

FLOOR AMENDMENT STATEMENT:

No

LEGISLATIVE FISCAL ESTIMATE:

Yes 11-1-2016

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"Governor signs job-creation grant legislation," The Advertiser-News, February 16, 2017

RWH/JA

P.L.2017, CHAPTER 12, *approved February 6, 2017*
Senate, No. 2477 (*Second Reprint*)

1 AN ACT ¹**[**authorizing the payment of refunds for**]** concerning¹
2 certain unused portions of tax credits issued to insurance
3 premiums taxpayers under the Business Employment Incentive
4 Program ¹and exempting certain purchasers of business
5 development incentives from certain State tax notification
6 requirements¹, amending P.L.1996, c.26 ¹, P.L.1966, c.30, and
7 P.L.2007, c.100¹.
8

9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:
11

12 1. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to read
13 as follows:

14 6. a. The amount of the employment incentive awarded as a
15 grant by the authority shall either be awarded in cash or as a tax
16 credit. In each case, the amount of the grant shall be not less than
17 10 percent and not more than 50 percent of the withholdings of the
18 business, or not less than 10 percent and not more than 30 percent
19 of the estimated tax of the partners of an eligible partnership
20 whether paid directly by the partner or by the eligible partnership
21 on behalf of the partner's account, or any combination thereof, and
22 shall be subject to the provisions of sections 10 and 11 of P.L.1996,
23 c.26 (C.34:1B-133 and C.34:1B-134). In no case shall the
24 aggregate amount of the employment incentive grant awarded
25 pursuant to a business employment incentive agreement entered into
26 on or after July 1, 2003 exceed an average of \$50,000 for all new
27 employees over the term of the grant. The employment incentive
28 shall be based on criteria developed by the authority after
29 considering the following:

- 30 (1) The number of eligible positions to be created;
31 (2) The expected duration of those positions;
32 (3) The type of contribution the business can make to the long-
33 term growth of the State's economy;
34 (4) The amount of other financial assistance the business will
35 receive from the State for the project;
36 (5) The total dollar investment the business is making in the
37 project;
38 (6) Whether the business is a designated industry;
39 (7) Impact of the business on State tax revenues; and
40 (8) Such other related factors determined by the authority.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted September 8, 2016.

²Assembly ACE committee amendments adopted October 6, 2016.

1 b. A business may be eligible to be awarded a grant, either in
2 cash or in tax credits, of up to 80 percent of the withholdings of the
3 business or up to 50 percent of the estimated tax of the partners of
4 an eligible partnership if the grant promotes smart growth and the
5 goals, strategies, and policies of the State Development and
6 Redevelopment Plan, established pursuant to section 5 of P.L.1985,
7 c.398 (C.52:18A-200), as determined by and based upon criteria
8 promulgated by the authority following consultation with the Office
9 of State Planning in the Department of State.

10 c. The term of the grant shall not exceed 10 years.

11 d. At the discretion of the authority, the grant may apply to
12 new employees or partners in eligible positions created during the
13 base years, and during the remainder of the term of the grant.

14 e. Within 180 days of the date of enactment of P.L.2015,
15 c.194 (C.34:1B-137.1 et al.), a business that was approved for a
16 grant prior to the enactment of P.L.2015, c.194 (C.34:1B-137.1 et
17 al.), may direct the authority to convert the grant to a tax credit
18 against the tax liability otherwise due pursuant to section 5 of
19 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
20 c.132 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950,
21 c.231 (C.17:32-15), or N.J.S.17B:23-5. The direction to convert the
22 grant to a tax credit shall be irrevocable. An approved tax credit
23 shall be issued in the manner and for the amounts as follows and
24 may only be applied in the tax period for which they are issued and
25 shall not be carried forward:

26 (1) For grants accrued but not paid during calendar years 2008
27 through 2013, the tax credit shall be equal to an approved amount
28 and shall be issued in five installments over a five-year period
29 beginning in the 2017 tax accounting or privilege period of the
30 business or tax credit transferee in the following percentages: in
31 year one, five percent of the accrued amount; in year two, 20
32 percent of the accrued amount; in year three, 25 percent of the
33 accrued amount; in year four, 25 percent of the accrued amount; in
34 year five, 25 percent of the accrued amount. To the extent any
35 amount in this paragraph has not been approved by the authority by
36 the commencement of State fiscal year 2017, the aggregate tax
37 credit that would have been issued in State fiscal year 2017 shall be
38 issued in the year the amount is approved and the five-year period
39 shall commence in that fiscal year;

40 (2) For a grant accrued but not paid during calendar year 2014,
41 the tax credit shall be equal to any approved amount and shall be
42 issued in four equal installments over a four-year period beginning
43 in the 2019 tax accounting or privilege period of the business or tax
44 credit transferee;

45 (3) For a grant accrued but not paid during calendar year 2015,
46 the tax credit shall be equal to any approved amount and shall be
47 issued in four equal installments over a four-year period beginning

1 in the 2019 tax accounting or privilege period of the business or tax
2 credit transferee;

3 (4) For a grant accrued but not paid during calendar year 2016,
4 the tax credit shall be equal to any approved amount and shall be
5 issued in three equal installments over a three-year period
6 beginning in the 2020 tax accounting or privilege period of the
7 business or tax credit transferee;

8 (5) For a grant accrued but not paid during calendar year 2017,
9 the tax credit shall be equal to any approved amount and shall be
10 issued in three equal installments over a three-year period
11 beginning in the 2020 tax accounting or privilege period of the
12 business or tax credit transferee;

13 (6) For a grant accrued but not paid during calendar year 2018,
14 the tax credit shall be equal to any approved amount and shall be
15 issued in two equal installments over a two-year period beginning
16 in the 2022 tax accounting or privilege period of the business or tax
17 credit transferee;

18 (7) For a grant accrued but not paid during calendar year 2019,
19 the tax credit shall be equal to any approved amount and shall be
20 issued in two equal installments over a two-year period beginning
21 in the 2022 tax accounting or privilege period of the business or tax
22 credit transferee;

23 (8) For a grant accrued but not paid during calendar year 2020,
24 the tax credit shall be equal to any approved amount and shall be
25 issued in two equal installments over a two-year period beginning
26 in the 2023 tax accounting or privilege period of the business or tax
27 credit transferee;

