

**34:1B-243 et. al.**  
**LEGISLATIVE HISTORY CHECKLIST**  
Compiled by the NJ State Law Library

**LAWS OF:** 2015                    **CHAPTER:** 217

**NJSA:** 34:1B-243 et. al. (Modifies and clarifies provisions of certain economic incentive programs)

**BILL NO:** A4518                  (Substituted for S3010)

**SPONSOR(S)** Schaer and others

**DATE INTRODUCED:** June 11, 2015

**COMMITTEE:**                    **ASSEMBLY:** Commerce and Economic Development

**SENATE:** ---

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**                    **ASSEMBLY:** December 17, 2015

**SENATE:** December 17, 2015

**DATE OF APPROVAL:** January 11, 2016

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (First Reprint enacted)

**A4518**

<b>SPONSOR'S STATEMENT:</b> (Begins on page 12 of introduced bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b> Yes
	<b>SENATE:</b> No

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

<b>FLOOR AMENDMENT STATEMENT:</b>	Yes
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	Yes

**S3010**

<b>SPONSOR'S STATEMENT:</b> (Begins on page 12 of introduced bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b> No
	<b>SENATE:</b> Yes
<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	Yes

(continued)

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

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

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Legislative roundup – bills signed – business credits," The Record, 1-12-16

LAW/RWH

P.L.2015, CHAPTER 217, *approved January 11, 2016*  
Assembly, No. 4518 (*First Reprint*)

1 AN ACT concerning <sup>1</sup>**[**mega projects under the "Grow New Jersey  
2 Assistance Act"**]** incentives for certain economic development  
3 projects<sup>1</sup> and amending P.L.2011, c.149 <sup>1</sup>, P.L.2014, c.63, and  
4 P.L.2009, c.90<sup>1</sup>.  
5

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

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

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

12 "Affiliate" means an entity that directly or indirectly controls, is  
13 under common control with, or is controlled by the business.  
14 Control exists in all cases in which the entity is a member of a  
15 controlled group of corporations as defined pursuant to section 1563  
16 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the  
17 entity is an organization in a group of organizations under common  
18 control as defined pursuant to subsection (b) or (c) of section 414 of  
19 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer  
20 may establish by clear and convincing evidence, as determined by  
21 the Director of the Division of Taxation in the Department of the  
22 Treasury, that control exists in situations involving lesser  
23 percentages of ownership than required by those statutes. An  
24 affiliate of a business may contribute to meeting either the qualified  
25 investment or full-time employee requirements of a business that  
26 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-  
27 209).

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

30 "Aviation district" means the area within a one-mile radius of the  
31 outermost boundary of the "Atlantic City International Airport,"  
32 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-  
33 24).

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

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

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate floor amendments adopted December 17, 2015.

- 1 a partnership;
- 2 an S corporation;
- 3 a limited liability company; or
- 4 a non-profit corporation.

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

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

15 "Capital investment" in a qualified business facility means  
16 expenses by a business or any affiliate of the business incurred after  
17 application for:

18 a. site preparation and construction, repair, renovation,  
19 improvement, equipping, or furnishing on real property or of a  
20 building, structure, facility, or improvement to real property;

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

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

30 d. any of the foregoing.

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

40 In addition to the foregoing, if a business acquires or leases a  
41 qualified business facility, the capital investment made or acquired  
42 by the seller or owner, as the case may be, if pertaining primarily to  
43 the premises of the qualified business facility, shall be considered a  
44 capital investment by the business and, if pertaining generally to the  
45 qualified business facility being acquired or leased, shall be  
46 allocated to the premises of the qualified business facility on the  
47 basis of the gross leasable area of the premises in relation to the  
48 total gross leasable area in the qualified business facility. The

1 capital investment described herein may include any capital  
2 investment made or acquired within 24 months prior to the date of  
3 application so long as the amount of capital investment made or  
4 acquired by the business, any affiliate of the business, or any owner  
5 after the date of application equals at least 50 percent of the amount  
6 of capital investment, allocated to the premises of the qualified  
7 business facility being acquired or leased on the basis of the gross  
8 leasable area of such premises in relation to the total gross leasable  
9 area in the qualified business facility made or acquired prior to the  
10 date of application.

11 "Commitment period" means the period of time that is 1.5 times  
12 the eligibility period.

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

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

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

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

1 "Eligible position" or "full-time job" means a full-time position  
2 in a business in this State which the business has filled with a full-  
3 time employee.

4 "Full-time employee" means a person:

5 a. who is employed by a business for consideration for at least  
6 35 hours a week, or who renders any other standard of service  
7 generally accepted by custom or practice as full-time employment,  
8 or

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

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

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

30 With respect to a logistics, manufacturing, energy, defense,  
31 aviation, or maritime business, excluding primarily warehouse or  
32 distribution operations, located in a port district having a container  
33 terminal:

34 the requirement that employee health benefits are to be provided  
35 shall be deemed to be satisfied if such benefits are provided in  
36 accordance with industry practice by a third party obligated to  
37 provide such benefits pursuant to a collective bargaining agreement;

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

41 35 hours of employment per week at a qualified business facility  
42 shall constitute one "full-time employee," regardless of whether or  
43 not the hours of work were performed by one or more persons.

44 For any project located in a Garden State Growth Zone which  
45 qualifies under the "Municipal Rehabilitation and Economic  
46 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any  
47 project located in the Atlantic City Tourism District as established  
48 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated

1 by the Casino Reinvestment Development Authority, and which  
2 will include a retail facility of at least 150,000 square feet, of which  
3 at least 50 percent will be occupied by either a full-service  
4 supermarket or grocery store, 30 hours of employment per week at a  
5 qualified business facility shall constitute one "full-time employee,"  
6 regardless of whether or not the hours of work were performed by  
7 one or more persons, and the requirement that employee health  
8 benefits are to be provided shall be deemed to be satisfied if the  
9 employees of the business are covered by a collective bargaining  
10 agreement.

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

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

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

34 "Incentive agreement" means the contract between the business  
35 and the authority, which sets forth the terms and conditions under  
36 which the business shall be eligible to receive the incentives  
37 authorized pursuant to the program.

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

42 "Major rail station" means a railroad station located within a  
43 qualified incentive area which provides access to the public to a  
44 minimum of six rail passenger service lines operated by the New  
45 Jersey Transit Corporation.

46 "Mega project" means:

- 1 a. a qualified business facility located in a port district housing  
2 a business in the logistics, manufacturing, energy, defense, or  
3 maritime industries, 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 business are  
6 created or retained, or
- 7 (2) at which more than 1,000 full-time employees of such  
8 business are created or retained;
- 9 b. a qualified business facility located in an aviation district  
10 housing a business in the aviation industry, in a Garden State  
11 Growth Zone, or in a priority area housing the United States  
12 headquarters and related facilities of an automobile manufacturer,  
13 either:
- 14 (1) having a capital investment in excess of \$20,000,000, and at  
15 which more than 250 full-time employees of such business are  
16 created or retained, or
- 17 (2) at which more than 1,000 full-time employees of such  
18 business are created or retained;
- 19 c. a qualified business facility located in an urban transit hub  
20 housing a business of any kind, having a capital investment in  
21 excess of \$50,000,000, and at which more than 250 full-time  
22 employees of a business are created or retained; **[or]**
- 23 d. a project located in an area designated in need of  
24 redevelopment", pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)  
25 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within  
26 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,  
27 Ocean, or Salem counties having a capital investment in excess of  
28 \$20,000,000, and at which more than 150 full-time employees of a  
29 business are created or retained; or
- 30 e. a qualified business facility primarily used by a business  
31 principally engaged in research, development, or manufacture of a  
32 drug or device, as defined in R.S.24:1-1, or primarily used by a  
33 business licensed to conduct a clinical laboratory and business  
34 facility pursuant to the "New Jersey Clinical Laboratory  
35 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:
- 36 (1) having a capital investment in excess of \$20,000,000, and at  
37 which more than 250 full-time employees of such business are  
38 created or retained, or
- 39 (2) at which more than 1,000 full-time employees of such  
40 business are created or retained.
- 41 "Minimum environmental and sustainability standards" means  
42 standards established by the authority in accordance with the green  
43 building manual prepared by the Commissioner of Community  
44 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),  
45 regarding the use of renewable energy, energy-efficient technology,  
46 and non-renewable resources in order to reduce environmental  
47 degradation and encourage long-term cost reduction.



