 service supermarket or grocery store; or

13 b. a tourism destination project located in the Atlantic City
14 Tourism District as established pursuant to section 5 of P.L.2011,
15 c.18 (C.5:12-219).

16 "Qualified incentive area" means:

17 a. an aviation district;

18 b. a port district;

19 c. a distressed municipality or urban transit hub municipality;

20 d. an area (1) designated pursuant to the "State Planning Act,"
21 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

22 (a) Planning Area 1 (Metropolitan);

23 (b) Planning Area 2 (Suburban); or

24 (c) Planning Area 3 (Fringe Planning Area);

25 (2) located within a smart growth area and planning area
26 designated in a master plan adopted by the New Jersey
27 Meadowlands Commission pursuant to subsection (i) of section 6 of
28 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
29 adopted by the New Jersey Meadowlands Commission pursuant to
30 section 20 of P.L.1968, c.404 (C.13:17-21);

31 (3) located within any land owned by the New Jersey Sports and
32 Exposition Authority, established pursuant to P.L.1971, c.137
33 (C.5:10-1 et seq.), within the boundaries of the Hackensack
34 Meadowlands District as delineated in section 4 of P.L.1968, c.404
35 (C.13:17-4);

36 (4) located within a regional growth area, rural development
37 area zoned for industrial use, town, village, or a military and federal
38 installation area designated in the comprehensive management plan
39 prepared and adopted by the Pinelands Commission pursuant to the
40 "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);

41 (5) located within the planning area of the Highlands Region as
42 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
43 development credit receiving area or redevelopment area;

44 (6) located within a Garden State Growth Zone;

45 (7) located within land approved for closure under any federal
46 Commission on Base Realignment and Closure action; or

47 (8) located only within the following portions of the areas
48 designated pursuant to the "State Planning Act," P.L.1985, c.398

1 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
2 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
3 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural
4 Planning Area), Planning Area 4B (Rural/Environmentally
5 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
6 located within:

7 (a) a designated center under the State Development and
8 Redevelopment Plan;

9 (b) a designated growth center in an endorsed plan until the
10 State Planning Commission revises and readopts New Jersey's State
11 Strategic Plan and adopts regulations to revise this definition as it
12 pertains to Statewide planning areas;

13 (c) any area determined to be in need of redevelopment pursuant
14 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
15 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
16 P.L.1992, c.79 (C.40A:12A-14);

17 (d) any area on which a structure exists or previously existed
18 including any desired expansion of the footprint of the existing or
19 previously existing structure provided [such] the expansion
20 otherwise complies with all applicable federal, State, county, and
21 local permits and approvals;

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

25 (f) any area on which an existing tourism destination project is
26 located.

27 "Qualified incentive area" shall not include any property located
28 within the preservation area of the Highlands Region as defined in
29 section 3 of P.L.2004, c.120 (C.13:20-3).

30 "Qualified incubator facility" means a commercial building
31 located within a qualified incentive area: which contains 50,000 or
32 more square feet of office, laboratory, or industrial space; which is
33 located near, and presents opportunities for collaboration with, a
34 research institution, teaching hospital, college, or university; and
35 within which, at least 50 percent of the gross leasable area is
36 restricted for use by one or more technology startup companies
37 during the commitment period.

38 "Retained full-time job" means an eligible position that currently
39 exists in New Jersey and is filled by a full-time employee but
40 which, because of a potential relocation by the business, is at risk of
41 being lost to another state or country, or eliminated. For the
42 purposes of determining a number of retained full-time jobs, the
43 eligible positions of an affiliate shall be considered eligible
44 positions of the business. For the purposes of the certifications and
45 annual reports required in the incentive agreement pursuant to
46 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
47 extent an eligible position that was the basis of the award no longer
48 exists, a business shall include as a retained full-time job a new

1 eligible position that is filled by a full-time employee provided that
2 the position is included in the order of date of hire and is not the
3 basis for any other incentive award. For a project located in a
4 Garden State Growth Zone which qualified for the "Municipal
5 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
6 (C.52:27BBB-1 et al.), retained full-time job shall include any
7 employee previously employed in New Jersey and transferred to the
8 new location in the Garden State Growth Zone which qualified for
9 the "Municipal Rehabilitation and Economic Recovery Act,"
10 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

13 "SDA municipality" means a municipality in which an SDA
14 district is situate.

15 "Targeted industry" means any industry identified from time to
16 time by the authority including initially, a transportation,
17 manufacturing, defense, energy, logistics, life sciences, technology,
18 health, and finance business, but excluding a primarily warehouse
19 or distribution business.

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

25 "Tourism destination project" means a qualified non-gaming
26 business facility that will be among the most visited privately
27 owned or operated tourism or recreation sites in the State, and
28 which is located within the qualified incentive area and has been
29 determined by the authority to be in an area appropriate for
30 development and in need of economic development incentive
31 assistance, including a non-gaming business within an established
32 Tourism District with a significant impact on the economic viability
33 of that District.

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

41 "Urban transit hub" means an urban transit hub, as defined in
42 section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within
43 an eligible municipality, as defined in section 2 of P.L.2007, c.346
44 (C.34:1B-208) and also located within a qualified incentive area.

45 "Urban transit hub municipality" means a municipality: a. which
46 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
47 seq.), or which has continued to be a qualified municipality
48 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent

1 or more of the value of real property was exempt from local
2 property taxation during tax year 2006. The percentage of exempt
3 property shall be calculated by dividing the total exempt value by
4 the sum of the net valuation which is taxable and that which is tax
5 exempt.

6 (cf: P.L.2015, c.217, s.1)

7

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

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

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

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

23 "Authority" means the New Jersey Economic Development
24 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-
25 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-
29 24).

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

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

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

45 "Disaster recovery project" means a redevelopment project
46 located on property that has been wholly or substantially damaged
47 or destroyed as a result of a federally-declared disaster, and which
48 is located within the incentive area and has been determined by the

1 authority to be in an area appropriate for development and in need
2 of economic development incentive assistance.

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

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

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

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

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

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

43 "Infrastructure improvements in the public right-of-way" mean
44 public structures or improvements located in the public **[right of**
45 **way]** right-of-way that are located within a project area or that
46 constitute an ancillary infrastructure project, either of which are
47 dedicated to or owned by a governmental body or agency upon
48 completion, or any required payment in lieu of the structures,

1 improvements or projects, or any costs of remediation associated
2 with the structures, improvements or projects, and that are
3 determined by the authority, in consultation with applicable State
4 agencies, to be consistent with and in furtherance of State public
5 infrastructure objectives and initiatives.

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

13 "Major rail station" means a railroad station located within a
14 qualified incentive area which provides access to the public to a
15 minimum of six rail passenger service lines operated by the New
16 Jersey Transit Corporation.

17 "Mixed use parking project" means a redevelopment project, the
18 parking component of which shall constitute 51 percent or more of
19 any of the following:

- 20 a. the total square footage of the entire mixed use parking
21 project;
- 22 b. the estimated revenues of the entire mixed use parking
23 project; or
- 24 c. the total construction cost of the entire mixed use parking
25 project.

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

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

36 a. a municipal government, a municipal parking authority, or a
37 redevelopment agency acting on behalf of a municipal government
38 as defined in section 3 of P.L.1992, c.79 (C.40A:12A-3); or

39 b. a developer of a mixed use parking project, provided that the
40 parking component of the mixed use parking project is operated and
41 maintained by a municipal parking authority for the term of any
42 financial assistance granted pursuant to P.L.2015, c.69.

43 "Municipal Revitalization Index" means the 2007 index by the
44 Office for Planning Advocacy within the Department of State
45 measuring or ranking municipal distress.

46 "Non-parking component" means that portion of a mixed use
47 parking project not used for parking, together with the portion of
48 the costs of the mixed use parking project, including but not limited

1 to the footings, foundations, site work, infrastructure, and soft costs
2 that are allocable to the non-parking use.