28 (9) For a grant accrued but not paid during calendar year 2021,
29 the tax credit shall be equal to any approved amount and shall be
30 issued in two equal installments over a two-year period beginning
31 in the 2023 tax accounting or privilege period of the business or tax
32 credit transferee;

33 (10) For a grant accrued but not paid during calendar year 2022,
34 the tax credit shall be equal to any approved amount and shall be
35 paid in two equal installments over a two-year period beginning in
36 the 2023 tax accounting or privilege period of the business or tax
37 credit transferee;

38 (11) For a grant accrued but not paid during calendar year 2023,
39 the tax credit shall be equal to any approved amount and shall be
40 issued in two equal installments over a two-year period beginning
41 in the 2023 tax accounting or privilege period of the business or tax
42 credit transferee;

43 (12) For a grant accrued but not paid during calendar year 2024,
44 the tax credit shall be equal to any approved amount and shall be
45 issued in the 2025 tax accounting or privilege period of the business
46 or tax credit transferee; and

47 (13) For a grant accrued but not paid during calendar year 2025,
48 the tax credit shall be equal to any approved amount and shall be

1 issued in the 2025 tax accounting or privilege period of the business
2 or tax credit transferee.

3 f. The amount of the credit allowed pursuant to this section
4 shall be applied against the tax otherwise due under section 5 of
5 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
6 c.132 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950,
7 c.231 (C.17:32-15), or N.J.S.17B:23-5, prior to all other credits and
8 payments. If the credit exceeds the amount of tax liability
9 otherwise due from a business that pays taxes under section 5 of
10 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132
11 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950,
12 c.231 (C.17:32-15), or N.J.S.17B:23-5, that amount of excess shall
13 be an overpayment for the purposes of R.S.54:49-15, provided,
14 however, that section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not
15 apply.

16 g. ²(1)² A business that does not pay taxes under section 5 of
17 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132
18 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-
19 15), or N.J.S.17B:23-5 may apply to the executive director of the
20 authority for a tax credit transfer certificate, covering one or more
21 years.

22 ²(2) A business that has received a tax credit pursuant to
23 subsection e. of this section, which credit exceeds the amount of the
24 tax liability otherwise due, may apply to the executive director of
25 the authority for a tax credit transfer certificate, covering one or
26 more years.

27 (3) Upon the executive director's approval of an application for
28 a tax credit transfer certificate, the division shall review and issue
29 the tax credit transfer certificate.² The tax credit transfer
30 certificate, upon receipt thereof by the business ²[from the
31 executive director of the authority]², may be sold or assigned, in
32 full or in part, in an amount not less than \$100,000, or the amount
33 of the refundable tax credit issued if less than \$100,000, of tax
34 credits to any other person that may have a tax liability pursuant to
35 section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of
36 P.L.1945, c.132 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950,
37 c.231 (C.17:32-15), or N.J.S.17B:23-5. The tax credit transfer
38 certificate provided to the business shall include a statement
39 waiving the business's right to claim that amount of the credit
40 against the taxes that the business has elected to sell or assign. The
41 sale or assignment of any amount of a tax credit transfer certificate
42 allowed under this section shall not be exchanged for consideration
43 received by the business of less than 75 percent of the transferred
44 credit amount before considering any further discounting to present
45 value which shall be permitted. Any amount of a tax credit transfer
46 certificate used by a purchaser or assignee against a tax liability
47 shall be subject to the same privileges, limitations, and conditions
48 that apply to the use of the credit by the business that originally

1 applied for and was allowed the tax credit, including treating the
2 amount of excess as an overpayment under subsection f. of this
3 section. The tax credit transferee may not transfer its tax credit to
4 any other party.

5 (cf: P.L.2016, c.9, s.1)

6

7 ¹2. Section 22 of P.L.1966, c.30 (C.54:32B-22) is amended to
8 read as follows:

9 22. (a) Whenever any person required to collect tax shall fail to
10 collect or pay over any tax, penalty or interest imposed by this act
11 as therein provided, or whenever any customer shall fail to pay any
12 such tax, penalty or interest, the Attorney General shall, upon the
13 request of the director, bring or cause to be brought an action to
14 enforce the payment of the same on behalf of the State of New
15 Jersey in any court of the State of New Jersey or of any other State
16 or of the United States.

17 (b) As an additional or alternate remedy, the director may issue a
18 warrant, directed to the sheriff of any county commanding him to
19 levy upon and sell the real and personal property of any person
20 liable for the tax, which may be found within his county, for the
21 payment of the amount thereof, with any penalties and interest, and
22 the cost of executing the warrant, and to return such warrant to the
23 director and to pay to him the money collected by virtue thereof
24 within 60 days after the receipt of such warrant. The sheriff shall
25 within 5 days after the receipt of the warrant file with the county
26 clerk a copy thereof, and thereupon such clerk shall enter in the
27 judgment docket the name of the person mentioned in the warrant
28 and the amount of the tax, penalties and interest for which the
29 warrant is issued and the date when such copy is filed. Thereupon
30 the amount of such warrant so docketed shall become a lien upon
31 the title to and interest in real and personal property of the person
32 against whom the warrant is issued. The sheriff shall then proceed
33 upon the warrant, in the same manner, and with like effect, as that
34 provided by law in respect to executions issued against property
35 upon judgments of a court of record and for services in executing
36 the warrant he shall be entitled to the same fees, which he may
37 collect in the same manner. In the discretion of the director a
38 warrant of like terms, force and effect may be issued and directed to
39 any officer or employee of the Division of Taxation, and in the
40 execution thereof such officer or employee shall have all the powers
41 conferred by law upon sheriffs, but shall be entitled to no fee or
42 compensation in excess of the actual expenses paid in the
43 performance of such duty. If a warrant is returned not satisfied in
44 full, the director may from time to time issue new warrants and
45 shall also have the same remedies to enforce the amount due
46 thereunder as if the State had recovered judgment therefor and
47 execution thereon had been returned unsatisfied.

1 (c) Whenever a person required to collect tax shall make a sale,
2 transfer, or assignment in bulk of any part or the whole of his
3 business assets, otherwise than in the ordinary course of business,
4 the purchaser, transferee or assignee shall at least 10 days before
5 taking possession of the subject of said sale, transfer or assignment,
6 or paying therefor, notify the director by registered mail of the
7 proposed sale and of the price, terms and conditions thereof whether
8 or not the seller, transferrer or assignor, has represented to, or
9 informed the purchaser, transferee or assignee that he owes any tax
10 pursuant to this act, and whether or not the purchaser, transferee, or
11 assignee has knowledge that such taxes are owing, and whether any
12 such taxes are in fact owing.