1 "Moderate-income housing" means housing affordable,  
2 according to United States Department of Housing and Urban  
3 Development or other recognized standards for home ownership  
4 and rental costs, and occupied or reserved for occupancy by  
5 households with a gross household income equal to more than 50  
6 percent but less than 80 percent of the median gross household  
7 income for households of the same size within the housing region in  
8 which the housing is located.

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

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

17 "Other eligible area" means the portions of the qualified  
18 incentive area that are not located within a distressed municipality,  
19 or the priority area.

20 "Partnership" means an entity classified as a partnership for  
21 federal income tax purposes.

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

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

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

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

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

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

45 c. are the proposed site of a disaster recovery project, a  
46 qualified incubator facility, a highlands development credit  
47 receiving area or redevelopment area, a tourism destination project,  
48 or transit oriented development; or

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

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

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

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

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

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

27 "Qualified incentive area" means:

28 a. an aviation district;

29 b. a port district;

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

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

33 (a) Planning Area 1 (Metropolitan);

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

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

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

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

47 (4) located within a regional growth area, town, village, or a  
48 military and federal installation area designated in the

1 comprehensive management plan prepared and adopted by the  
2 Pinelands Commission pursuant to the "Pinelands Protection Act,"  
3 P.L.1979, c.111 (C.13:18A-1 et seq.);

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

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

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

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

18 (a) a designated center under the State Development and  
19 Redevelopment Plan;

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

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

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

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

36 (f) any area on which an existing tourism destination project is  
37 located.

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

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

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

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

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

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

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

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

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

1 Transit Corporation, or Port Authority Trans-Hudson Corporation  
2 rail, bus, or ferry station platform area, including all light rail  
3 stations.

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

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

18 (cf: P.L.2014, c.63, s.2)

19

20 <sup>1</sup>2. Section 10 of P.L.2014, c.63 (C.34:1B-251) is amended to  
21 read as follows:

22 10. a. For the purposes of this section:

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

26 "Government entity" means the State government, a local unit of  
27 government, or a State or local government agency or authority.

28 "Providing public infrastructure" means undertaking and paying  
29 for the construction of public infrastructure; contributing money or  
30 paying debt service for the construction of public infrastructure; or  
31 deeding land to a government entity for use as public infrastructure.

32 "Public infrastructure" means: (1) buildings and structures, such  
33 as schools; fire houses; police stations; recreation centers; public  
34 works garages; and water and sewer treatment and pumping  
35 facilities; (2) open space with improvements such as athletic fields;  
36 playgrounds; planned parks; (3) open space without improvements;  
37 and (4) public transportation facilities such as train stations and  
38 public parking facilities. To qualify as public infrastructure under  
39 this section, the facilities, land, or both, shall have a minimum fair  
40 market value of \$5 million; provided, however, that multiple lands  
41 and facilities, valued individually at less than \$5 million, that are  
42 part of the same redevelopment project may be aggregated to  
43 achieve the minimum \$5 million requirement. In the case of open  
44 space without improvements, the land shall have a minimum fair  
45 market value of at least \$1 million prior to its dedication as open  
46 space. Sidewalks, streets, roads, ramps, and jug handles shall not  
47 be deemed public infrastructure for the purposes of this section.

1 "Tax credit" means a credit equal to 100 percent of the  
2 applicant's cost of providing public infrastructure for use to offset a  
3 tax liability.

4 "Tax liability" means a liability for the taxes imposed pursuant to  
5 the "Corporation Business Tax (1945)," P.L.1945, c.162 (C.54:10A-  
6 1 et seq.), and liability for basic, general, additional, and  
7 supplemental realty transfer fees imposed pursuant to P.L.1968,  
8 c.49 (C.46:15-5 et seq.), as amended and supplemented.

9 "Urban transit hub municipality" means an urban transit hub  
10 municipality, as defined in section 2 of [P.L.2007, C.346 (C.34:1B-  
11 208).] P.L. 2011, c.149 (C.34:1B-243)

12 b. Commencing with October 24, 2014, the effective date of  
13 P.L.2014, c.63 (C.34:1B-251 et al.),<sub>2</sub> and ending on December 31 of  
14 the fifth complete year next following, an applicant that has agreed  
15 to, or has provided, public infrastructure may apply to the New  
16 Jersey Economic Development Authority for a tax credit under the  
17 following conditions:

18 (1) The applicant or another entity by contract or development  
19 agreement either makes a new capital investment in an amount  
20 equal to or greater than \$10,000,000 **[in]** at any time during the  
21 term set forth in this subsection, or causes another entity by contract  
22 or development agreement to construct **[.]** a building, complex of  
23 buildings or other similar structures or facilities, which **[shall be**  
24 **completed within two years following approval by the Authority,**  
25 **which]** relies on the completed public infrastructure and completes  
26 construction during the term set forth in this subsection.

27 (2) The applicant has not received a tax credit under the "Grow  
28 New Jersey Assistance Program" established by section 3 of  
29 P.L.2011, c.149 (C.34:1B-244).

30 (3) The applicant has not received a grant under a State or a  
31 local Economic Redevelopment and Growth Grant program  
32 pursuant to section 4 or section 5 of P.L.2009, c.90 (C.52:27D-489d  
33 or C.52:27D-489e).

34 (4) The applicant is not a "Garden State Growth Zone  
35 Development Entity," as defined in section 23 of P.L.2013,  
36 c.161 (C.52:27D-489r).

37 (5) The applicant is not partnered with the New Jersey Sports  
38 and Exposition Authority for the capital investment pursuant to this  
39 section.

40 c. The New Jersey Economic Development Authority shall  
41 grant an application for a tax credit if the government entity  
42 receiving the public infrastructure adopts a resolution and files it  
43 with the authority, consenting to the award of the tax credit and the  
44 ownership of the public infrastructure is transferred to that  
45 government entity, and either: (1) the construction commences after  
46 January 1, 2013; (2) the construction is completed, as evidenced by  
47 a certificate of occupancy or other certificate of completion, after

1 January 1, 2013; (3) the first monetary or debt service payment  
2 occurs after January 1, 2013; or (4) the land is deeded to the  
3 government entity after January 1, 2013.

4 d. (1) **【The】** (a) Except as provided in subparagraph (b) of this  
5 paragraph, the total amount of tax credits that may be awarded to an  
6 eligible applicant for a single project shall not exceed \$5,000,000  
7 **【and the】**.

8 (b) In the case of an applicant engaged in a brownfields  
9 redevelopment project comprising park and infrastructure  
10 development within an urban transit hub municipality, the total  
11 amount of tax credits the authority may award to the applicant shall  
12 not exceed \$2,000,000 cumulative of all applications submitted  
13 under this section by the applicant. As used in this subparagraph,  
14 “applicant” means an entity applying for a tax credit pursuant to  
15 subsection b. of this section and shall include its subsidiaries, its  
16 parent, affiliated entities, and common principal owners.

17 (c) The total value of all tax credits approved by the authority  
18 pursuant to [P.L.2014, c.63 (C.34:1B-251 et al.)] this section shall  
19 not exceed [\$25,000,000] \$22,000,000.

20 (2) A tax credit granted pursuant to this section may be  
21 transferred in the same manner as tax credits are transferred under  
22 section 33 of P.L.2009, c.90 (C.34:1B-209.1).

23 (3) **【Nothing】** Except for the limitations set forth in paragraph  
24 (1) of this subsection, nothing in this section shall prohibit an  
25 applicant from applying for and being awarded multiple tax credit  
26 awards based on separate public infrastructure projects.

27 e. The chief executive of the authority, in consultation with the  
28 Director of the Division of Taxation in the Department of the  
29 Treasury, may adopt rules and regulations pursuant to the  
30 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
31 seq.), necessary to implement the provisions of this section.<sup>1</sup>  
32 (cf: P.L.2014, c.63, s.10)

33  
34 <sup>1</sup>3. Section 3 of P.L.2009, c.90 (C.52:27D-489c) is amended to  
35 read as follows:

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

38 "Applicant" means a developer proposing to enter into a  
39 redevelopment incentive grant agreement.