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

8 "Project area" means land or lands located within the incentive
9 area under common ownership or control including through a
10 redevelopment agreement with a municipality, or as otherwise
11 established by a municipality or a redevelopment agreement
12 executed by a State entity to implement a redevelopment project.

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

35 "Project financing gap" means:

36 a. the part of the total project cost, including return on
37 investment, that remains to be financed after all other sources of
38 capital have been accounted for, including, but not limited to,
39 developer-contributed capital, which shall not be less than 20
40 percent of the total project cost, which may include the value of any
41 existing land and improvements in the project area owned or
42 controlled by the developer, and the cost of infrastructure
43 improvements in the public right-of-way, subject to review by the
44 State Treasurer, and investor or financial entity capital or loans for
45 which the developer, after making all good faith efforts to raise
46 additional capital, certifies that additional capital cannot be raised
47 from other sources on a non-recourse basis; and

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

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

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

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

9 b. multiplying that product by a fraction having a numerator
10 equal to the taxable value of all the property assessed within the
11 project area, minus the property tax increment base, and having a
12 denominator equal to the taxable value of all property assessed
13 within the project area.

14 For the purpose of this definition, "property tax increment base"
15 means the aggregate taxable value of all property assessed which is
16 located within the redevelopment project area as of October 1st of
17 the year proceeding the year in which the redevelopment incentive
18 grant agreement is authorized.

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

27 "Qualified residential project" means a redevelopment project
28 that is predominantly residential and includes multi-family
29 residential units for purchase or lease, or dormitory units for
30 purchase or lease, having a total project cost of at least
31 \$17,500,000, if the project is located in any municipality with a
32 population greater than 200,000 according to the latest federal
33 decennial census, or having a total project cost of at least
34 \$10,000,000 if the project is located in any municipality with a
35 population less than 200,000 according to the latest federal
36 decennial census, or is a disaster recovery project, or having a total
37 project cost of \$5,000,000 if the project is in a Garden State Growth
38 Zone.

39 "Qualifying economic redevelopment and growth grant incentive
40 area" or "incentive area" means:

41 a. an aviation district;

42 b. a port district;

43 c. a distressed municipality; or

44 d. an area (1) designated pursuant to the "State Planning Act,"

45 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

46 (a) Planning Area 1 (Metropolitan);

47 (b) Planning Area 2 (Suburban); or

48 (c) Planning Area 3 (Fringe Planning Area);

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

1 (f) any area on which an existing tourism destination project is
2 located.

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

8 "Redevelopment incentive grant agreement" means an agreement
9 between:

10 a. the State and the New Jersey Economic Development
11 Authority and a developer; or

12 b. a municipality and a developer, or a municipal ordinance
13 authorizing a project to be undertaken by a municipal redeveloper,
14 under which, in exchange for the proceeds of an incentive grant, the
15 developer agrees to perform any work or undertaking necessary for
16 a redevelopment project, including the clearance, development or
17 redevelopment, construction, or rehabilitation of any structure or
18 improvement of commercial, industrial, residential, or public
19 structures or improvements within a qualifying economic
20 redevelopment and growth grant incentive area or a transit village.

21 "Redevelopment project" means a specific construction project
22 or improvement, including lands, buildings, improvements, real and
23 personal property or any interest therein, including lands under
24 water, riparian rights, space rights and air rights, acquired, owned,
25 leased, developed or redeveloped, constructed, reconstructed,
26 rehabilitated or improved, undertaken by a developer, owner or
27 tenant, or both, within a project area and any ancillary infrastructure
28 project including infrastructure improvements in the public right of
29 way, as set forth in an application to be made to the authority. The
30 use of the term "redevelopment project" in sections 3 through 18 of
31 P.L.2009, c.90 (C.52:27D-489c et al.) shall not be limited to only
32 redevelopment projects located in areas determined to be in need of
33 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
34 (C.40A:12A-5 and C.40A:12A-6) but shall also include, but not be
35 limited to, any work or undertaking in accordance with the
36 "Redevelopment Area Bond Financing Law," sections 1 through 10
37 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or other applicable law,
38 pursuant to a redevelopment plan adopted by a State entity, or as
39 described in the resolution adopted by a public entity created by
40 State law with the power to adopt a redevelopment plan or
41 otherwise determine the location, type and character of a
42 redevelopment project or part of a redevelopment project on land
43 owned or controlled by it or within its jurisdiction, including but
44 not limited to, the New Jersey Meadowlands Commission
45 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the
46 New Jersey Sports and Exposition Authority established pursuant to
47 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth

1 Economic Revitalization Authority created pursuant to P.L.2010,
2 c.51 (C.52:27I-18 et seq.).

3 "Redevelopment utility" means a self-liquidating fund created by
4 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-
5 489I) to account for revenues collected and incentive grants paid
6 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other
7 revenues dedicated to a redevelopment project.

8 "Revenue increment base" means the amounts of all eligible
9 revenues from sources within the redevelopment project area in the
10 calendar year proceeding the year in which the redevelopment
11 incentive grant agreement is executed, as certified by the State
12 Treasurer for State revenues, and the chief financial officer of the
13 municipality for municipal revenues.

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

16 "SDA municipality" means a municipality in which an SDA
17 district is situated.

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

23 "Tourism destination project" means a redevelopment project
24 that will be among the most visited privately owned or operated
25 tourism or recreation sites in the State, and which is located within
26 the incentive area and has been determined by the authority to be in
27 an area appropriate for development and in need of economic
28 development incentive assistance.

29 "Transit project" means a redevelopment project located within a
30 1/2-mile radius, or one-mile radius for projects located in a Garden
31 State Growth Zone, surrounding the mid-point of a New Jersey
32 Transit Corporation, Port Authority Transit Corporation, or Port
33 Authority Trans-Hudson Corporation rail, bus, or ferry station
34 platform area, including all light rail stations.

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

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

41 a. buildings and structures, such as academic buildings,
42 recreation centers, indoor athletic facilities, public works garages,
43 and water and sewer treatment and pumping facilities;

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

46 c. transportation facilities, such as bus shelters and parking
47 facilities.

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

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

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

27 (cf: P.L.2015, c.242, s.1)

28
29 3. This act shall take effect immediately.

30
31
32 STATEMENT

33
34 This bill allows rural development areas zoned for industrial use,
35 as designated within the Pinelands Commission's comprehensive
36 management plan, to be included as areas eligible for qualifying
37 business facility and developer project incentives under the Grow
38 New Jersey Assistance Program and the Economic Redevelopment
39 and Growth Grant Program. Both of these business incentive
40 programs are administered by the New Jersey Economic
41 Development Authority.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2338

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: OCTOBER 26, 2016

SUMMARY

- Synopsis:** Allows existing rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs.
- Type of Impact:** Indeterminate State revenue impact; increased State expenditures
- Agencies Affected:** New Jersey Economic Development Authority; Pinelands counties and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue	Indeterminate impact – See comments below		
State Expenditures	Indeterminate increase – See comments below		

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate impact on State revenue and an indeterminate increase in State expenditures by making rural development areas currently zoned for industrial use in the Pinelands eligible for incentives under the Economic Redevelopment and Growth (ERG) Grant Program and the Grow New Jersey (GROW) assistance program.
- The number of areas newly eligible under this bill will be limited, due to land use restrictions in place in rural development areas within the Pinelands.
- The Economic Development Authority performs a net benefits test to help ensure that the project will generate positive total tax revenue to the State after accounting for incentives under certain circumstances. Even with the net benefits test, it is not clear whether the State will realize positive or negative net revenues, due to uncertainty over how long a grant recipient will remain in the State and the magnitude of economic activity generated by the grant recipient in the State. It is also not clear what amount of tax revenue and economic activity a development location could have generated in the absence of the incentives.