13 Whenever the purchaser, transferee or assignee shall fail to give
14 notice to the director as required by the preceding paragraph, or
15 whenever the director shall inform the purchaser, transferee or
16 assignee that a possible claim for such tax or taxes exists, any sums
17 of money, property or choses in action, or other consideration,
18 which the purchaser, transferee or assignee is required to transfer
19 over to the seller, transferrer or assignor shall be subject to a first
20 priority right and lien for any such taxes theretofore or thereafter
21 determined to be due from the seller, transferrer or assignor to the
22 State, and the purchaser, transferee or assignee is forbidden to
23 transfer to the seller, transferrer or assignor any such sums of
24 money, property or choses in action to the extent of the amount of
25 the State's claim. For failure to comply with the provisions of this
26 section the purchaser, transferee or assignee, in addition to being
27 subject to the liabilities and remedies imposed under the provisions
28 of the uniform commercial code, Title 12A of the Revised Statutes
29 of New Jersey, shall be personally liable for the payment to the
30 State of any such taxes theretofore or thereafter determined to be
31 due to the State from the seller, transferrer or assignor, and such
32 liability may be assessed and enforced in the same manner as the
33 liability for tax under this act.

34 (d) Subsection (c) of this section shall not apply to the sale,
35 transfer, or assignment of a grant, tax credit, or tax credit transfer
36 certificate that has been awarded, issued, or otherwise made
37 available to a person required to collect tax in connection with a
38 State or local business assistance or incentive program or activity
39 authorized by law in effect on the effective date of P.L. _____,
40 c. (C. _____) (pending before the Legislature as this bill).

41 For purposes of this subsection, "State or local business
42 assistance or incentive program or activity" includes but shall not
43 be limited to: the corporation business tax credit and insurance
44 premiums tax credit certificate transfer program established by
45 section 17 of P.L.2004, c.65 (C.34:1B-120.2); the Business
46 Retention and Relocation Assistance Program established by
47 P.L.1996, c.25 (C.34:1B-112 et seq.); the Business Employment
48 Incentive Program established by P.L.1996, c.26 (C.34:1B-124 et

1 al.); the Urban Transit Hub Tax Credit Program established by
2 P.L.2007, c.346 (C.34:1B-207 et seq.); the Grow New Jersey
3 Assistance Program established by section 3 of P.L.2011, c.149
4 (C.34:1B-244); and the State or local Economic Redevelopment and
5 Growth Grant program established by section 4 or section 5 of
6 P.L.2009, c.90 (C.52:27D-489d or C.52:27D-489e).¹
7 (cf: P.L.1966, c.30, s.22)
8

9 ^{13.} Section 5 of P.L.2007, c.100 (C.54:50-38) is amended to read
10 as follows:

11 5. a. (1) Whenever a person shall make a sale, transfer, or
12 assignment in bulk of any part or the whole of the person's business
13 assets except as provided by paragraph (2) of this subsection,
14 otherwise than in the ordinary course of business, the purchaser,
15 transferee or assignee shall, at least 10 days before taking
16 possession of the subject of the sale, transfer or assignment, or
17 paying therefor, notify the director by registered mail, or other such
18 method as the director may prescribe, of the proposed sale and of
19 the price, terms and conditions thereof whether or not the seller,
20 transferrer or assignor has represented to, or informed the
21 purchaser, transferee or assignee that the seller, transferrer or
22 assignor owes any State tax and whether or not the purchaser,
23 transferee, or assignee has knowledge that such taxes are owing,
24 and whether any such taxes are in fact owing. Within 10 days of
25 receiving such notice, the director shall notify the purchaser,
26 transferee or assignee by such means as the director may prescribe
27 that a possible claim for State taxes exists and include the amount
28 of the State's claim.

29 (2) (a) Paragraph (1) of this subsection shall not apply to the
30 sale, transfer or assignment of a simple dwelling house if the seller,
31 transferrer or assignor is an "individual," "estate," or "trust" as those
32 terms are used for the purposes of the "New Jersey Gross Income
33 Tax Act," N.J.S.54A:1-1 et seq.; paragraph (1) shall apply to the
34 sale, transfer or assignment of a simple dwelling house if the seller,
35 transferrer or assignor is a business entity, including but not limited
36 to a corporation or a partnership. "Simple dwelling house" means a
37 dwelling unit, attached or detached, and land appurtenant thereto,
38 including but not limited to a one-family or two-family building or
39 structure, a unit of a horizontal property regime established
40 pursuant to the "Horizontal Property Act," P.L.1963, c.168
41 (C.46:8A-1 et seq.), a unit in a housing cooperative as defined
42 under "The Cooperative Recording Act of New Jersey," P.L.1987,
43 c.381 (C.46:8D-1 et seq.), or a unit of a condominium property
44 established pursuant to the "Condominium Act," P.L.1969, c.257
45 (C.46:8B-1 et seq.), but does not include a structure or structures
46 containing more than two units of dwelling space or containing,
47 according to the records of the municipal property tax assessor,

1 commercial property including, or in addition to, the units of
2 dwelling space.

3 (b) Paragraph (1) of this subsection shall not apply to the sale,
4 transfer or assignment of a seasonal rental unit or the sale, transfer
5 or assignment of a lease for the seasonal use or rental of real
6 property if the seller, transferrer or assignor is an "individual,"
7 "estate," or "trust" as those terms are used for the purposes of the
8 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.;
9 paragraph (1) shall apply to the sale, transfer or assignment of a
10 seasonal rental unit or the sale, transfer or assignment of a lease for
11 the seasonal use or rental of real property if the seller, transferrer or
12 assignor is a business entity, including but not limited to a
13 corporation or a partnership.