40 "Ancillary infrastructure project" means structures or  
41 improvements that are located within the incentive area but outside  
42 the project area of a redevelopment project, including, but not  
43 limited to, docks, bulkheads, parking garages, freight rail spurs,  
44 roadway overpasses, and train station platforms, provided a  
45 developer or municipal redeveloper has demonstrated that the  
46 redevelopment project would not be economically viable or

1 promote the use of public transportation without such  
2 improvements, as approved by the State Treasurer.

3 "Authority" means the New Jersey Economic Development  
4 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-  
5 4).

6 "Aviation district" means the area within a one-mile radius of the  
7 outermost boundary of the "Atlantic City International Airport,"  
8 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-  
9 24).

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

15 "Developer" means any person who enters or proposes to enter  
16 into a redevelopment incentive grant agreement pursuant to the  
17 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its  
18 successors or assigns, including but not limited to a lender that  
19 completes a redevelopment project, operates a redevelopment  
20 project, or completes and operates a redevelopment project. A  
21 developer also may be a municipal redeveloper as defined herein.

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

24 "Disaster recovery project" means a redevelopment project  
25 located on property that has been wholly or substantially damaged  
26 or destroyed as a result of a federally-declared disaster, and which  
27 is located within the incentive area and has been determined by the  
28 authority to be in an area appropriate for development and in need  
29 of economic development incentive assistance.

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

39 "Eligibility period" means the period of time specified in a  
40 redevelopment incentive grant agreement for the payment of  
41 reimbursements to a developer, which period shall not exceed 20  
42 years, with the term to be determined solely at the discretion of the  
43 applicant.

44 "Eligible revenue" means the property tax increment and any  
45 other incremental revenues set forth in section 11 of P.L.2009, c.90  
46 (C.52:27D-489k), except in the case of a Garden State Growth  
47 Zone, in which such property tax increment and any other  
48 incremental revenues are calculated as those incremental revenues



1 that would have existed notwithstanding the provisions of the "New  
2 Jersey Economic Opportunity Act of 2013," P.L.2013,  
3 c.161 (C.52:27D-489p et al.).

4 "Garden State Growth Zone" or "growth zone" means the four  
5 New Jersey cities with the lowest median family income based on  
6 the 2009 American Community Survey from the US Census, (Table  
7 708. Household, Family, and Per Capita Income and Individuals,  
8 and Families Below Poverty Level by City: 2009); or a municipality  
9 which contains a Tourism District as established pursuant to section  
10 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
11 Reinvestment Development Authority.

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

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

22 "Infrastructure improvements in the public right-of-way" mean  
23 public structures or improvements located in the public right of way  
24 that are located within a project area or that constitute an ancillary  
25 infrastructure project, either of which are dedicated to or owned by  
26 a governmental body or agency upon completion, or any required  
27 payment in lieu of such structures, improvements or projects or any  
28 costs of remediation associated with such structures, improvements  
29 or projects, and that are determined by the authority, in consultation  
30 with applicable State agencies, to be consistent with and in  
31 furtherance of State public infrastructure objectives and initiatives.

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

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

43 "Mixed use parking project" means a redevelopment project  
44 **【undertaken by a municipal redeveloper】**, the parking component of  
45 which shall constitute 51 percent or more of any of the following: a.  
46 the total square footage of the entire mixed use parking project; b.  
47 the estimated revenues of the entire mixed use parking project; or c.  
48 the total construction cost of the entire mixed use parking project.

1 "Moderate-income housing" means housing affordable,  
2 according to United States Department of Housing and Urban  
3 Development or other recognized standards for home ownership  
4 and rental costs, and occupied or reserved for occupancy by  
5 households with a gross household income equal to more than 50  
6 percent but less than 80 percent of the median gross household  
7 income for households of the same size within the housing region in  
8 which the housing is located.

9 "Municipal redeveloper" means an applicant for a redevelopment  
10 incentive grant agreement, which applicant is: a. a municipal  
11 government, a municipal parking authority, or a redevelopment  
12 agency acting on behalf of a municipal government as defined in  
13 section 3 of P.L.1992, c.79 (C.40A:12A-3); or b. a developer of a  
14 mixed use parking project, provided that the parking component of  
15 the mixed use parking project is operated and maintained by a  
16 municipal parking authority for the term of any financial assistance  
17 granted pursuant to P.L.2015, c.69.

18 "Municipal Revitalization Index" means the 2007 index by the  
19 Office for Planning Advocacy within the Department of State  
20 measuring or ranking municipal distress.

21 "Non-parking component" means that portion of a mixed use  
22 parking project not used for parking, together with the portion of  
23 the costs of the mixed use parking project, including but not limited  
24 to the footings, foundations, site work, infrastructure, and soft costs  
25 that are allocable to the non-parking use.

26 "Parking component" means that portion of a mixed use parking  
27 project used for parking, together with the portion of the costs of  
28 the mixed use parking project, including but not limited to the  
29 footings, foundations, site work, infrastructure, and soft costs that  
30 are allocable to the parking use.

31 "Project area" means land or lands located within the incentive  
32 area under common ownership or control including through a  
33 redevelopment agreement with a municipality, or as otherwise  
34 established by a municipality or a redevelopment agreement  
35 executed by a State entity to implement a redevelopment project.

36 "Project cost" means the costs incurred in connection with the  
37 redevelopment project by the developer until the issuance of a  
38 permanent certificate of occupancy, or until such other time  
39 specified by the authority, for a specific investment or  
40 improvement, including the costs relating to receiving Highlands  
41 Development Credits under the Highlands Transfer Development  
42 Rights Program authorized pursuant to section 13 of P.L.2004,  
43 c.120 (C.13:20-13), lands, buildings, improvements, real or  
44 personal property, or any interest therein, including leases  
45 discounted to present value, including lands under water, riparian  
46 rights, space rights and air rights acquired, owned, developed or  
47 redeveloped, constructed, reconstructed, rehabilitated or improved,  
48 any environmental remediation costs, plus costs not directly related

1 to construction, of an amount not to exceed 20 percent of the total  
2 costs, capitalized interest paid to third parties, and the cost of  
3 infrastructure improvements, including ancillary infrastructure  
4 projects, and, for projects located in a Garden State Growth Zone  
5 only, the cost of infrastructure improvements including any  
6 ancillary infrastructure project and the amount by which total  
7 project cost exceeds the cost of an alternative location for the  
8 redevelopment project, but excluding any particular costs for which  
9 the project has received federal, State, or local funding.

10 "Project financing gap" means: a. the part of the total project  
11 cost, including return on investment, that remains to be financed  
12 after all other sources of capital have been accounted for, including,  
13 but not limited to, developer-contributed capital, which shall not be  
14 less than 20 percent of the total project cost, which may include the  
15 value of any existing land and improvements in the project area  
16 owned or controlled by the developer, and the cost of infrastructure  
17 improvements in the public right-of-way, subject to review by the  
18 State Treasurer, and investor or financial entity capital or loans for  
19 which the developer, after making all good faith efforts to raise  
20 additional capital, certifies that additional capital cannot be raised  
21 from other sources on a non-recourse basis; and b. the amount by  
22 which total project cost exceeds the cost of an alternative location  
23 for the out-of-State redevelopment project.

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

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

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

30 b. multiplying that product by a fraction having a numerator  
31 equal to the taxable value of all the property assessed within the  
32 project area, minus the property tax increment base, and having a  
33 denominator equal to the taxable value of all property assessed  
34 within the project area.

35 For the purpose of this definition, "property tax increment base"  
36 means the aggregate taxable value of all property assessed which is  
37 located within the redevelopment project area as of October 1st of  
38 the year preceding the year in which the redevelopment incentive  
39 grant agreement is authorized.

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

1 "Qualified residential project" means a redevelopment project  
2 that is predominantly residential and includes multi-family  
3 residential units for purchase or lease, or dormitory units for  
4 purchase or lease, having a total project cost of at least  
5 \$17,500,000, if the project is located in any municipality with a  
6 population greater than 200,000 according to the latest federal  
7 decennial census, or having a total project cost of at least  
8 \$10,000,000 if the project is located in any municipality with a  
9 population less than 200,000 according to the latest federal  
10 decennial census, or is a disaster recovery project, or having a total  
11 project cost of \$5,000,000 if the project is in a Garden State Growth  
12 Zone.