BILL DESCRIPTION

Senate Bill No. 2338 (1R) of the 2016 session allows rural development areas zoned for industrial use as of the effective date of the bill, as designated within the Pinelands Commission's comprehensive management plan, to be included as areas eligible for qualifying business facility and developer project incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program. Both of these business incentive programs are administered by the New Jersey Economic Development Authority.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate impact on State revenue and an indeterminate increase in State expenditure. The bill will make rural development areas currently zoned for industrial use in the Pinelands eligible for incentives under the Economic Redevelopment and Growth (ERG) Grant Program and the Grow New Jersey (GROW) assistance program. Eligibility under the ERG grant program also makes it possible for an applicant to receive a local ERG award, but only if granted by the locality.

The quantification of the bill's fiscal effects is not possible because of imperfect information on the number and attributes of projects that might newly qualify for Grow New Jersey Assistance (GROW NJ) tax credits or Economic Redevelopment and Growth (ERG) reimbursements for commercial redevelopment projects. But given that the bill's amendments to the two programs are narrowly targeted, the OLS expects only a limited number of projects will newly qualify for GROW NJ tax credits and ERG reimbursements.

The State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional economic development incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain generated by additional capital projects that are directly caused by the bill's additional economic development incentive amounts.

The bill is likely to generate additional indirect fiscal benefits to the State in excess of the direct State cost of awarding the additional incentives, prior to the consideration of indeterminate opportunity costs. This is so because under the GROW NJ tax credit program and the ERG reimbursement program for commercial redevelopment projects the financial assistance must be a material factor in a project's realization and the project must pass the New Jersey Economic Development Authority's net benefit test, whereby an eligible project must generate estimated indirect State revenues equal to at least 110 percent of a tax credit's direct State cost. Therefore, to the extent that the bill allows for GROW NJ tax credits and ERG reimbursements to projects that otherwise will be ineligible and therefore unrealized and to the extent that the tests are performed accurately, the bill will yield fiscal net benefits to the State prior to the consideration of indeterminate opportunity costs. Even with the net benefits test, it is not clear whether the State will realize positive or negative net revenues, due to uncertainty over how long a grant

recipient will remain in the State. The net benefits test calculates benefits over a greater period of time than a business is required to remain in the State under the law in certain incentive areas. The economic activity generated by the grant recipient in the State is also uncertain. The State relies not just on the direct payment of taxes from the company to derive benefits but also taxes paid by its employees and other activity directly tied to the company's business activities. It is also not clear what amount of tax revenue and economic activity a development location could have generated in the absence of the incentives.

These sources of uncertainty make it impossible to determine exactly what amount of increase or decrease in revenue will result from these incentive programs. A finite determination of revenue impacts would require the ability to determine counterfactual situations that simply cannot be known. Given the structure of the tax incentives it is unlikely that the bill will result in any direct increase in revenue; however, if the incentive awards are successful, the State may realize indirect increases in revenue.

Section: Authorities, Utilities, Transportation, and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

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

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

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

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 2338

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 20, 2016

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 2338.

As amended and reported, this bill allows rural development areas zoned for industrial use as of the effective date of the bill, as designated within the Pinelands Commission's comprehensive management plan, to be included as areas eligible for qualifying business facility and developer project incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program. Both of these business incentive programs are administered by the New Jersey Economic Development Authority.

The committee amended the bill to limit the designation to rural development areas zoned for industrial use as of the effective date of the bill and correct punctuation errors.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2338

STATE OF NEW JERSEY

DATED: SEPTEMBER 26, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2338 (1R).

This bill allows rural development areas, designated within the Pineland Commissions comprehensive management plan, which are zoned for industrial use as of the effective date of the bill to be eligible for incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot project the direction or magnitude of the bill's net fiscal impact on the State and local governments. The quantification of the bill's fiscal effects is not possible because of imperfect information on the number and attributes of projects that might newly qualify for Grow New Jersey Assistance (GROW NJ) tax credits or Economic Redevelopment and Growth (ERG) reimbursements for commercial redevelopment projects. But given that the bill's amendments to the two programs are narrowly targeted, the OLS expects only a limited number of projects will newly qualify for GROW NJ tax credits and ERG reimbursements.

The State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional economic development incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain generated by additional capital projects that are directly caused by the bill's additional economic development incentive amounts.

The bill is likely to generate additional indirect fiscal benefits to the State in excess of the direct State cost of awarding the additional incentives, prior to the consideration of indeterminate opportunity costs. This is so because under the GROW NJ tax credit program and the ERG reimbursement program for commercial redevelopment projects the financial assistance must be a material factor in a project's realization and the project must pass the New Jersey Economic

Development Authority's net benefit test, whereby an eligible project must generate estimated indirect State revenues equal to at least 110 percent of a tax credit's direct State cost. Therefore, to the extent that the bill allows for GROW NJ tax credits and ERG reimbursements to projects that otherwise will be ineligible and therefore unrealized and to the extent that the tests are performed accurately, the bill will yield fiscal net benefits to the State prior to the consideration of indeterminate opportunity costs.

ASSEMBLY, No. 3914

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JUNE 20, 2016

Sponsored by:
Assemblyman VINCENT MAZZEO
District 2 (Atlantic)

SYNOPSIS

Allows rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs.

CURRENT VERSION OF TEXT

As introduced.



A3914 MAZZEO

2

1 AN ACT concerning eligibility under certain business incentive
2 programs and amending P.L.2011, c.149 and P.L.2009, c.90.

3

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

6

7 1. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to
8 read as follows:

9 2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

10 "Affiliate" means an entity that directly or indirectly controls, is
11 under common control with, or is controlled by the business.
12 Control exists in all cases in which the entity is a member of a
13 controlled group of corporations as defined pursuant to section 1563
14 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the
15 entity is an organization in a group of organizations under common
16 control as defined pursuant to subsection (b) or (c) of section 414 of
17 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer
18 may establish by clear and convincing evidence, as determined by
19 the Director of the Division of Taxation in the Department of the
20 Treasury, that control exists in situations involving lesser
21 percentages of ownership than required by those statutes. An
22 affiliate of a business may contribute to meeting either the qualified
23 investment or full-time employee requirements of a business that
24 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
25 209).

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

28 "Aviation district" means the area within a one-mile radius of the
29 outermost boundary of the "Atlantic City International Airport,"
30 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
31 24).

32 "Business" means an applicant proposing to own or lease
33 premises in a qualified business facility that is:

34 a corporation that is subject to the tax imposed pursuant to
35 section 5 of P.L.1945, c.162 (C.54:10A-5);

36 a corporation that is subject to the tax imposed pursuant to
37 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3),
38 section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

39 a partnership;

40 an S corporation;

41 a limited liability company; or

42 a non-profit corporation.

43 If the business or tenant is a cooperative or part of a cooperative,
44 then the cooperative may qualify for credits by counting the full-

**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 time employees and capital investments of its member
2 organizations, and the cooperative may distribute credits to its
3 member organizations. If the business or tenant is a cooperative
4 that leases to its member organizations, the lease shall be treated as
5 a lease to an affiliate or affiliates.

6 A business shall include an affiliate of the business if that
7 business applies for a credit based upon any capital investment
8 made by or full-time employees of an affiliate.

9 "Capital investment" in a qualified business facility means
10 expenses by a business or any affiliate of the business incurred after
11 application for:

12 a. site preparation and construction, repair, renovation,
13 improvement, equipping, or furnishing on real property or of a
14 building, structure, facility, or improvement to real property;

15 b. obtaining and installing furnishings and machinery,
16 apparatus, or equipment, including but not limited to material goods
17 subject to bonus depreciation under sections 168 and 179 of the
18 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the
19 operation of a business on real property or in a building, structure,
20 facility, or improvement to real property;

21 c. receiving Highlands Development Credits under the
22 Highlands Transfer Development Rights Program authorized
23 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

24 d. any of the foregoing.