14 For the purposes of this paragraph:

15 "seasonal rental unit" means

16 (i) a "timeshare estate" as that term is defined by section 2 of
17 P.L.2006, c.63 (C.45:15-16.51); and

18 (ii) a dwelling unit rented for a term of not more than 125
19 consecutive days for residential purposes by a person having a
20 permanent residence elsewhere; and

21 "lease for the seasonal use or rental of real property" means

22 (i) a "timeshare use" as that term is defined by section 2 of
23 P.L.2006, c.63 (C.45:15-16.51); and

24 (ii) the use or rental for a term of not more than 125 consecutive
25 days for residential purposes by a person having a permanent place
26 of residence elsewhere.

27 (3) Paragraph (1) of this subsection shall not apply to the sale,
28 transfer, or assignment of a grant, tax credit, or tax credit transfer
29 certificate that has been awarded, issued, or otherwise made
30 available to a person in connection with a State or local business
31 assistance or incentive program or activity authorized by law in
32 effect on the effective date of P.L. , c. (C.) (pending before
33 the Legislature as this bill).

34 For purposes of this paragraph, "State or local business
35 assistance or incentive program or activity" includes but shall not
36 be limited to: the corporation business tax credit and insurance
37 premiums tax credit certificate transfer program established by
38 section 17 of P.L.2004, c.65 (C.34:1B-120.2); the Business
39 Retention and Relocation Assistance Program established by
40 P.L.1996, c.25 (C.34:1B-112 et seq.); the Business Employment
41 Incentive Program established by P.L.1996, c.26 (C.34:1B-124 et
42 al.); the Urban Transit Hub Tax Credit Program established by
43 P.L.2007, c.346 (C.34:1B-207 et seq.); the Grow New Jersey
44 Assistance Program established by section 3 of P.L.2011, c.149
45 (C.34:1B-244); and the State or local Economic Redevelopment and
46 Growth Grant program established by section 4 or section 5 of
47 P.L.2009, c.90 (C.52:27D-489d or C.52:27D-489e).

1 b. If, upon receiving timely notice of a sale, transfer or
2 assignment from a purchaser, transferee or assignee, the director
3 fails to provide timely notice to the purchaser, transferee or
4 assignee that a possible claim for such State tax or taxes exists, the
5 purchaser, transferee or assignee may transfer over to the seller,
6 transferrer or assignor any sums of money, property or choses in
7 action, or other consideration to the extent of the amount of the
8 State's claim. The purchaser, transferee or assignee shall not be
9 subject to the liabilities and remedies imposed under the provisions
10 of the uniform commercial code, Title 12A of the New Jersey
11 Statutes, and shall not be personally liable for the payment to the
12 State of any such taxes theretofore or thereafter determined to be
13 due to the State from the seller, transferrer or assignor.

14 c. If the purchaser, transferee or assignee shall fail to give
15 notice to the director as required by the preceding paragraph, or if
16 the director shall inform the purchaser, transferee or assignee that a
17 possible claim for such State tax or taxes exists, any sums of
18 money, property or choses in action, or other consideration, which
19 the purchaser, transferee or assignee is required to transfer over to
20 the seller, transferrer or assignor shall be subject to a first priority
21 right and lien for any such State taxes theretofore or thereafter
22 determined to be due from the seller, transferrer or assignor to the
23 State, and the purchaser, transferee or assignee is forbidden to
24 transfer to the seller, transferrer or assignor any such sums of
25 money, property or choses in action to the extent of the amount of
26 the State's claim. For failure to comply with the provisions of this
27 section the purchaser, transferee or assignee, in addition to being
28 subject to the liabilities and remedies imposed under the provisions
29 of the uniform commercial code, Title 12A of the New Jersey
30 Statutes, shall be personally liable for the payment to the State of
31 any such taxes theretofore or thereafter determined to be due to the
32 State from the seller, transferrer or assignor, and such liability may
33 be assessed and enforced in the same manner as the liability for any
34 State tax under the State Uniform Tax Procedure Law, R.S.54:48-1
35 et seq.¹

36 (cf: P.L.2011, c.124, s.1)

37

38 ¹[2.] 4.¹ This act shall take effect immediately; provided,
39 however, that section 1 shall apply retroactively to January 11,
40 2016.

41

42

43

44

45 Concerns certain unused portions of tax credits issued to
46 insurance premiums taxpayers under the Business Employment
47 Incentive Program; exempts certain purchasers of business

S2477 [2R]

10

- 1 development incentives from certain State tax notification
- 2 requirements.

SENATE, No. 2477

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED JULY 29, 2016

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Authorizes payment of refunds for certain unused portions of tax credits issued to insurance premiums taxpayers under Business Employment Incentive Program.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing the payment of refunds for certain unused
2 portions of tax credits issued to insurance premiums taxpayers
3 under the Business Employment Incentive Program, amending
4 P.L.1996, c.26.

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

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9 1. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to
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12 grant by the authority shall either be awarded in cash or as a tax
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15 business, or not less than 10 percent and not more than 30 percent
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19 shall be subject to the provisions of sections 10 and 11 of P.L.1996,
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21 aggregate amount of the employment incentive grant awarded
22 pursuant to a business employment incentive agreement entered into
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26 considering the following:

- 27 (1) The number of eligible positions to be created;
28 (2) The expected duration of those positions;
29 (3) The type of contribution the business can make to the long-
30 term growth of the State's economy;
31 (4) The amount of other financial assistance the business will
32 receive from the State for the project;
33 (5) The total dollar investment the business is making in the
34 project;
35 (6) Whether the business is a designated industry;
36 (7) Impact of the business on State tax revenues; and
37 (8) Such other related factors determined by the authority.

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39 cash or in tax credits, of up to 80 percent of the withholdings of the
40 business or up to 50 percent of the estimated tax of the partners of
41 an eligible partnership if the grant promotes smart growth and the
42 goals, strategies, and policies of the State Development and
43 Redevelopment Plan, established pursuant to section 5 of P.L.1985,
44 c.398 (C.52:18A-200), as determined by and based upon criteria

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 promulgated by the authority following consultation with the Office
2 of State Planning in the Department of State.

3 c. The term of the grant shall not exceed 10 years.

4 d. At the discretion of the authority, the grant may apply to
5 new employees or partners in eligible positions created during the
6 base years, and during the remainder of the term of the grant.