13 "Qualifying economic redevelopment and growth grant incentive  
14 area" or "incentive area" means:

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

1 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A  
2 (Rural Planning Area), Planning Area 4B (Rural/Environmentally  
3 Sensitive) or Planning Area 5 (Environmentally Sensitive) is  
4 located within:

5 (a) a designated center under the State Development and  
6 Redevelopment Plan;

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

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

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

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

23 (f) any area on which an existing tourism destination project is  
24 located.

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

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

42 "Redevelopment project" means a specific construction project  
43 or improvement, including lands, buildings, improvements, real and  
44 personal property or any interest therein, including lands under  
45 water, riparian rights, space rights and air rights, acquired, owned,  
46 leased, developed or redeveloped, constructed, reconstructed,  
47 rehabilitated or improved, undertaken by a developer, owner or  
48 tenant, or both, within a project area and any ancillary infrastructure

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

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

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

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

36 "SDA municipality" means a municipality in which an SDA  
37 district is situate.

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

43 "Tourism destination project" means a redevelopment project  
44 that will be among the most visited privately owned or operated  
45 tourism or recreation sites in the State, and which is located within  
46 the incentive area and has been determined by the authority to be in  
47 an area appropriate for development and in need of economic  
48 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 "Urban transit hub" means an urban transit hub, as defined in  
12 section 10 of P.L.2007, c.346 (C.34:1B-208), that is located within  
13 an eligible municipality, as defined in section 10 of P.L.2007,  
14 c.346 (C.34:1B-208), or all light rail stations and property located  
15 within a one-mile radius of the mid-point of the platform area of  
16 such a rail, bus, or ferry station if the property is in a qualified  
17 municipality under the "Municipal Rehabilitation and Economic  
18 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

31 "Vacant health facility project" means a redevelopment project  
32 where a health facility, as defined by section 2 of P.L.1971,  
33 c.136 (C.26:2H-2), currently exists and is considered vacant. A  
34 health facility shall be considered vacant if at least 70 percent of  
35 that facility has not been open to the public or utilized to serve any  
36 patients at the time of application to the authority.<sup>1</sup>

37 (cf: P.L.2015, c.69, s.1)

38

39 <sup>1</sup>4. Section 6 of P.L.2009, c.90 (C.52:27D-489f) is amended to  
40 read as follows:

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

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

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



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

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

16 The value of all credits approved by the authority pursuant to  
17 paragraph (2) or this paragraph shall not exceed **[\$600,000,000]**  
18 \$603,000,000, of which:

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

33 (b) \$250,000,000 shall be restricted to the following categories  
34 of projects: (i) qualified residential projects located in urban transit  
35 hubs that are commuter rail in nature that otherwise do not qualify  
36 under subparagraph (a) of this paragraph, (ii) qualified residential  
37 projects located in Garden State Growth Zones that do not qualify  
38 under subparagraph (a) of this paragraph, (iii) mixed use parking  
39 projects located in urban transit hubs or Garden State Growth Zones  
40 that do not qualify under subparagraph (a) of this paragraph,  
41 provided however, an urban transit hub shall be allocated no more  
42 than \$25,000,000 for mixed use parking projects, (iv) qualified  
43 residential projects which are disaster recovery projects that  
44 otherwise do not qualify under subparagraph (a) of this paragraph,  
45 and (v) qualified residential projects in SDA municipalities located  
46 in Hudson County that were awarded State Aid in State Fiscal Year  
47 2013 through the Transitional Aid to Localities program and  
48 otherwise do not qualify under subparagraph (a) of this paragraph,

1 and \$25,000,000 of credits shall be restricted to mixed use parking  
2 projects in Garden State Growth Zones which have a population in  
3 excess of 125,000 and do not qualify under subparagraph (a) of this  
4 paragraph;

5 (c) ~~【\$75,000,000】~~ \$87,000,000 shall be restricted to the  
6 following categories of projects: (i) qualified residential projects  
7 located in distressed municipalities, deep poverty pockets,  
8 highlands development credit receiving areas or redevelopment  
9 areas, otherwise not qualifying pursuant to subparagraph (a) or (b)  
10 of this paragraph, and (ii) mixed use parking projects that do not  
11 qualify under subparagraph (a) or (b) of this paragraph, ~~【which~~  
12 ~~include a vacant commercial building located wholly or partially~~  
13 ~~within a distressed municipality,】~~ and which are used by an  
14 independent institution of higher education, a school of medicine, a  
15 nonprofit hospital system, or any combination thereof; provided,  
16 however, that \$20,000,000 of the \$87,000,000 shall be allocated to  
17 mixed used parking projects that do not qualify under subparagraph  
18 (a) or (b) of this paragraph; and

19 (d) ~~【\$25,000,000】~~ \$16,000,000 shall be restricted to qualified  
20 residential projects that are located within a qualifying economic  
21 redevelopment and growth grant incentive area otherwise not  
22 qualifying under subparagraph (a), (b), or (c) of this paragraph.

23 (e) For subparagraphs (a) through (d) of this paragraph, not  
24 more than \$40,000,000 of credits shall be awarded to any qualified  
25 residential project in a deep poverty pocket or distressed  
26 municipality and not more than \$20,000,000 of credits shall be  
27 awarded to any other qualified residential project. The developer of  
28 a qualified residential project seeking an award of credits towards  
29 the funding of its incentive grant shall submit an incentive grant  
30 application prior to July 1, 2016 and if approved after September  
31 18, 2013, the effective date of P.L.2013, c.161 (C.52:27D-489p et  
32 al.), shall submit a temporary certificate of occupancy for such  
33 project no later than July 28, 2018. The developer of a mixed use  
34 parking project seeking an award of credits towards the funding of  
35 its incentive grant pursuant to subparagraph (c) of this paragraph  
36 and if approved after the effective date of P.L. \_\_\_\_\_, c. (pending  
37 before the Legislature as this bill), shall submit a temporary  
38 certificate of occupancy for the project no later than July 28, 2021.  
39 Applications for tax credits pursuant to this subsection relating to  
40 an ancillary infrastructure project or infrastructure improvement in  
41 the public right of way, or both, shall be accompanied with a letter  
42 of support relating to the project or improvement by the governing  
43 body or agency in which the project is located. Credits awarded to  
44 a developer pursuant to this subsection shall be subject to the same  
45 financial and related analysis by the authority, the same term of the  
46 grant, and the same mechanism for administering the credits, and  
47 shall be utilized or transferred by the developer as if such credits  
48 had been awarded to the developer pursuant to section 35 of

1 P.L.2009, c.90 (C.34:1B-209.3) for qualified residential projects  
2 thereunder. No portion of the revenues pledged pursuant to the  
3 "New Jersey Economic Opportunity Act of 2013," P.L.2013,  
4 c.161 (C.52:27D-489p et al.) shall be subject to withholding or  
5 retainage for adjustment, in the event the developer or taxpayer  
6 waives its rights to claim a refund thereof.

7 (4) A developer may apply to the Director of the Division of  
8 Taxation in the Department of the Treasury and the chief executive  
9 officer of the authority for a tax credit transfer certificate, if the  
10 developer is awarded a tax credit pursuant to paragraph (2) or  
11 paragraph (3) of this subsection, covering one or more years, in lieu  
12 of the developer being allowed any amount of the credit against the  
13 tax liability of the developer. The tax credit transfer certificate,  
14 upon receipt thereof by the developer from the director and the  
15 chief executive officer of the authority, may be sold or assigned, in  
16 full or in part, to any other person **[that]** who may have a tax  
17 liability pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),  
18 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and 54:18A-3),  
19 section 1 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The  
20 certificate provided to the developer shall include a statement  
21 waiving the developer's right to claim that amount of the credit  
22 against the taxes that the developer has elected to sell or assign.  
23 The sale or assignment of any amount of a tax credit transfer  
24 certificate allowed under this paragraph shall not be exchanged for  
25 consideration received by the developer of less than 75 percent of  
26 the transferred credit amount before considering any further  
27 discounting to present value that may be permitted. Any amount of  
28 a tax credit transfer certificate used by a purchaser or assignee  
29 against a tax liability shall be subject to the same limitations and  
30 conditions that apply to the use of the credit by the developer who  
31 originally applied for and was allowed the credit.