25 In addition to the foregoing, in a Garden State Growth Zone, the
26 following qualify as a capital investment: any **[and all]**
27 development, redevelopment, and relocation costs, including, but
28 not limited to, site acquisition if made within 24 months of
29 application to the authority, engineering, legal, accounting, and
30 other professional services required; and relocation, environmental
31 remediation, and infrastructure improvements for the project area,
32 including, but not limited to, on- and off-site utility, road, pier,
33 wharf, bulkhead, or sidewalk construction or repair.

34 In addition to the foregoing, if a business acquires or leases a
35 qualified business facility, the capital investment made or acquired
36 by the seller or owner, as the case may be, if pertaining primarily to
37 the premises of the qualified business facility, shall be considered a
38 capital investment by the business and, if pertaining generally to the
39 qualified business facility being acquired or leased, shall be
40 allocated to the premises of the qualified business facility on the
41 basis of the gross leasable area of the premises in relation to the
42 total gross leasable area in the qualified business facility. The
43 capital investment described herein may include any capital
44 investment made or acquired within 24 months prior to the date of
45 application so long as the amount of capital investment made or
46 acquired by the business, any affiliate of the business, or any owner
47 after the date of application equals at least 50 percent of the amount

1 of capital investment, allocated to the premises of the qualified
2 business facility being acquired or leased on the basis of the gross
3 leasable area of **【such】** the premises in relation to the total gross
4 leasable area in the qualified business facility made or acquired
5 prior to the date of application.

6 "Commitment period" means the period of time that is 1.5 times
7 the eligibility period.

8 "Deep poverty pocket" means a population census tract having a
9 poverty level of 20 percent or more, and which is located within the
10 qualified incentive area and has been determined by the authority to
11 be an area appropriate for development and in need of economic
12 development incentive assistance.

13 "Disaster recovery project" means a project located on property
14 that has been wholly or substantially damaged or destroyed as a
15 result of a federally-declared disaster which, after utilizing all
16 disaster funds available from federal, State, county, and local
17 funding sources, demonstrates to the satisfaction of the authority
18 that access to additional funding authorized pursuant to the "New
19 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
20 (C.52:27D-489p et al.), is necessary to complete **【such】** the
21 redevelopment project, and which is located within the qualified
22 incentive area and has been determined by the authority to be in an
23 area appropriate for development and in need of economic
24 development incentive assistance.

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

34 "Eligibility period" means the period in which a business may
35 claim a tax credit under the Grow New Jersey Assistance Program,
36 beginning with the tax period in which the authority accepts
37 certification of the business that it has met the capital investment
38 and employment requirements of the Grow New Jersey Assistance
39 Program and extending thereafter for a term of not more than 10
40 years, with the term to be determined solely at the discretion of the
41 applicant.

42 "Eligible position" or "full-time job" means a full-time position
43 in a business in this State which the business has filled with a full-
44 time employee.

45 "Full-time employee" means a person:

46 a. who is employed by a business for consideration for at least
47 35 hours a week, or who renders any other standard of service

1 generally accepted by custom or practice as full-time employment,
2 or

3 b. who is employed by a professional employer organization
4 pursuant to an employee leasing agreement between the business
5 and the professional employer organization, in accordance with
6 P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or
7 who renders any other standard of service generally accepted by
8 custom or practice as full-time employment, and whose wages are
9 subject to withholding as provided in the "New Jersey Gross
10 Income Tax Act," N.J.S.54A:1-1 et seq., or

11 c. who is a resident of another State but whose income is not
12 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
13 et seq. or who is a partner of a business who works for the
14 partnership for at least 35 hours a week, or who renders any other
15 standard of service generally accepted by custom or practice as full-
16 time employment, and whose distributive share of income, gain,
17 loss, or deduction, or whose guaranteed payments, or any
18 combination thereof, is subject to the payment of estimated taxes, as
19 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
20 et seq., and

21 d. who, except for purposes of the Statewide workforce, is
22 provided, by the business, with employee health benefits under a
23 health benefits plan authorized pursuant to State or federal law.

24 With respect to a logistics, manufacturing, energy, defense,
25 aviation, or maritime business, excluding primarily warehouse or
26 distribution operations, located in a port district having a container
27 terminal:

28 the requirement that employee health benefits are to be provided
29 shall be deemed to be satisfied if **[such]** the benefits are provided
30 in accordance with industry practice by a third party obligated to
31 provide such benefits pursuant to a collective bargaining agreement;

32 full-time employment shall include, but not be limited to,
33 employees that have been hired by way of a labor union hiring hall
34 or its equivalent;

35 35 hours of employment per week at a qualified business facility
36 shall constitute one "full-time employee," regardless of whether or
37 not the hours of work were performed by one or more persons.

38 For any project located in a Garden State Growth Zone which
39 qualifies under the "Municipal Rehabilitation and Economic
40 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
41 project located in the Atlantic City Tourism District as established
42 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
43 by the Casino Reinvestment Development Authority, and which
44 will include a retail facility of at least 150,000 square feet, of which
45 at least 50 percent will be occupied by either a full-service
46 supermarket or grocery store, 30 hours of employment per week at a
47 qualified business facility shall constitute one "full-time employee,"

1 regardless of whether **【or not】** the hours of work were performed
2 by one or more persons, and the requirement that employee health
3 benefits are to be provided shall be deemed to be satisfied if the
4 employees of the business are covered by a collective bargaining
5 agreement.

6 "Full-time employee" shall not include any person who works as
7 an independent contractor or on a consulting basis for the business.
8 Full-time employee shall also not include any person who at the
9 time of project application works in New Jersey for consideration
10 for at least 35 hours per week, or who renders any other standard of
11 service generally accepted by custom or practice as full-time
12 employment but who prior to project application was not provided,
13 by the business, with employee health benefits under a health
14 benefits plan authorized pursuant to State or federal law.

15 "Garden State Growth Zone" or "growth zone" means the four
16 New Jersey cities with the lowest median family income based on
17 the 2009 American Community Survey from the US Census, (Table
18 708. Household, Family, and Per Capita Income and Individuals,
19 and Families Below Poverty Level by City: 2009); or a municipality
20 which contains a Tourism District as established pursuant to section
21 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
22 Reinvestment Development Authority.

23 "Highlands development credit receiving area or redevelopment
24 area" means an area located within a qualified incentive area and
25 designated by the Highlands Water Protection and Planning Council
26 for the receipt of Highlands Development Credits under the
27 Highlands Transfer Development Rights Program authorized
28 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

29 "Incentive agreement" means the contract between the business
30 and the authority, which sets forth the terms and conditions under
31 which the business shall be eligible to receive the incentives
32 authorized pursuant to the program.

33 "Incentive effective date" means the date the authority issues a
34 tax credit based on documentation submitted by a business pursuant
35 to paragraph (1) of subsection b. of section 6 of P.L.2011, c.149
36 (C.34:1B-247).

37 "Major rail station" means a railroad station located within a
38 qualified incentive area which provides access to the public to a
39 minimum of six rail passenger service lines operated by the New
40 Jersey Transit Corporation.