7 e. Within 180 days of the date of enactment of P.L.2015,
8 c.194 (C.34:1B-137.1 et al.), a business that was approved for a
9 grant prior to the enactment of P.L.2015, c.194 (C.34:1B-137.1 et
10 al.), may direct the authority to convert the grant to a tax credit
11 against the tax liability otherwise due pursuant to section 5 of
12 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
13 c.132 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950,
14 c.231 (C.17:32-15), or N.J.S.17B:23-5. The direction to convert the
15 grant to a tax credit shall be irrevocable. An approved tax credit
16 shall be issued in the manner and for the amounts as follows and
17 may only be applied in the tax period for which they are issued and
18 shall not be carried forward:

19 (1) For grants accrued but not paid during calendar years 2008
20 through 2013, the tax credit shall be equal to an approved amount
21 and shall be issued in five installments over a five-year period
22 beginning in the 2017 tax accounting or privilege period of the
23 business or tax credit transferee in the following percentages: in
24 year one, five percent of the accrued amount; in year two, 20
25 percent of the accrued amount; in year three, 25 percent of the
26 accrued amount; in year four, 25 percent of the accrued amount; in
27 year five, 25 percent of the accrued amount. To the extent any
28 amount in this paragraph has not been approved by the authority by
29 the commencement of State fiscal year 2017, the aggregate tax
30 credit that would have been issued in State fiscal year 2017 shall be
31 issued in the year the amount is approved and the five-year period
32 shall commence in that fiscal year;

33 (2) For a grant accrued but not paid during calendar year 2014,
34 the tax credit shall be equal to any approved amount and shall be
35 issued in four equal installments over a four-year period beginning
36 in the 2019 tax accounting or privilege period of the business or tax
37 credit transferee;

38 (3) For a grant accrued but not paid during calendar year 2015,
39 the tax credit shall be equal to any approved amount and shall be
40 issued in four equal installments over a four-year period beginning
41 in the 2019 tax accounting or privilege period of the business or tax
42 credit transferee;

43 (4) For a grant accrued but not paid during calendar year 2016,
44 the tax credit shall be equal to any approved amount and shall be
45 issued in three equal installments over a three-year period
46 beginning in the 2020 tax accounting or privilege period of the
47 business or tax credit transferee;

1 (5) For a grant accrued but not paid during calendar year 2017,
2 the tax credit shall be equal to any approved amount and shall be
3 issued in three equal installments over a three-year period
4 beginning in the 2020 tax accounting or privilege period of the
5 business or tax credit transferee;

6 (6) For a grant accrued but not paid during calendar year 2018,
7 the tax credit shall be equal to any approved amount and shall be
8 issued in two equal installments over a two-year period beginning
9 in the 2022 tax accounting or privilege period of the business or tax
10 credit transferee;

11 (7) For a grant accrued but not paid during calendar year 2019,
12 the tax credit shall be equal to any approved amount and shall be
13 issued in two equal installments over a two-year period beginning
14 in the 2022 tax accounting or privilege period of the business or tax
15 credit transferee;

16 (8) For a grant accrued but not paid during calendar year 2020,
17 the tax credit shall be equal to any approved amount and shall be
18 issued in two equal installments over a two-year period beginning
19 in the 2023 tax accounting or privilege period of the business or tax
20 credit transferee;

21 (9) For a grant accrued but not paid during calendar year 2021,
22 the tax credit shall be equal to any approved amount and shall be
23 issued in two equal installments over a two-year period beginning
24 in the 2023 tax accounting or privilege period of the business or tax
25 credit transferee;

26 (10) For a grant accrued but not paid during calendar year 2022,
27 the tax credit shall be equal to any approved amount and shall be
28 paid in two equal installments over a two-year period beginning in
29 the 2023 tax accounting or privilege period of the business or tax
30 credit transferee;

31 (11) For a grant accrued but not paid during calendar year 2023,
32 the tax credit shall be equal to any approved amount and shall be
33 issued in two equal installments over a two-year period beginning
34 in the 2023 tax accounting or privilege period of the business or tax
35 credit transferee;

36 (12) For a grant accrued but not paid during calendar year 2024,
37 the tax credit shall be equal to any approved amount and shall be
38 issued in the 2025 tax accounting or privilege period of the business
39 or tax credit transferee; and

40 (13) For a grant accrued but not paid during calendar year 2025,
41 the tax credit shall be equal to any approved amount and shall be
42 issued in the 2025 tax accounting or privilege period of the business
43 or tax credit transferee.

44 f. The amount of the credit allowed pursuant to this section
45 shall be applied against the tax otherwise due under section 5 of
46 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
47 c.132 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950,
48 c.231 (C.17:32-15), or N.J.S.17B:23-5, prior to all other credits and

1 payments. If the credit exceeds the amount of tax liability
2 otherwise due from a business that pays taxes under section 5 of
3 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
4 c.132 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950,
5 c.231 (C.17:32-15), or N.J.S.17B:23-5, that amount of excess shall
6 be an overpayment for the purposes of R.S.54:49-15, provided,
7 however, that section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not
8 apply.

9 g. A business that does not pay taxes under section 5 of
10 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945,
11 c.132 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950,
12 c.231 (C.17:32-15), or N.J.S.17B:23-5 may apply to the executive
13 director of the authority for a tax credit transfer certificate, covering
14 one or more years. The tax credit transfer certificate, upon receipt
15 thereof by the business from the executive director of the authority,
16 may be sold or assigned, in full or in part, in an amount not less
17 than \$100,000, or the amount of the refundable tax credit issued if
18 less than \$100,000, of tax credits to any other person that may have
19 a tax liability pursuant to section 5 of P.L.1945, c.162 (C.54:10A-
20 5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and 54:18A-3),
21 section 1 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The
22 tax credit transfer certificate provided to the business shall include a
23 statement waiving the business's right to claim that amount of the
24 credit against the taxes that the business has elected to sell or
25 assign. The sale or assignment of any amount of a tax credit
26 transfer certificate allowed under this section shall not be
27 exchanged for consideration received by the business of less than
28 75 percent of the transferred credit amount before considering any
29 further discounting to present value which shall be permitted. Any
30 amount of a tax credit transfer certificate used by a purchaser or
31 assignee against a tax liability shall be subject to the same
32 privileges, limitations, and conditions that apply to the use of the
33 credit by the business that originally applied for and was allowed
34 the tax credit, including treating the amount of excess as an
35 overpayment under subsection f. of this section. The tax credit
36 transferee may not transfer its tax credit to any other party.
37 (cf: P.L.2016, c.9, s.1)

38

39 2. This act shall take effect immediately; provided, however,
40 that section 1 shall apply retroactively to January 11, 2016.