32 c. All administrative costs associated with the incentive grant  
33 shall be assessed to the applicant and be retained by the State  
34 Treasurer from the annual incentive grant payments.

35 d. The incremental revenue for the revenues listed in  
36 subsection a. of this section shall be calculated as the difference  
37 between the amount collected in any fiscal year from any eligible  
38 revenue source included in the State redevelopment incentive grant  
39 agreement, less the revenue increment base for that eligible  
40 revenue.

41 e. The municipality is authorized to collect any and all  
42 information necessary to facilitate grants under this program and  
43 remit that information, as may be required from time to time, in  
44 order to assist in the calculation of incremental revenue.<sup>1</sup>

45 (cf: P.L.2015, c.69, s.2)

46

47 <sup>1</sup>**[2.] 5.**<sup>1</sup> This act shall take effect immediately <sup>1</sup>**[and], section**  
48 1 shall<sup>1</sup> apply to program applications submitted on or after the first

1 July 1 occurring on or after the date of enactment <sup>1</sup>, and section 2  
2 shall be retroactive to October 24, 2014<sup>1</sup>.

3

4

5

---

6

7 Modifies and clarifies provisions of certain economic incentive  
8 programs.

# ASSEMBLY, No. 4518

## STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 11, 2015

**Sponsored by:**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Assemblyman TIM EUSTACE**

**District 38 (Bergen and Passaic)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**SYNOPSIS**

Allows certain businesses to qualify as mega projects under the "Grow New Jersey Assistance Act."

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 12/11/2015)

A4518 SCHAER, EUSTACE

2

1 AN ACT concerning mega projects under the "Grow New Jersey  
2 Assistance Act" and amending P.L.2011, c.149.

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 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 development,  
26 redevelopment and relocation costs, including, but not limited to,  
27 site acquisition if made within 24 months of application to the  
28 authority, engineering, legal, accounting, and other professional  
29 services required; and relocation, environmental remediation, and  
30 infrastructure improvements for the project area, including, but not  
31 limited to, on- and off-site utility, road, pier, wharf, bulkhead, or  
32 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 premises in relation to the total gross leasable  
2 area in the qualified business facility made or acquired prior to the  
3 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  
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 benefits are provided in  
28 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 by  
47 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 business are  
44 created or retained, or

45 (2) at which more than 1,000 full-time employees of such  
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 business are  
6 created or retained, or

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

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 a  
19 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 business are  
28 created or retained, or

29 (2) at which more than 1,000 full-time employees of such  
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, town, village, or a  
37 military and federal installation area designated in the  
38 comprehensive management plan prepared and adopted by the  
39 Pinelands Commission pursuant to the "Pinelands Protection Act,"  
40 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 40A:12A-  
15 6) or in need of rehabilitation pursuant to section 14 of P.L.1992,  
16 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 expansion otherwise  
20 complies with all applicable federal, State, county, and local  
21 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.2014, c.63, s.2)

7

8 2. This act shall take effect immediately and apply to program  
9 applications submitted on or after the first July 1 occurring on or  
10 after the date of enactment.

11

12

13

### STATEMENT

14

15 This bill would allow certain large development projects which  
16 involve either a business engaged in research, development or  
17 manufacture of drugs and medical devices or a business licensed to  
18 provide clinical laboratory services to qualify as mega projects  
19 under the Grow New Jersey Assistance Act (GROW NJ). If a  
20 project qualifies for mega project status, the value of the GROW NJ  
21 tax credits increases.

22 Under the bill, these types of projects would qualify as mega  
23 projects if they involve either capital investments in excess of  
24 \$20,000,000 and the creation or retention of more than 250 full-  
25 time employees, or the creation or retention of more than 1,000 full-  
26 time employees.

27 The bill incorporates by cross-reference definitions of the terms  
28 drug, device, and clinical laboratory that are used in current law.

- 29 • "Drug" includes articles recognized in the official United States  
30 Pharmacopoeia, official Homeopathic Pharmacopoeia of the  
31 United States, or official National Formulary, or any supplement  
32 to any of them; articles intended for use in the diagnosis, cure,  
33 mitigation, treatment, or prevention of disease; and articles  
34 intended to affect the structure or any function of the body.
- 35 • "Device" means instruments, apparatus, and contrivances,  
36 including their components, parts, and accessories, intended for  
37 use in the diagnosis, cure, mitigation, treatment, or prevention  
38 of disease; or to affect the structure or any function of the body.
- 39 • "Clinical laboratory" includes a facility used for the performance  
40 of certain scientific examinations of materials derived from the  
41 human body for the purpose of yielding information for the  
42 diagnosis, prevention, or treatment of disease or the assessment  
43 of medical condition.

44 Currently, the following types of projects may qualify as a mega  
45 project under the Grow New Jersey Assistance Program:

- 46 • A Logistics, manufacturing, energy, defense, or maritime  
47 business in a port district or a business in the aviation  
48 industry located in an aviation district having:



**A4518 SCHAER, EUSTACE**

13

- 1       ○       a capital investment in excess of \$20 million at which
- 2           more than 250 jobs will be created or retained; or
- 3       ○       at which more than 1,000 jobs will be created or
- 4           retained.
- 5       •       A qualified business facility located in an urban transit hub,
- 6           having a capital investment in excess of \$50 million and at
- 7           which more than 250 full time employees of a business are
- 8           created or retained; or
- 9       •       A project located in an existing area designated in need of
- 10          redevelopment within Atlantic, Burlington, Camden, Cape
- 11          May, Cumberland, Gloucester, Ocean, or Salem counties
- 12          having a capital investment in excess of \$20 million, and at
- 13          which more than 150 full-time employees are created or
- 14          retained.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 4518**

**STATE OF NEW JERSEY**

DATED: DECEMBER 10, 2015

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 4518.

This bill amends the Grow New Jersey Assistance Act (GROW NJ) to allow a business facility to qualify for “mega project” status based upon the type of business being conducted at the facility and the size of the project, in terms of the amount of capital investments made and jobs created or retained. If a business qualifies as a mega project under GROW NJ, the value of the tax credits earned under the program increases.

Under the bill, a business facility would be eligible as a mega project if it is primarily used by either a business principally engaged in research, development or manufacture of drugs and medical devices, or primarily used by a business licensed to provide clinical laboratory services. Furthermore, to qualify for “mega project” status, the project would have to either involve capital investments in excess of \$20,000,000 and the creation or retention of more than 250 full-time employees, or involve the creation or retention of more than 1,000 full-time employees.

**STATEMENT TO**  
**ASSEMBLY, No. 4518**

with Senate Floor Amendments  
(Proposed by Senator SARLO)

ADOPTED: DECEMBER 17, 2015

The amendments add three new sections to the bill.

New section 2 amends section 10 of P.L.2014, c.63 (C.34:1B-251), a provision of law which established a tax credit program for redevelopers that provide public infrastructure to government entities. The amendment reduces the total value of all tax credits the New Jersey Economic Development Authority (EDA) may approve under this program from \$25,000,000 to \$22,000,000. The amendment also clarifies the period of time during which a redeveloper may apply to EDA for a tax credit under the program and the period of time during which an applicant must either: make a new capital investment of at least \$10,000,000 for public infrastructure, or cause another entity to construct a building, complex, structures, or facilities which rely on the public infrastructure. The amendments limit the total amount of tax credits EDA may award to an applicant engaged in a brownfields redevelopment project comprising park and infrastructure development in an urban transit hub municipality to \$2,000,000 cumulative of all applications submitted under this section by the applicant. This limitation applies to an applicant, including its subsidiaries, its parent, affiliated entities, and common principal owners. The amendments to this section would be retroactive to October 24, 2014, the effective date of P.L.2014, c.63 (C.34:1B-251 et al.).