41 "Mega project" means:

42 a. a qualified business facility located in a port district housing
43 a business in the logistics, manufacturing, energy, defense, or
44 maritime industries, either:

45 (1) having a capital investment in excess of \$20,000,000, and at
46 which more than 250 full-time employees of **【such】** the business
47 are created or retained, or

1 (2) at which more than 1,000 full-time employees of **【such】** the
2 business are created or retained;

3 b. a qualified business facility located in an aviation district
4 housing a business in the aviation industry, in a Garden State
5 Growth Zone, or in a priority area housing the United States
6 headquarters and related facilities of an automobile manufacturer,
7 either:

8 (1) having a capital investment in excess of \$20,000,000, and at
9 which more than 250 full-time employees of **【such】** the business
10 are created or retained, or

11 (2) at which more than 1,000 full-time employees of **【such】** the
12 business are created or retained;

13 c. a qualified business facility located in an urban transit hub
14 housing a business of any kind, having a capital investment in
15 excess of \$50,000,000, and at which more than 250 full-time
16 employees of **【a】** the business are created or retained;

17 d. a project located in an area designated in need of
18 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
19 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
20 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
21 Ocean, or Salem counties having a capital investment in excess of
22 \$20,000,000, and at which more than 150 full-time employees of
23 **【a】** the business are created or retained; or

24 e. a qualified business facility primarily used by a business
25 principally engaged in research, development, or manufacture of a
26 drug or device, as defined in R.S.24:1-1, or primarily used by a
27 business licensed to conduct a clinical laboratory and business
28 facility pursuant to the "New Jersey Clinical Laboratory
29 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:

30 (1) having a capital investment in excess of \$20,000,000, and at
31 which more than 250 full-time employees of **【such】** the business
32 are created or retained, or

33 (2) at which more than 1,000 full-time employees of **【such】** the
34 business are created or retained.

35 "Minimum environmental and sustainability standards" means
36 standards established by the authority in accordance with the green
37 building manual prepared by the Commissioner of Community
38 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
39 regarding the use of renewable energy, energy-efficient technology,
40 and non-renewable resources in order to reduce environmental
41 degradation and encourage long-term cost reduction.

42 "Moderate-income housing" means housing affordable,
43 according to United States Department of Housing and Urban
44 Development or other recognized standards for home ownership
45 and rental costs, and occupied or reserved for occupancy by
46 households with a gross household income equal to more than 50

1 percent but less than 80 percent of the median gross household
2 income for households of the same size within the housing region in
3 which the housing is located.

4 "Municipal Revitalization Index" means the 2007 index by the
5 Office for Planning Advocacy within the Department of State
6 measuring or ranking municipal distress.

7 "New full-time job" means an eligible position created by the
8 business at the qualified business facility that did not previously
9 exist in this State. For the purposes of determining a number of
10 new full-time jobs, the eligible positions of an affiliate shall be
11 considered eligible positions of the business.

12 "Other eligible area" means the portions of the qualified
13 incentive area that are not located within a distressed municipality,
14 or the priority area.

15 "Partnership" means an entity classified as a partnership for
16 federal income tax purposes.

17 "Port district" means the portions of a qualified incentive area
18 that are located within:

19 a. the "Port of New York District" of the Port Authority of
20 New York and New Jersey, as defined in Article II of the Compact
21 Between the States of New York and New Jersey of 1921; or

22 b. a 15-mile radius of the outermost boundary of each marine
23 terminal facility established, acquired, constructed, rehabilitated, or
24 improved by the South Jersey Port District established pursuant to
25 "The South Jersey Port Corporation Act," P.L.1968, c.60
26 (C.12:11A-1 et seq.).

27 "Priority area" means the portions of the qualified incentive area
28 that are not located within a distressed municipality and which:

29 a. are designated pursuant to the "State Planning Act,"
30 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
31 (Metropolitan), Planning Area 2 (Suburban), a designated center
32 under the State Development and Redevelopment Plan, or a
33 designated growth center in an endorsed plan until June 30, 2013, or
34 until the State Planning Commission revises and readopts New
35 Jersey's State Strategic Plan and adopts regulations to revise this
36 definition;

37 b. intersect with portions of: a deep poverty pocket, a port
38 district, or federally-owned land approved for closure under a
39 federal Commission on Base Realignment and Closure action;

40 c. are the proposed site of a disaster recovery project, a
41 qualified incubator facility, a highlands development credit
42 receiving area or redevelopment area, a tourism destination project,
43 or transit oriented development; or

44 d. contain: a vacant commercial building having over 400,000
45 square feet of office, laboratory, or industrial space available for
46 occupancy for a period of over one year; or a site that has been
47 negatively impacted by the approval of a "qualified business

1 facility," as defined pursuant to section 2 of P.L.2007, c.346
2 (C.34:1B-208).

3 "Professional employer organization" means an employee leasing
4 company registered with the Department of Labor and Workforce
5 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

6 "Program" means the "Grow New Jersey Assistance Program"
7 established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

8 "Qualified business facility" means any building, complex of
9 buildings or structural components of buildings, and all machinery
10 and equipment located within a qualified incentive area, used in
11 connection with the operation of a business that is not engaged in
12 final point of sale retail business at that location unless the building,
13 complex of buildings or structural components of buildings, and all
14 machinery and equipment located within a qualified incentive area,
15 are used in connection with the operation of:

16 a. a final point of sale retail business located in a Garden State
17 Growth Zone that will include a retail facility of at least 150,000
18 square feet, of which at least 50 percent is occupied by either a full-
19 service supermarket or grocery store; or

20 b. a tourism destination project located in the Atlantic City
21 Tourism District as established pursuant to section 5 of P.L.2011,
22 c.18 (C.5:12-219).

23 "Qualified incentive area" means:

24 a. an aviation district;

25 b. a port district;

26 c. a distressed municipality or urban transit hub municipality;

27 d. an area (1) designated pursuant to the "State Planning Act,"
28 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

29 (a) Planning Area 1 (Metropolitan);

30 (b) Planning Area 2 (Suburban); or

31 (c) Planning Area 3 (Fringe Planning Area);

32 (2) located within a smart growth area and planning area
33 designated in a master plan adopted by the New Jersey
34 Meadowlands Commission pursuant to subsection (i) of section 6 of
35 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
36 adopted by the New Jersey Meadowlands Commission pursuant to
37 section 20 of P.L.1968, c.404 (C.13:17-21);

38 (3) located within any land owned by the New Jersey Sports and
39 Exposition Authority, established pursuant to P.L.1971, c.137
40 (C.5:10-1 et seq.), within the boundaries of the Hackensack
41 Meadowlands District as delineated in section 4 of P.L.1968, c.404
42 (C.13:17-4);

43 (4) located within a regional growth area, rural development
44 area zoned for industrial use, town, village, or a military and federal
45 installation area designated in the comprehensive management plan
46 prepared and adopted by the Pinelands Commission pursuant to the
47 "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);

1 (5) located within the planning area of the Highlands Region as
2 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
3 development credit receiving area or redevelopment area;

4 (6) located within a Garden State Growth Zone;

5 (7) located within land approved for closure under any federal
6 Commission on Base Realignment and Closure action; or

7 (8) located only within the following portions of the areas
8 designated pursuant to the "State Planning Act," P.L.1985, c.398
9 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
10 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
11 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural
12 Planning Area), Planning Area 4B (Rural/Environmentally
13 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
14 located within:

15 (a) a designated center under the State Development and
16 Redevelopment Plan;

17 (b) a designated growth center in an endorsed plan until the
18 State Planning Commission revises and readopts New Jersey's State
19 Strategic Plan and adopts regulations to revise this definition as it
20 pertains to Statewide planning areas;

21 (c) any area determined to be in need of redevelopment pursuant
22 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
23 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
24 P.L.1992, c.79 (C.40A:12A-14);

25 (d) any area on which a structure exists or previously existed
26 including any desired expansion of the footprint of the existing or
27 previously existing structure provided **[such]** the expansion
28 otherwise complies with all applicable federal, State, county, and
29 local permits and approvals;

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

33 (f) any area on which an existing tourism destination project is
34 located.

35 "Qualified incentive area" shall not include any property located
36 within the preservation area of the Highlands Region as defined in
37 section 3 of P.L.2004, c.120 (C.13:20-3).