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42

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STATEMENT

44

45 This bill authorizes the payment of refunds for certain unused
46 portions of tax credits that are issued to insurance premiums
47 taxpayers under the Business Employment Incentive Program.

1 Under current law, a business that has previously been approved
2 for the award of a grant under the Business Employment Incentive
3 Program may direct the New Jersey Economic Development
4 Authority to convert the grant to a tax credit. The law authorizing
5 the conversion of grants to tax credits provides for the total amount
6 of the tax credit issued to a business to be applied against the
7 business's corporation business tax or insurance premiums tax
8 liability in the tax period for which the tax credit is issued.

9 The law currently allows a business that pays the corporation
10 business tax a refund for any unused portion of a tax credit that
11 exceeds the business's liability for tax, but does not extend a similar
12 benefit to a business that pays the insurance premiums tax. Under
13 current law, a business cannot receive a refund for any portion of a
14 tax credit issued to the business that is not taken to reduce an
15 insurance premiums tax liability, and is not permitted to carry any
16 unused portion of a tax credit back or forward to apply to past or
17 future tax liabilities.

18 This bill amends the law permitting the conversion of Business
19 Employment Incentive Program grants to tax credits to authorize
20 the issuance of refunds to businesses that pay the insurance
21 premiums tax. Under the bill, the unused portion of a tax credit
22 issued to a business that pays the insurance premiums tax will be
23 treated as an overpayment of tax and refunded to the business if the
24 Director of the Division of Taxation in the Department of the
25 Treasury determine that the business has no other outstanding tax
26 liabilities.

27 The bill takes effect immediately upon enactment, but applies
28 retroactively to January 11, 2016 (i.e. the date the law authorizing
29 the conversion of grants to tax credits became effective).

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

[First Reprint]
SENATE, No. 2477

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2016

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Senate Bill No. 2477.

This bill authorizes the payment of refunds for certain unused portions of tax credits that are issued to insurance premiums taxpayers under the Business Employment Incentive Program. As amended by the committee, the bill authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund. The bill also exempts certain purchasers of business development incentives from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities.

Insurance Premiums Tax Credit Refunds. Under current law, a business that has previously been approved for the award of a grant under the Business Employment Incentive Program may direct the New Jersey Economic Development Authority to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business's corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business's liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under current law, a business cannot receive a refund for any portion of a tax credit issued to the business that is not taken to reduce an insurance premiums tax liability, and is not permitted to carry any unused portion of a tax credit back or forward to apply to past or future tax liabilities.

This bill amends the law permitting the conversion of Business Employment Incentive Program grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an

overpayment of tax and refunded to the business if the Director of the Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities. The bill, as amended by the committee, also authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund.

Purchaser Exemption From State Tax Notification Requirements. Current provisions of the sales and use tax and the “bulk sale” law require the purchaser of certain business assets to notify the Director of the Division of Taxation in the Department of the Treasury of the sale, transfer, or assignment of a substantial part of the assets of a business at least 10 days before the transfer of goods or payment is made as a means to ensure that a business pays its State tax liabilities before a transaction is completed.

These provisions currently provide that if the director notifies the purchaser that the seller owes any State taxes, the purchaser must hold back from the seller any amounts that are determined to be due to the State. If the purchaser fails to notify the director, the purchaser can be held liable for any taxes owed to the State by the seller. The law provides that the director must respond within 10 days of receiving the notice from the purchaser, and if the director fails to respond to the notice within the time allowed the sale can proceed and the purchaser has no liability for the seller’s unpaid taxes.

While these procedures ensure the proper payment of State tax liabilities in commercial transactions, the Division of Taxation has recently informed taxpayers in writing through a publication on its website that business assistance or incentive grants, tax credits, and tax credit transfer certificates generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” for purposes of the tax notification requirements under the sales and use tax and the “bulk sale” law. As a result, it is the current policy of the division that the tax notification requirements do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the New Jersey Economic Development Authority deems relevant.

This bill makes permanent in statute the underlying tenants of this existing policy by exempting certain purchasers of business development incentives from the notification requirements under the sales and use tax and the “bulk sale” law. Under the bill, the provisions of law that require purchasers of business assets to notify the director of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local business assistance or incentive

program or activity authorized by law in effect on the effective date of the bill.

Effective Date. The bill takes effect immediately, but provides for the section of the bill that authorizes the payment of insurance premiums tax refunds, and the issuance of tax credit transfer certificates, to apply retroactively to January 11, 2016 (i.e. the date the law authorizing the conversion of Business Employment Incentive Program grants to tax credits became effective).

COMMITTEE AMENDMENTS:

The committee amendments to the bill authorize a business entitled to a refund for an unused portion of a tax credit to apply for a tax credit transfer certificate instead of a refund.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 2477

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Senate Bill No. 2477 (2R).

This bill authorizes the payment of refunds for certain unused portions of tax credits that are issued to insurance premiums taxpayers under the Business Employment Incentive Program. The bill authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund. The bill also exempts certain purchasers of business development incentives from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities.

Insurance Premiums Tax Credit Refunds. Under current law, a business that has previously been approved for the award of a grant under the Business Employment Incentive Program may direct the New Jersey Economic Development Authority to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business's corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business's liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under current law, a business cannot receive a refund for any portion of a tax credit issued to the business that is not taken to reduce an insurance premiums tax liability, and is not permitted to carry any unused portion of a tax credit back or forward to apply to past or future tax liabilities.

This bill amends the law permitting the conversion of Business Employment Incentive Program grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an overpayment of tax and refunded to the business if the Director of the Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities. The bill also

authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund.

Purchaser Exemption From State Tax Notification Requirements. Current provisions of the sales and use tax and the “bulk sale” law require the purchaser of certain business assets to notify the Director of the Division of Taxation in the Department of the Treasury of the sale, transfer, or assignment of a substantial part of the assets of a business at least 10 days before the transfer of goods or payment is made as a means to ensure that a business pays its State tax liabilities before a transaction is completed.