New sections 3 and 4 amend sections 3 and 6 of P.L.2009, c.90 (C.52:27D-489c and C.52:27D-489f), provisions of law that govern the Economic Redevelopment and Growth Grant (ERG) program. Amendments in these sections provide that a “mixed use parking project” need not be undertaken by a municipal redeveloper in order for the project to qualify for an incentive grant or an award of tax credits under the ERG program.

Amendments in new section 4 increase from \$600,000,000 to \$603,000,000 the total value of all tax credits EDA may approve under the ERG program applicable to tax credits for qualified residential projects and mixed use parking projects. Amendments in this section also reallocate funding restrictions within provisions of this ERG program, and require EDA to allocate \$20,000,000 worth of tax credits for a specific category of mixed use parking projects. Amendments in this section provide that if the developer of a specific category of mixed use parking projects is awarded tax credits under this program after the bill becomes law, the developer must submit a temporary certificate of occupancy for the project no later than July 28, 2021.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 4518

### STATE OF NEW JERSEY 216th LEGISLATURE

DATED: JANUARY 11, 2016

#### SUMMARY

- Synopsis:** Modifies and clarifies provisions of certain economic incentive programs.
- Type of Impact:** Indeterminate net impact on State; potential revenue increase to affected local governments
- Agencies Affected:** New Jersey Economic Development Authority and certain local governments.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Revenue</b>	Indeterminate Impact – See comments below		
<b>Local Revenue</b>	Indeterminate Gain – See comments below		

- The Office of Legislative Services (OLS) estimates that Assembly Bill No. 4518 (1R) will produce an indeterminate net impact on the State and a potential impact revenue gain to affected local governments. Absent specific information on the number and characteristics of projects reclassified as “mega projects” under the bill, the OLS cannot determine the additional amount of Grow New Jersey Assistance Program (GROW NJ) tax credits that will be awarded.
- The OLS cannot determine how the increase in the value and reallocation of tax credits awarded under the Economic Redevelopment and Growth Grant Program (ERG) will affect specific project awards.
- The awarding of additional tax credits will produce State revenue losses in addition to opportunity costs. Opportunity costs represent the fiscal benefits the State foregoes as spending is redirected from one economic activity to another.
- Tax credits may also generate indirect fiscal benefits to the State and affected local governments that may offset, in whole or in part, the revenue loss and opportunity costs of providing financial assistance.

## **BILL DESCRIPTION**

Assembly Bill No. 4518 (1R) of 2015 modifies and clarifies provisions of the GROW NJ Assistance Program, the Economic Redevelopment and Growth Grant Program (ERG), and a tax credit program for redevelopers that provide public infrastructure to government entities.

Section 1 of the bill allows certain large development projects which involve either a business engaged in research, development, or manufacture of drugs and medical devices, or a business licensed to provide clinical laboratory services to qualify as mega projects under the “Grow New Jersey Assistance Act,” sections 1 through 9 of P.L.2011, c.149 (C.34:1B-242 to C.34:1B-250). If a project qualifies for mega project status, the value of GROW NJ tax credits increases. Under the bill, a business facility would be eligible as a mega project if it is either primarily used by a business principally engaged in research, development, or manufacture of drugs and medical devices, or primarily used by a business licensed to provide clinical laboratory services. Furthermore, the project would have to either involve capital investments in excess of \$20,000,000 and the creation or retention of more than 250 full-time employees, or involve the creation or retention of more than 1,000 full-time employees.

Section 2 reduces, from \$25 million to \$22 million, that value of all tax credits the New Jersey Economic Development Authority may approve for redevelopers that provide public infrastructure to government entities. The bill also clarifies the period of time during which a redeveloper may apply to the EDA for a tax credit under the program and the period of time during which an applicant must either: make a new capital investment of at least \$10,000,000 for public infrastructure, or cause another entity to construct a building, complex, structures, or facilities which rely on public infrastructure. The bill limits total amount of tax credits the EDA may award to an applicant engaged in a brownfields redevelopment project comprising park and infrastructure development in an urban transit hub municipality to \$2 million cumulative of all applications submitted by the applicant under section 10 of P.L.2014, c.63 (C.34:1B-251).

Sections 3 and 4 amend provisions of current law that govern the ERG program to provide that a “mixed use parking project” need not be undertaken by a municipal redeveloper in order for the project to qualify for an incentive grant or an award of tax credits under the ERG program. Section 4 also increases, from \$600 million to \$603 million, the total value of all tax credits EDA may approve under the ERG program for qualified residential projects and mixed use parking projects. The bill also reallocates tax credit allocations within the ERG program and requires the EDA to allocate \$20 million in tax credits for a specific category of mixed use parking projects. As amended, the bill provides that if the developer of a specific category of mixed use parking projects is awarded tax credits under this program after the bill becomes law, the developer must submit a temporary certificate of occupancy for the project no later than July 28, 2021.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The OLS estimates that Assembly Bill No. 4518 (1R) will produce an indeterminate net impact on the State and a potential revenue gain to affected local governments. On one side of the ledger, the bill could produce a State revenue loss from the awarding of additional economic development tax credits in addition to the indeterminate opportunity cost of the tax expenditure. On the other side of the ledger, additional tax credits that are essential to the realization of capital projects could generate indeterminate indirect fiscal benefits to the State and affected local governments that may offset, in part or in their entirety, the revenue loss and opportunity costs of providing the financial assistance.

**Changes to GROW NJ Assistance Program:** Under the bill, certain types of projects that may be eligible for tax credits through the GROW NJ Assistance Program are reclassified as “mega projects.” The “mega project” designation may allow these projects to qualify for enhanced tax credit amounts. In order to qualify for a GROW NJ tax credit award, businesses must meet a series of requirements related to project location, job creation and retention, capital investment, “green building” requirements, and the use of prevailing wage for labor contracts. With limited exceptions, a company must also demonstrate that the award of the tax credit generates a fiscal net benefit to the State and is a material factor in the company’s decision to create or retain the minimum number of full-time jobs.

According to the New Jersey Economic Development Authority (EDA), qualified eligible businesses receive tax credits per job, per year, for up to 10 years for each new or retained full-time job to be located at the business facility. Information on any specific projects that would be reclassified as “mega projects” is not available at this time. Without this information, the OLS cannot estimate the total amount of tax credits for which these mega projects might qualify. Section 6 of P.L.2011, c.149 (C.34:1B-247) provides that there shall be no monetary cap in the value of tax credits approved by the EDA pursuant to the “New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161 (C.52:27D-489p et al.). Applications for assistance under the GROW NJ Assistance Program must be submitted no later than June 30, 2019. Information available to the public through the EDA website indicates that \$3.091 billion in tax credits have been awarded under the “New Jersey Economic Opportunity Act of 2013.”

Currently, the following types of projects may qualify as a mega project under the GROW NJ Assistance Program: (1) a logistics, manufacturing, energy, defense, or maritime business in a port district, or a business in the aviation industry located in an aviation district, having either capital investment in excess of \$20 million and at which more than 20 jobs will be created or retained, or at which more than 1,000 jobs will be created or retained; (2) a qualified business facility located within an urban transit hub and having a capital investment in excess of \$50 million and at which more than 250 full time employees of a business are created or retained; and (3) a project located in an existing area designated in need of redevelopment within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem Counties and having a capital investment in excess of \$20 million, at which more than 150 full-time employees of a business are created or retained.

**Changes to the Economic Redevelopment Growth Program (ERG):** As noted above, the bill increases the total value of all tax credits the EDA may approve under the ERG program for qualified residential projects and mixed use parking projects to \$603 million. The bill also reallocates tax credit allocations within the ERG program and requires the EDA to allocate \$20 million in tax credits for a specific category or mixed use parking projects. The increase in total tax credits and reallocation of tax credits for mixed use parking projects may allow additional

projects to qualify for tax credits or permit an increase in the value of tax credits already awarded to specific projects. Information on specific projects that may be affected by the proposed changes to the ERG program is not available at this time.