38 "Qualified incubator facility" means a commercial building
39 located within a qualified incentive area: which contains 50,000 or
40 more square feet of office, laboratory, or industrial space; which is
41 located near, and presents opportunities for collaboration with, a
42 research institution, teaching hospital, college, or university; and
43 within which, at least 50 percent of the gross leasable area is
44 restricted for use by one or more technology startup companies
45 during the commitment period.

46 "Retained full-time job" means an eligible position that currently
47 exists in New Jersey and is filled by a full-time employee but

1 which, because of a potential relocation by the business, is at risk of
2 being lost to another state or country, or eliminated. For the
3 purposes of determining a number of retained full-time jobs, the
4 eligible positions of an affiliate shall be considered eligible
5 positions of the business. For the purposes of the certifications and
6 annual reports required in the incentive agreement pursuant to
7 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
8 extent an eligible position that was the basis of the award no longer
9 exists, a business shall include as a retained full-time job a new
10 eligible position that is filled by a full-time employee provided that
11 the position is included in the order of date of hire and is not the
12 basis for any other incentive award. For a project located in a
13 Garden State Growth Zone which qualified for the "Municipal
14 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
15 (C.52:27BBB-1 et al.), retained full-time job shall include any
16 employee previously employed in New Jersey and transferred to the
17 new location in the Garden State Growth Zone which qualified for
18 the "Municipal Rehabilitation and Economic Recovery Act,"
19 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

22 "SDA municipality" means a municipality in which an SDA
23 district is situate.

24 "Targeted industry" means any industry identified from time to
25 time by the authority including initially, a transportation,
26 manufacturing, defense, energy, logistics, life sciences, technology,
27 health, and finance business, but excluding a primarily warehouse
28 or distribution business.

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

34 "Tourism destination project" means a qualified non-gaming
35 business facility that will be among the most visited privately
36 owned or operated tourism or recreation sites in the State, and
37 which is located within the qualified incentive area and has been
38 determined by the authority to be in an area appropriate for
39 development and in need of economic development incentive
40 assistance, including a non-gaming business within an established
41 Tourism District with a significant impact on the economic viability
42 of that District.

43 "Transit oriented development" means a qualified business
44 facility located within a 1/2-mile radius, or one-mile radius for
45 projects located in a Garden State Growth Zone, surrounding the
46 mid-point of a New Jersey Transit Corporation, Port Authority
47 Transit Corporation, or Port Authority Trans-Hudson Corporation

1 rail, bus, or ferry station platform area, including all light rail
2 stations.

3 "Urban transit hub" means an urban transit hub, as defined in
4 section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within
5 an eligible municipality, as defined in section 2 of P.L.2007, c.346
6 (C.34:1B-208) and also located within a qualified incentive area.

7 "Urban transit hub municipality" means a municipality: a. which
8 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
9 seq.), or which has continued to be a qualified municipality
10 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent
11 or more of the value of real property was exempt from local
12 property taxation during tax year 2006. The percentage of exempt
13 property shall be calculated by dividing the total exempt value by
14 the sum of the net valuation which is taxable and that which is tax
15 exempt.

16 (cf: P.L.2015, c.217, s.1)

17

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

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

22 "Applicant" means a developer proposing to enter into a
23 redevelopment incentive grant agreement.

24 "Ancillary infrastructure project" means structures or
25 improvements that are located within the incentive area but outside
26 the project area of a redevelopment project, including, but not
27 limited to, docks, bulkheads, parking garages, freight rail spurs,
28 roadway overpasses, and train station platforms, provided a
29 developer or municipal redeveloper has demonstrated that the
30 redevelopment project would not be economically viable or
31 promote the use of public transportation without such
32 improvements, as approved by the State Treasurer.

33 "Authority" means the New Jersey Economic Development
34 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-
35 4).

36 "Aviation district" means the area within a one-mile radius of the
37 outermost boundary of the "Atlantic City International Airport,"
38 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
39 24).

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

45 "Developer" means any person who enters or proposes to enter
46 into a redevelopment incentive grant agreement pursuant to the
47 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its

1 successors or assigns, including but not limited to a lender that
2 completes a redevelopment project, operates a redevelopment
3 project, or completes and operates a redevelopment project. A
4 developer also may be a municipal redeveloper as defined herein or
5 Rutgers, the State University of New Jersey.

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

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

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

23 "Eligibility period" means the period of time specified in a
24 redevelopment incentive grant agreement for the payment of
25 reimbursements to a developer, which period shall not exceed 20
26 years, with the term to be determined solely at the discretion of the
27 applicant.

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

36 "Garden State Growth Zone" or "growth zone" means the four
37 New Jersey cities with the lowest median family income based on
38 the 2009 American Community Survey from the US Census, (Table
39 708. Household, Family, and Per Capita Income and Individuals,
40 and Families Below Poverty Level by City: 2009); or a municipality
41 which contains a Tourism District as established pursuant to section
42 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
43 Reinvestment Development Authority.

44 "Highlands development credit receiving area or redevelopment
45 area" means an area located within an incentive area and designated
46 by the Highlands Council for the receipt of Highlands Development

1 Credits under the Highlands Transfer Development Rights Program
2 authorized under section 13 of P.L.2004, c.120 (C.13:20-13).

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

8 "Infrastructure improvements in the public right-of-way" mean
9 public structures or improvements located in the public **right of**
10 **way** right-of-way that are located within a project area or that
11 constitute an ancillary infrastructure project, either of which are
12 dedicated to or owned by a governmental body or agency upon
13 completion, or any required payment in lieu of the structures,
14 improvements or projects, or any costs of remediation associated
15 with the structures, improvements or projects, and that are
16 determined by the authority, in consultation with applicable State
17 agencies, to be consistent with and in furtherance of State public
18 infrastructure objectives and initiatives.

19 "Low-income housing" means housing affordable according to
20 federal Department of Housing and Urban Development or other
21 recognized standards for home ownership and rental costs and
22 occupied or reserved for occupancy by households with a gross
23 household income equal to 50 percent or less of the median gross
24 household income for households of the same size within the
25 housing region in which the housing is located.

26 "Major rail station" means a railroad station located within a
27 qualified incentive area which provides access to the public to a
28 minimum of six rail passenger service lines operated by the New
29 Jersey Transit Corporation.

30 "Mixed use parking project" means a redevelopment project, the
31 parking component of which shall constitute 51 percent or more of
32 any of the following:

- 33 a. the total square footage of the entire mixed use parking
34 project;
- 35 b. the estimated revenues of the entire mixed use parking
36 project; or
- 37 c. the total construction cost of the entire mixed use parking
38 project.

39 "Moderate-income housing" means housing affordable,
40 according to United States Department of Housing and Urban
41 Development or other recognized standards for home ownership
42 and rental costs, and occupied or reserved for occupancy by
43 households with a gross household income equal to more than 50
44 percent but less than 80 percent of the median gross household
45 income for households of the same size within the housing region in
46 which the housing is located.

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

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

10 "Municipal Revitalization Index" means the 2007 index by the
11 Office for Planning Advocacy within the Department of State
12 measuring or ranking municipal distress.

13 "Non-parking component" means that portion of a mixed use
14 parking project not used for parking, together with the portion of
15 the costs of the mixed use parking project, including but not limited
16 to the footings, foundations, site work, infrastructure, and soft costs
17 that are allocable to the non-parking use.

18 "Parking component" means that portion of a mixed use parking
19 project used for parking, together with the portion of the costs of
20 the mixed use parking project, including but not limited to the
21 footings, foundations, site work, infrastructure, and soft costs that
22 are allocable to the parking use.

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

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

1 redevelopment project, but excluding any particular costs for which
2 the project has received federal, State, or local funding.