These provisions currently provide that if the director notifies the purchaser that the seller owes any State taxes, the purchaser must hold back from the seller any amounts that are determined to be due to the State. If the purchaser fails to notify the director, the purchaser can be held liable for any taxes owed to the State by the seller. The law provides that the director must respond within 10 days of receiving the notice from the purchaser, and if the director fails to respond to the notice within the time allowed the sale can proceed and the purchaser has no liability for the seller’s unpaid taxes.

While these procedures ensure the proper payment of State tax liabilities in commercial transactions, the Division of Taxation has recently informed taxpayers in writing through a publication on its website that business assistance or incentive grants, tax credits, and tax credit transfer certificates generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” for purposes of the tax notification requirements under the sales and use tax and the “bulk sale” law. As a result, it is the current policy of the division that the tax notification requirements do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the New Jersey Economic Development Authority deems relevant.

This bill makes permanent in statute the underlying tenants of this existing policy by exempting certain purchasers of business development incentives from the notification requirements under the sales and use tax and the “bulk sale” law. Under the bill, the provisions of law that require purchasers of business assets to notify the director of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local business assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

Effective Date. The bill takes effect immediately, but provides for the section of the bill that authorizes the payment of insurance premiums tax refunds, and the issuance of tax credit transfer

certificates, to apply retroactively to January 11, 2016 (i.e. the date the law authorizing the conversion of Business Employment Incentive Program grants to tax credits became effective).

As reported, this bill is identical to Assembly Bill No. 4083 (1R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing. This expectation is based on the assumption that following enactment:

(1) some businesses issued tax credits under the Business Employment Incentive Program (BEIP) will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill;

(2) the changes provided by the bill may expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability; and

(3) current Division of Taxation policy that allows State and local business assistance or incentive grants, tax credits, and tax credit transfer certificates to not be considered a “business asset” for purposes of certain purchaser notification requirements under the sales and use tax and the “bulk sale” law will be continued in statute and the bill’s provisions effectuating those changes will have no impact on State revenues.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2477

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2477, with committee amendments.

As amended, this bill authorizes the payment of refunds for certain unused portions of tax credits that are issued to insurance premiums taxpayers under the Business Employment Incentive Program, and exempts certain purchasers of business development incentives from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities.

Insurance Premiums Tax Credit Refunds. Under current law, a business that has previously been approved for the award of a grant under the Business Employment Incentive Program may direct the New Jersey Economic Development Authority to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business's corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business's liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under current law, a business cannot receive a refund for any portion of a tax credit issued to the business that is not taken to reduce an insurance premiums tax liability, and is not permitted to carry any unused portion of a tax credit back or forward to apply to past or future tax liabilities.

This bill amends the law permitting the conversion of Business Employment Incentive Program grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an overpayment of tax and refunded to the business if the Director of the Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities.

Purchaser Exemption From State Tax Notification Requirements. Current provisions of the sales and use tax and the "bulk sale" law

require the purchaser of certain business assets to notify the Director of the Division of Taxation in the Department of the Treasury of the sale, transfer, or assignment of a substantial part of the assets of a business at least 10 days before the transfer of goods or payment is made as a means to ensure that a business pays its State tax liabilities before a transaction is completed.

These provisions currently provide that if the director notifies the purchaser that the seller owes any State taxes, the purchaser must hold back from the seller any amounts that are determined to be due to the State. If the purchaser fails to notify the director, the purchaser can be held liable for any taxes owed to the State by the seller. The law provides that the director must respond within 10 days of receiving the notice from the purchaser, and if the director fails to respond to the notice within the time allowed the sale can proceed and the purchaser has no liability for the seller's unpaid taxes.

While these procedures ensure the proper payment of State tax liabilities in commercial transactions, the Division of Taxation has recently informed taxpayers in writing through a publication on its website that business assistance or incentive grants, tax credits, and tax credit transfer certificates generated, granted, awarded, received, or available under a State or local program are not considered a "business asset" for purposes of the tax notification requirements under the sales and use tax and the "bulk sale" law. As a result, it is the current policy of the division that the tax notification requirements do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the New Jersey Economic Development Authority deems relevant.

This bill makes permanent in statute the underlying tenants of this existing policy by exempting certain purchasers of business development incentives from the notification requirements under the sales and use tax and the "bulk sale" law. Under the bill, the provisions of law that require purchasers of business assets to notify the director of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local business assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

Effective Date. The bill takes effect immediately, but provides for the section of the bill that authorizes the payment of insurance premiums tax refunds to apply retroactively to January 11, 2016 (i.e. the date the law authorizing the conversion of Business Employment Incentive Program grants to tax credits became effective).

COMMITTEE AMENDMENTS:

The amendments exempt certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects this bill will result in an indeterminate State revenue loss to the extent that the insurance premiums tax credit amount exceeding a business’s insurance premiums tax liability results in a refund. The magnitude of the impact is unknown and is dependent upon the value of grants converted to tax credits for businesses that pay the insurance premiums tax, the tax liability of those insurance premiums taxpayers, and the excess amount of each tax credit that would be forgone absent the bill.

Additionally, the bill exempts the purchasers of certain grants, tax credits, and tax credit transfer certificates from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities. According to information recently provided to taxpayers in writing through a publication on the Division of Taxation’s website, exempting the sale of these grants, tax credits, and tax credit transfer certificates from the notification requirements is the current administrative practice of the division. As such, the OLS does not expect the exemption to produce a fiscal impact to the State.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2477

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: SEPTEMBER 15, 2016

SUMMARY

- Synopsis:** Concerns certain unused portions of tax credits issued to insurance premiums taxpayers under the Business Employment Incentive Program; exempts certain purchasers of business development incentives from certain State tax notification requirements.
- Type of Impact:** Indeterminate revenue loss to State General Fund from a reduction in insurance premiums tax receipts.
- Agencies Affected:** Department of the Treasury;
New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	
State Revenue Loss	Indeterminate Revenue Loss

- The Office of Legislative Services (OLS) estimates that this bill will result in an indeterminate State revenue loss to the extent that the insurance premiums tax credit amount exceeding a business's insurance premiums tax liability may result in a refund.
- The magnitude of the impact is unknown and is largely dependent upon the value of Business Employment Incentive Program (BEIP) grants converted to tax credits for businesses that pay the insurance premiums tax, the tax liability of those insurance premiums taxpayers, and the excess amount of each tax credit that would be forgone absent the enactment of the bill.
- Additionally, the bill exempts the purchases of certain grants, tax credits, and tax credit transfer certificates from certain State tax notification requirements under the Sales and Use Tax Act and the "bulk sale" law. According to the Department of the Treasury's website, the exemption of these grants, tax credits, and tax credit transfer certificates from the bulk sale law is standard administrative procedure. Therefore, the OLS does not expect the exemption provision in the bill to produce a fiscal impact.