Residential ERG projects may receive a tax credit of up to 20 percent of total project costs with a 10 percent bonus possible if at least 10 percent percent of the housing units constructed are reserved for moderate income housing. Commercial projects may receive incentive grant reimbursement of up to 20 percent of total project cost, with additional grant funding possible based on project type and location. There are program limits and requirements that apply to commercial and residential projects, respectively. Information available to the public through the NJEDA indicates that \$301.5 million in reimbursement grants has been awarded to 10 commercial ERG projects while \$374 million in tax credits has been awarded to 27 residential ERG projects. The EDA has also awarded \$15 million in tax credits through the ERG Public Infrastructure Project Tax Credit Program.

**Indirect State and Local Revenue Gain:** Assembly Bill No. 4518 (1R) may generate an indeterminate revenue gain to the State and local governments that may partially offset the direct State revenue loss from, and State opportunity cost of, providing tax credits. The OLS does not have the capacity to quantify the bill's secondary effects, since it cannot estimate the volume and type of capital investments that the tax credit will directly spur and their ensuing indirect effect on State and local government tax receipts.

In general, any indirect revenue gain will result from the economic ramifications of tax-credit induced behavior changes. Once New Jerseyans receive payments they would not have received absent the incentive, at least a portion of these payments will circulate in New Jersey's economy. As these ramifications flow through the economy, they will affect State and local revenue collections. Indirect fiscal effects encompass secondary tax collections from credit-induced capital investments (such as enhanced gross income tax collections from employees whose positions are retained in New Jersey because of the tax credit; and increased property tax collections if the investment appreciates the value of a property) and credit-induced spending by all impacted firms and their employees (such as employees whose positions are retained in New Jersey because of the tax credit, spending their income on taxable goods and services).

The OLS points out that not all of the economic and fiscal feedback effects of capital investments benefitting from the credit may represent a gain to the State and affected municipalities. Only the ripple effects caused by credit-induced investments should enter the fiscal estimate, while those from investments that would also be made must be excluded. The exclusion of investments that will happen with or without the credit takes into account that the tax incentive has no economic impact whenever it benefits taxpayers who would invest in a project anyway. In such a scenario, the State will only incur the direct cost of the subsidy, while the capital investment's secondary effects cannot be attributed to the bill.

When this general principle is applied to the bill, it is reasonable to expect that most of the indirect effects of credits awarded will count as a net benefit to the State. This is so because credits can only be awarded if a project passes the net benefits test. As part of that test, the EDA excludes from the analysis the indirect benefits from jobs that are neither "at risk," classified as a "suburban to urban move," or otherwise deemed new jobs to the State. Therefore, only those tax credits that represent a relocation of jobs from a suburban area of the State to an urban area or that represent an incorrect assessment regarding the likelihood of a job created or retained within New Jersey absent the credit award, will not produce an indirect revenue gain to the State. It remains unclear, however, whether or not the indirect revenue gains attributable to the credits will exceed the direct State revenue loss and the opportunity cost they will cause.

**Opportunity Costs:** Opportunity costs capture the economic and fiscal benefits the State foregoes as spending is redirected from one economic activity to another. Given the State's finite resources and balanced budget requirement, the decision to subsidize certain capital investments will invariably divert resources from policy alternatives to which they would have been applied absent the tax credit. Therefore, if instead of this legislation, the State invested in road construction, for example, the bill would produce a net fiscal effect equal to the difference between the total fiscal impact of the amount spent on subsidizing taxpayers' capital investments and that of the foregone road construction investment.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
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, No. 3010

## STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 8, 2015

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Co-Sponsored by:**

**Senators Bateman and Ruiz**

**SYNOPSIS**

Allows certain businesses to qualify as mega projects under the "Grow New Jersey Assistance Act."

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/18/2015)**

1 AN ACT concerning mega projects under the "Grow New Jersey  
2 Assistance Act" and amending P.L.2011, c.149.

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 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  
46 organizations, and the cooperative may distribute credits to its

**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.

**S3010 SARLO**

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

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

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

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

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

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

22 d. any of the foregoing.

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

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

S3010 SARLO

1 area in the qualified business facility made or acquired prior to the  
2 date of application.

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

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

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

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

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

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

42 "Full-time employee" means a person:

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

47 b. who is employed by a professional employer organization  
48 pursuant to an employee leasing agreement between the business

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

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

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

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

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

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

31 35 hours of employment per week at a qualified business facility  
32 shall constitute one "full-time employee," regardless of whether or  
33 not the hours of work were performed by one or more persons.

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

**S3010 SARLO**

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

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

18 "Highlands development credit receiving area or redevelopment  
19 area" means an area located within a qualified incentive area and  
20 designated by the Highlands Water Protection and Planning Council  
21 for the receipt of 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).

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

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

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

36 "Mega project" means:

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

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

43 (2) at which more than 1,000 full-time employees of such  
44 business are created or retained;

45 b. a qualified business facility located in an aviation district  
46 housing a business in the aviation industry, in a Garden State  
47 Growth Zone, or in a priority area housing the United States

1 headquarters and related facilities of an automobile manufacturer,  
2 either:

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

6 (2) at which more than 1,000 full-time employees of such  
7 business are created or retained;

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

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

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

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

28 (2) at which more than 1,000 full-time employees of such  
29 business are created or retained.

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

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

45 "Municipal Revitalization Index" means the 2007 index by the  
46 Office for Planning Advocacy within the Department of State  
47 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, town, village, or a  
37 military and federal installation area designated in the  
38 comprehensive management plan prepared and adopted by the  
39 Pinelands Commission pursuant to the "Pinelands Protection Act,"  
40 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 40A:12A-  
15 6) or in need of rehabilitation pursuant to section 14 of P.L.1992,  
16 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 expansion otherwise  
20 complies with all applicable federal, State, county, and local  
21 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.2014, c.63, s.2)

7

8 2. This act shall take effect immediately and apply to program  
9 applications submitted on or after the first July 1 occurring on or  
10 after the date of enactment.

11

12

13

STATEMENT

14

15 This bill would allow certain large development projects which  
16 involve either a business engaged in research, development or  
17 manufacture of drugs and medical devices or a business licensed to  
18 provide clinical laboratory services to qualify as mega projects  
19 under the Grow New Jersey Assistance Act (GROW NJ). If a  
20 project qualifies for mega project status, the value of the GROW NJ  
21 tax credits increases.

22 Under the bill, these types of projects would qualify as mega  
23 projects if they involve either capital investments in excess of  
24 \$20,000,000 and the creation or retention of more than 250 full-  
25 time employees, or the creation or retention of more than 1,000 full-  
26 time employees.

27 The bill incorporates by cross-reference definitions of the terms  
28 drug, device, and clinical laboratory that are used in current law.

- 29 • "Drug" includes articles recognized in the official United States  
30 Pharmacopoeia, official Homeopathic Pharmacopoeia of the  
31 United States, or official National Formulary, or any supplement  
32 to any of them; articles intended for use in the diagnosis, cure,  
33 mitigation, treatment, or prevention of disease; and articles  
34 intended to affect the structure or any function of the body.
- 35 • "Device" means instruments, apparatus, and contrivances,  
36 including their components, parts, and accessories, intended for  
37 use in the diagnosis, cure, mitigation, treatment, or prevention  
38 of disease; or to affect the structure or any function of the body.
- 39 • "Clinical laboratory" includes a facility used for the performance  
40 of certain scientific examinations of materials derived from the  
41 human body for the purpose of yielding information for the  
42 diagnosis, prevention, or treatment of disease or the assessment  
43 of medical condition.