3 "Project financing gap" means:

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

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

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

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

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

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

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

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

42 "Qualified residential project" means a redevelopment project
43 that is predominantly residential and includes multi-family
44 residential units for purchase or lease, or dormitory units for
45 purchase or lease, having a total project cost of at least
46 \$17,500,000, if the project is located in any municipality with a
47 population greater than 200,000 according to the latest federal

1 decennial census, or having a total project cost of at least
2 \$10,000,000 if the project is located in any municipality with a
3 population less than 200,000 according to the latest federal
4 decennial census, or is a disaster recovery project, or having a total
5 project cost of \$5,000,000 if the project is in a Garden State Growth
6 Zone.

7 "Qualifying economic redevelopment and growth grant incentive
8 area" or "incentive area" means:

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

1 (a) a designated center under the State Development and
2 Redevelopment Plan;

3 (b) a designated growth center in an endorsed plan until the
4 State Planning Commission revises and readopts New Jersey's State
5 Strategic Plan and adopts regulations to revise this definition as it
6 pertains to Statewide planning areas;

7 (c) any area determined to be in need of redevelopment pursuant
8 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
9 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
10 P.L.1992, c.79 (C.40A:12A-14);

11 (d) any area on which a structure exists or previously existed
12 including any desired expansion of the footprint of the existing or
13 previously existing structure provided **[such]** the expansion
14 otherwise complies with all applicable federal, State, county, and
15 local permits and approvals;

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

19 (f) any area on which an existing tourism destination project is
20 located.

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

26 "Redevelopment incentive grant agreement" means an agreement
27 between:

28 a. the State and the New Jersey Economic Development
29 Authority and a developer; or

30 b. a municipality and a developer, or a municipal ordinance
31 authorizing a project to be undertaken by a municipal redeveloper,
32 under which, in exchange for the proceeds of an incentive grant, the
33 developer agrees to perform any work or undertaking necessary for
34 a redevelopment project, including the clearance, development or
35 redevelopment, construction, or rehabilitation of any structure or
36 improvement of commercial, industrial, residential, or public
37 structures or improvements within a qualifying economic
38 redevelopment and growth grant incentive area or a transit village.

39 "Redevelopment project" means a specific construction project
40 or improvement, including lands, buildings, improvements, real and
41 personal property or any interest therein, including lands under
42 water, riparian rights, space rights and air rights, acquired, owned,
43 leased, developed or redeveloped, constructed, reconstructed,
44 rehabilitated or improved, undertaken by a developer, owner or
45 tenant, or both, within a project area and any ancillary infrastructure
46 project including infrastructure improvements in the public right of
47 way, as set forth in an application to be made to the authority. The

1 use of the term "redevelopment project" in sections 3 through 18 of
2 P.L.2009, c.90 (C.52:27D-489c et al.) shall not be limited to only
3 redevelopment projects located in areas determined to be in need of
4 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
5 (C.40A:12A-5 and C.40A:12A-6) but shall also include, but not be
6 limited to, any work or undertaking in accordance with the
7 "Redevelopment Area Bond Financing Law," sections 1 through 10
8 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or other applicable law,
9 pursuant to a redevelopment plan adopted by a State entity, or as
10 described in the resolution adopted by a public entity created by
11 State law with the power to adopt a redevelopment plan or
12 otherwise determine the location, type and character of a
13 redevelopment project or part of a redevelopment project on land
14 owned or controlled by it or within its jurisdiction, including but
15 not limited to, the New Jersey Meadowlands Commission
16 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the
17 New Jersey Sports and Exposition Authority established pursuant to
18 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth
19 Economic Revitalization Authority created pursuant to P.L.2010,
20 c.51 (C.52:27I-18 et seq.).

21 "Redevelopment utility" means a self-liquidating fund created by
22 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-
23 489l) to account for revenues collected and incentive grants paid
24 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other
25 revenues dedicated to a redevelopment project.

26 "Revenue increment base" means the amounts of all eligible
27 revenues from sources within the redevelopment project area in the
28 calendar year preceding the year in which the redevelopment
29 incentive grant agreement is executed, as certified by the State
30 Treasurer for State revenues, and the chief financial officer of the
31 municipality for municipal revenues.

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

34 "SDA municipality" means a municipality in which an SDA
35 district is situated.

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

41 "Tourism destination project" means a redevelopment project
42 that will be among the most visited privately owned or operated
43 tourism or recreation sites in the State, and which is located within
44 the incentive area and has been determined by the authority to be in
45 an area appropriate for development and in need of economic
46 development incentive assistance.

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

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

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

13 a. buildings and structures, such as academic buildings,
14 recreation centers, indoor athletic facilities, public works garages,
15 and water and sewer treatment and pumping facilities;

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

18 c. transportation facilities, such as bus shelters and parking
19 facilities.

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

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

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

46 (cf: P.L.2015, c.242, s.1)

1 3. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill allows rural development areas zoned for industrial use,
7 as designated within the Pinelands Commission's comprehensive
8 management plan, to be included as areas eligible for qualifying
9 business facility and developer project incentives under the Grow
10 New Jersey Assistance Program and the Economic Redevelopment
11 and Growth Grant Program. Both of these business incentive
12 programs are administered by the New Jersey Economic
13 Development Authority.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3914

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: OCTOBER 24, 2016

SUMMARY

- Synopsis:** Allows existing rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs.
- Type of Impact:** Indeterminate State revenue impact; increased State expenditures
- Agencies Affected:** New Jersey Economic Development Authority; Pinelands counties and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue	Indeterminate impact – See comments below		
State Expenditures	Indeterminate increase – See comments below		

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate impact on State revenue and an indeterminate increase in State expenditures by making rural development areas currently zoned for industrial use in the Pinelands eligible for incentives under the Economic Redevelopment and Growth (ERG) Grant Program and the Grow New Jersey (GROW) assistance program.
- The number of areas newly eligible under this bill will be limited, due to land use restrictions in place in rural development areas within the Pinelands.
- The Economic Development Authority performs a net benefits test to help ensure that the project will generate positive total tax revenue to the State after accounting for incentives under certain circumstances. Even with the net benefits test, it is not clear whether the State will realize positive or negative net revenues, due to uncertainty over how long a grant recipient will remain in the State and the magnitude of economic activity generated by the grant recipient in the State. It is also not clear what amount of tax revenue and economic activity a development location could have generated in the absence of the incentives.

BILL DESCRIPTION

Assembly Bill No. 3914 (1R) of 2016 allows rural development areas zoned for industrial use as of the effective date of the bill, as designated within the Pinelands Commission's comprehensive management plan, to be included as areas eligible for qualifying business facility and developer project incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program. Both of these business incentive programs are administered by the New Jersey Economic Development Authority.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate impact on State revenue and an indeterminate increase in State expenditure. The bill will make rural development areas currently zoned for industrial use in the Pinelands eligible for incentives under the Economic Redevelopment and Growth (ERG) Grant Program and the Grow New Jersey (GROW) assistance program. Eligibility under the ERG grant program also makes it possible for an applicant to receive a local ERG award, but only if granted by the locality.

The quantification of the bill's fiscal effects is not possible because of imperfect information on the number and attributes of projects that might newly qualify for Grow New Jersey Assistance (GROW NJ) tax credits or Economic Redevelopment and Growth (ERG) reimbursements for commercial redevelopment projects. But given that the bill's amendments to the two programs are narrowly targeted, the OLS expects only a limited number of projects will newly qualify for GROW NJ tax credits and ERG reimbursements.

The State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional economic development incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain generated by additional capital projects that are directly caused by the bill's additional economic development incentive amounts.

The bill is likely to generate additional indirect fiscal benefits to the State in excess of the direct State cost of awarding the additional incentives, prior to the consideration of indeterminate opportunity costs. This is so because under the GROW NJ tax credit program and the ERG reimbursement program for commercial redevelopment projects the financial assistance must be a material factor in a project's realization and the project must pass the New Jersey Economic Development Authority's net benefit test, whereby an eligible project must generate estimated indirect State revenues equal to at least 110 percent of a tax credit's direct State cost. Therefore, to the extent that the bill allows for GROW NJ tax credits and ERG reimbursements to projects that otherwise will be ineligible and therefore unrealized and to the extent that the tests are performed accurately, the bill will yield fiscal net benefits to the State prior to the consideration of indeterminate opportunity costs. Even with the net benefits test, it is not clear whether the State will realize positive or negative net revenues, due to uncertainty over how long a grant

recipient will remain in the State. The net benefits test calculates benefits over a greater period of time than a business is required to remain in the State under the law in certain incentive areas. The economic activity generated by the grant recipient in the State is also uncertain. The State relies not just on the direct payment of taxes from the company to derive benefits but also taxes paid by its employees and other activity directly tied to the company's business activities. It is also not clear what amount of tax revenue and economic activity a development location could have generated in the absence of the incentives.

These sources of uncertainty make it impossible to determine exactly what amount of increase or decrease in revenue will result from these incentive programs. A finite determination of revenue impacts would require the ability to determine counterfactual situations that simply cannot be known. Given the structure of the tax incentives it is unlikely that the bill will result in any direct increase in revenue; however, if the incentive awards are successful, the State may realize indirect increases in revenue.

Section: Authorities, Utilities, Transportation, and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

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

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

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

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3914

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 2016

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 3914.

This bill, as amended by the committee, allows rural development areas, designated within the Pinelands Commission's comprehensive management plan, which are zoned for industrial use to be eligible for incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program.

COMMITTEE AMENDMENTS:

The committee amendments limit applicability of the bill to rural development areas designated within the Pinelands Commission's comprehensive management plan which are zoned for industrial use on the day the bill takes effect. These amendments make the bill identical to Senate Bill No. 2338 (1R).

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3914

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3914 (1R).

This bill allows rural development areas, designated within the Pinelands Commission's comprehensive management plan, which are zoned for industrial use as of the effective date of the bill to be eligible for incentives under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot project the direction or magnitude of the bill's net fiscal impact on the State and local governments. The quantification of the bill's fiscal effects is not possible because of imperfect information on the number and attributes of projects that might newly qualify for Grow New Jersey Assistance (GROW NJ) tax credits or Economic Redevelopment and Growth (ERG) reimbursements for commercial redevelopment projects. But given that the bill's amendments to the two programs are narrowly targeted, the OLS expects only a limited number of projects will newly qualify for GROW NJ tax credits and ERG reimbursements.

The State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional economic development incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain generated by additional capital projects that are directly caused by the bill's additional economic development incentive amounts.

The bill is likely to generate additional indirect fiscal benefits to the State in excess of the direct State cost of awarding the additional incentives, prior to the consideration of indeterminate opportunity costs. This is so because under the GROW NJ tax credit program and the ERG reimbursement program for commercial redevelopment projects the financial assistance must be a material factor in a project's realization and the project must pass the New Jersey Economic Development Authority's net benefit test, whereby an eligible project

must generate estimated indirect State revenues equal to at least 110 percent of a tax credit's direct State cost. Therefore, to the extent that the bill allows for GROW NJ tax credits and ERG reimbursements to projects that otherwise will be ineligible and therefore unrealized and to the extent that the tests are performed accurately, the bill will yield fiscal net benefits to the State prior to the consideration of indeterminate opportunity costs.

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Governor Chris Christie Signs Legislation Strengthening New Jersey Residents' Security

Monday, December 5, 2016

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Takes Action on Pending Legislation

Trenton, NJ – Governor Chris Christie today signed a package of legislation designed to make New Jerseyans safer. The measures include requirements for schools to conduct yearly security training alongside first responders (A-3349/S-2438) and that existing and any new school architectural plans include certain security measures (A-3348/S-2439). Additionally, A-1946/S-1257 expands domestic violence statutes to include cyber-harassment.

"We must make every effort to ensure New Jersey citizens are safe and secure whether they are in their school buildings or online," said Governor Christie. "These new laws will require safety measures to be built into new school construction and all school personnel to be trained annually on safety and security. Additionally, I have signed a bill to address one of the fastest growing threats we face in the 21st century, cyber-harassment. This new law will help victims of domestic violence whose abusers choose to attack through the web and social media outlets."

Governor Chris Christie also took action on the following legislation:

BILL SIGNINGS:

S-384/A-3470 (Greenstein/Johnson) - Requires correctional facilities to provide inmates with prescription medication that was prescribed for chronic conditions existing prior to incarceration

S-743/ACS for A-2761 (Beach, Sarlo, Ruiz/Mazzeo, Zwicker, Jasey, Vainieri Huttle, Schaer, Jones, Eustace, Land, Gusciora, Andrzejczak, Downey, Houghtaling, Benson, Mukherji, McKeon, Lampitt) - Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower's death or total and permanent disability and grant deferment for temporary total disability

S-1041/A-1449 (Weinberg, Gordon/Lampitt, Benson, Vainieri Huttle, Tucker, Wimberly, Downey) - Requires DHS to develop timeline for use by individuals with developmental disabilities to gain benefit of State and federal programs; requires posting timeline on DHS, DCF, and DOE websites

S-2024/A-3793 (Madden, Oroho/Eustace, Peterson, Conaway, Mukherji, Benson, McKnight) - Clarifies that product approval from U.S. Food and Drug Administration is not required for drug manufacturer to file registration statement, and specifies timeframe by which DOH must review registration statements

S-2337/A-3985 (Sacco, Allen/Jimenez, O'Scanlon, Mukherji, Benson, Peterson) - Permits law enforcement agencies to buy firearms directly from manufacturers; clarifies permits and identification cards not required

S-2338/A-3914 (Whelan, Stack/Mazzeo) - Allows existing rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs

A-1878/S-2404 (Wimberly/Rice) - Increases to under \$15,000 from under \$10,000 amount of permitted annual compensation paid to TPAF retiree reemployed as athletic coach by former school district within 180 days of

retirement

A-2519/S-1152 (DeAngelo, Holley, Mazzeo, Downey, McKnight/Greenstein, Beach) - Directs Attorney General to develop plan to disseminate Amber and Silver Alert information through social media

A-3662/S-2374 (Schaer, Caride, Vainieri Huttie, Mukherji, McKnight, Chiaravalloti, Quijano/Weinberg, Pou) – "Rosa-Bonilla Family Act"; concerns development of carbon monoxide poisoning educational program for drivers

A-3748/S-2115 (DeAngelo, Eustace, Mukherji, Holley, Benson, Beach/Cruz-Perez) - Requires DMVA to create registry for organizations providing services to veterans

AJR-23/SJR-30 (Andrzejczak, Land, Wimberly, Taliaferro/Van Drew) - Designates third weekend in October each year as "Shuck, Sip, and Slurp Weekend" to promote NJ oysters, wine, and beer

AJR-24/SJR-36 (Andrzejczak, Houghtaling/Van Drew, Connors) - Declares aquaculture an important State economic driver and urges State to include aquaculture industry in its economic development plans

AJR-25/SJR-14 (Land, Andrzejczak/Van Drew) - Recognizes Delaware Bayshore as region of special significance in NJ

AJR-98 (Space, Taliaferro) - Designates June of each year as "Native Plant Appreciation Month"

BILLS VETOED:

S-51/A-547 (Lesniak, Cunningham/Pinkin, Sumter, Vainieri Huttie, Gusciara, Muolo) – **ABSOLUTE** - Restricts use of isolated confinement in correctional facilities

S-92/A-2815 (Whelan/Mosquera, Jones, DeAngelo, Mazzeo, Johnson, Houghtaling) – **CONDITIONAL** - Revises "Overseas Residents Absentee Voting Law" to mirror federal law; permits overseas voters to vote in any election; permits use of federal write-in absentee ballot to vote, register or request ballot for all elections

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