44 Currently, the following types of projects may qualify as a mega  
45 project under the Grow New Jersey Assistance Program:

- 46 • A Logistics, manufacturing, energy, defense, or maritime  
47 business in a port district or a business in the aviation  
48 industry located in an aviation district having:

**S3010 SARLO**

13

- 1       ○       a capital investment in excess of \$20 million at which
- 2       more than 250 jobs will be created or retained; or
- 3       ○       at which more than 1,000 jobs will be created or
- 4       retained.
- 5       •       A qualified business facility located in an urban transit hub,
- 6       having a capital investment in excess of \$50 million and at
- 7       which more than 250 full time employees of a business are
- 8       created or retained; or
- 9       •       A project located in an existing area designated in need of
- 10      redevelopment within Atlantic, Burlington, Camden, Cape
- 11      May, Cumberland, Gloucester, Ocean, or Salem counties
- 12      having a capital investment in excess of \$20 million, and at
- 13      which more than 150 full-time employees are created or
- 14      retained.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3010**  
**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

DATED: JUNE 25, 2015

**SUMMARY**

- Synopsis:** Allows certain businesses to qualify as mega projects under the “Grow New Jersey Assistance Act.”
- Type of Impact:** Indeterminate impact on State costs, State revenues, and local revenues.
- Agencies Affected:** New Jersey Economic Development Authority and local governments

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	Indeterminate Impact – See comments below		
<b>State Revenue</b>	Indeterminate Impact – See comments below		
<b>Local Revenue</b>	Indeterminate Impact – See comments below		

- The Office of Legislative Services (OLS) estimates that the enactment of Senate Bill No. 3010 will have an indeterminate impact on the State and affected local governments. Absent specific information on any project, reclassified as a “mega project” under the bill, the OLS cannot determine the amount of tax credits for which these projects may be eligible.
- The awarding of additional tax credits may produce State revenue losses in addition to opportunity costs. Opportunity costs represent the fiscal benefits the State forgoes as spending is redirected from one economic activity to another.
- Tax credits may also generate indirect fiscal benefits to the State and affected local governments that may offset, in whole or in part, the revenue loss and opportunity costs of providing financial assistance.

**BILL DESCRIPTION**

Senate Bill No. 3010 of 2015 allows certain large development projects which involve either a business engaged in research, development, or manufacture of drugs and medical devices or a business licensed to provide clinical laboratory services to qualify as mega projects under the “Grow New Jersey Assistance Act,” (GROW NJ) sections 1 through 9 of P.L.2011,



c.149 (C.34:1B-242 to C.34:1B-250.). If a project qualifies for mega project status, the value of the GROW NJ tax credits increases. Under the bill, the types of projects mentioned below would qualify as mega projects if they involve either capital investments in excess of \$20 million and the creation or retention of more than 250 full-time employees, or the creation or retention of more than 1,000 full-time employees.

Currently, the following types of projects may qualify as a mega project under the GROW NJ Assistance Program: (1) a logistics, manufacturing, energy, defense, or maritime business in a port district or a business in the aviation industry located in an aviation district having either a capital investment in excess of \$20 million and at which more than 20 jobs will be created or retained, or at which more than 1,000 jobs will be created or retained; (2) a qualified business facility located in an urban transit hub having a capital investment in excess of \$50 million and at which more than 250 full time employees of a business are created or retained; and (3) a project located in an existing area designated in need of redevelopment within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem Counties having a capital investment in excess of \$20 million and at which more than 150 full-time employees of a business or created or retained.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that the enactment of Senate Bill No. 3010 will have an indeterminate impact on the State and affected local governments. On one side of the ledger, the bill could produce a State revenue loss from the awarding of additional tax credits in addition to the indeterminate opportunity cost of the tax expenditure. On the other side of the ledger, additional tax credits that are essential to the realization of capital projects also generate indeterminate indirect fiscal benefits to the State and affected local governments that may offset, in part or in their entirety, the revenue loss and opportunity costs of providing the financial assistance.

Under the bill, certain types of projects that may be eligible for tax credits through the GROW NJ Assistance Program are reclassified as “mega projects.” The “mega project” designation may allow these projects to qualify for additional tax credits. In order to qualify for consideration for a tax credit award through the GROW NJ Assistance Program, businesses must meet a series of requirements related to project location, job creation and retention, capital investment, “green building” requirements, and the use of prevailing wage for labor contracts. With limited exceptions, a company must also demonstrate that the award of the tax credit is a material factor in the company’s decision to create or retain the minimum number of full-time jobs.

According to the New Jersey Economic Development Authority (EDA) qualified eligible businesses receive tax credits per job, per year, for a period of up to 10 years for each new or retained full-time job to be located at the business facility. Information on any specific projects that would be reclassified as “mega projects” is not available at this time. Without this information the OLS cannot estimate the total amount of tax credits for which these mega projects might qualify. Section 6 of P.L.2011, c.149 (C.34:1B-247) provides that there shall be

no monetary cap on the value of tax credits approved by the EDA pursuant to the “New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161 (C52:27D-489p et al.). Applications for the assistance under the GROW NJ Assistance Program must be submitted no later than June 30, 2019. Information available to the public through the EDA website indicates that approximately \$2.233 billion in tax credits have been awarded under the “New Jersey Economic Opportunity Act of 2013.”

**Indirect State and Local Revenue Gain:** Senate Bill No. 3010 may generate an indeterminate indirect revenue gain to the State and local governments that may partially offset the direct State revenue loss from, and State opportunity cost of, providing tax credits. The OLS does not have the capacity to quantify the bill’s secondary effects, since it cannot estimate the volume and type of capital investments that the tax credit will directly spur and their ensuing indirect effect on State and local government tax receipts.

In general, any indirect revenue gain will result from the economic ramifications of tax-credit induced behavior changes. Once New Jerseyans receive payments they would not have received absent the incentive, at least a portion of these payments will newly circulate in New Jersey’s economy. As these ramifications will flow through the economy, they will affect State and local revenue collections. Indirect fiscal effects encompass secondary tax collections from credit-induced capital investments (such as enhanced gross income tax collections from employees whose positions are retained in New Jersey because of the tax credit and increased property tax collections if the investment approaches the value of a property) and credit-induced spending by all impacted firms and their employees (such as employees whose positions are retained in New Jersey because of the tax credit spending their income on taxable goods and services).

The OLS points out that not all of the economic and fiscal feedback effects of capital investments benefitting from the credit may represent a gain to the State and affected municipalities. Only the ripple effects caused by credit-induced purchases should enter the fiscal estimate, while those from investments that would also be made absent the credit must be excluded. The exclusion of investments that will happen with or without the credit takes into account that the tax incentive has no economic impact whenever it benefits taxpayers who would invest in a project anyway. In such a scenario, the State will only incur the direct cost of the subsidy, while the capital investment’s secondary effects cannot be attributed to the bill.

When this general principle is applied to the bill, it is reasonable to expect that most of the indirect effects of credits awarded will count as a net benefit to the State. This is so because credits can only be awarded if a project passes the net benefits test. As part of that test, the EDA excludes from the analysis the indirect benefits from jobs that are neither “at risk,” classified as a “suburban to urban move” or otherwise deemed new jobs to the State. Therefore, only those tax credits that represent a relocation of jobs from a suburban area of the State to an urban area or that represent an incorrect assessment regarding the likelihood of a job created or retained within New Jersey absent a credit award will not produce an indirect revenue gain to the State. It remains unclear, however, whether or not the indirect revenue gains attributable to the credits will exceed the direct State revenue loss and the opportunity cost they will cause.

**Opportunity Costs:** Opportunity costs capture the economic and fiscal benefits the economy and the State forego as spending is redirected from one economic activity to another. Given the State’s finite resources and balanced budget requirement, the decision to subsidize certain capital investments will invariably divert resources from policy alternatives to which they would have been applied absent the tax credit. Therefore, if instead of this legislation, the State invested in road construction, for example, the bill would produce a net fiscal effect equal to the difference



between the total fiscal impact of the amount spent on subsidizing taxpayers' capital investments and that of the foregone road construction investment.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
Senior Fiscal Analyst*

*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

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

# SENATE ECONOMIC GROWTH COMMITTEE

## STATEMENT TO

### **SENATE, No. 3010**

# **STATE OF NEW JERSEY**

DATED: JUNE 29, 2015

The Senate Economic Growth Committee reports favorably Senate Bill No. 3010.

As reported, this bill amends the definition of “mega project” under the “Grow New Jersey Assistance Act” (GROW) to include a qualified business facility (facility) involving either a business engaged in research, development, or manufacture of drugs and medical devices, or a business licensed to provide clinical laboratory services, to qualify as a “mega project.” Under the bill, the facility qualifies as a mega project if the facility involves either capital investments in excess of \$20 million and the creation or retention of more than 250 full-time jobs, or the creation or retention of more than 1,000 full-time jobs.

If a facility qualifies as a mega project, the value of the tax credits under GROW increases. The bill incorporates by cross-reference definitions of the terms drug, device, and clinical laboratory that are used in current law.