BILL DESCRIPTION

Senate Bill No. 2477 (1R) of 2016 amends the current law permitting the conversion of BEIP grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Additionally, the bill exempts the purchases of certain grants, tax credits, and tax credit transfer certificates from certain State tax notification requirements under the Sales and Use Tax Act and the “bulk sale” law

Under current law, a business that has previously been approved for the award of a grant under BEIP may direct the New Jersey Economic Development Authority (EDA) to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business’s corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business’s liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an overpayment of tax and refunded to the business if the Director of the Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate State revenue loss to the extent that the insurance premiums tax credit amount exceeding a business’s insurance premiums tax liability may result in a refund. However, the magnitude of the impact is unknown and is largely dependent upon the value of BEIP grants converted to tax credits for businesses that pay the insurance premiums tax, the tax liability of those insurance premiums taxpayers, and the excess amount of each tax credit that would be forgone absent the enactment of the bill.

Additionally, the bill exempts the purchases of certain grants, tax credits, and tax credit transfer certificates from certain State tax notification requirements under the Sales and Use Tax Act and the “bulk sale” law. According to the Department of the Treasury’s website, the exemption of these grants, tax credits, and tax credit transfer certificates from the bulk sale law is standard administrative procedure. Therefore, since the Division of Taxation already excludes these grants, tax credits, and tax credit transfer certificates from the bulk sale law, the OLS does not expect the exemption provision in the bill to produce a fiscal impact.

The estimate for permitting the insurance premiums tax credit refunds is subject to some uncertainty. First, businesses were provided a window during which they could elect to convert their grants to tax credits before July 11, 2016. In responding to EDA Discussion Point #5 in the OLS Fiscal Year 2016-2017 Department of the Treasury Budget Analysis, the authority acknowledged that as of the time of its response (May 2016) only nine of the affected businesses that had previously been awarded a BEIP grant had made the election to convert their grants to

tax credits. The OLS is unaware of how many affected businesses have since elected to receive a tax credit and how many of those affected businesses are insurance premiums taxpayers. For every business that had been awarded a BEIP grant and failed to make the election or decided against the conversion, the amount of revenue that may be lost as a result of the bill in a given year may need to be reduced.

Moreover, the OLS is unaware of the value of grants to be converted to tax credits for those businesses that pay the insurance premiums tax. A major component of the bill's impact is the excess amount of each tax credit that would be forgone absent the enactment of the bill. For example, an insurance premiums taxpayer elects to have a BEIP grant worth \$100,000 converted to a tax credit. Under current law, if the taxpayer was to apply the \$100,000 tax credit to \$85,000 in insurance premiums tax liability, the excess \$15,000 would not be refunded or carried forward. If enacted, the bill would authorize the Director of the Division of Taxation to pay that excess \$15,000 as a refund to the taxpayer, and would reduce insurance premiums tax revenue by an equal amount. Further, the OLS has no way of knowing how many gross income tax recipients will convert their BEIP grants to tax credits, get the tax credit transfer certificate, and then sell those certificates to an insurance premiums taxpayer that will get a refund. Any transfer of a credit which results in a refund for an insurance premiums taxpayer will negatively impact State revenue collections.

As mentioned above, the OLS is unaware of how many affected businesses with an insurance premiums tax liability elected to have their BEIP grants converted to tax credits. Additionally, the OLS is unaware of how many of those businesses would receive tax credits in excess of the businesses insurance premiums tax liability. As a result of the above uncertainty, actual losses in any given year may vary.

Section: Revenue, Finance and Appropriations

*Analyst: Jordan M. DiGiovanni
Assistant Fiscal Analyst*

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

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

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2477

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: NOVEMBER 1, 2016

SUMMARY

- Synopsis:** Concerns certain unused portions of tax credits issued to insurance premiums taxpayers under the Business Employment Incentive Program; exempts certain purchasers of business development incentives from certain State tax notification requirements.
- Type of Impact:** Indeterminate revenue loss to State General Fund.
- Agencies Affected:** Department of the Treasury; New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2017 – Fiscal Year 2025</u>
State Revenue Loss	Indeterminate – See comments below

- The Office of Legislative Services (OLS) expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing, largely due to the fact that following enactment some businesses issued tax credits under the Business Employment Incentive Program (BEIP) will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill.
- The OLS also notes that State revenues may be lost if changes provided by the bill expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability.
- The OLS does not expect the bill’s exemption from certain purchaser notification requirements under the sales and use tax and the “bulk sale” law to have an impact on State revenues, to the extent that the exemption is in fact a continuation of existing policy in State statute.

BILL DESCRIPTION

Senate Bill No. 2477 (2R) of 2016 amends current law to authorize the payment of refunds for certain unused portions of insurance premiums tax credits issued to businesses under the BEIP, and to provide businesses with unused portions of corporation business tax or insurance premiums tax credits issued under BEIP the option of receiving a tax credit transfer certificate instead of a refund for that portion of the credit that cannot be used to reduce a tax liability.

In addition, the bill exempts certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law that are used to ensure payment of State tax liabilities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing. This expectation is based on the assumption that following enactment:

(1) Some businesses issued tax credits under the BEIP will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill;

(2) The changes provided by the bill may expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability; and

(3) Current Division of Taxation policy that allows State and local business assistance or incentive grants, tax credits, and tax credit transfer certificates to not be considered a “business asset” for purposes of certain purchaser notification requirements under the sales and use tax and the “bulk sale” law will be continued in statute and the bill’s provisions effectuating those changes will have no impact on State revenues.

Newly Established Refund and Tax Credit Transfer Certificate Procedures

P.L.2015, c.194 establishes a process to permit the voluntary conversion of BEIP grants into tax credits. The law establishing this process provides businesses that have been approved for a BEIP grant 180 days following the date of enactment to direct the New Jersey Economic Development Authority (EDA) to convert the grant into a tax credit.

Under the law, businesses that elect to convert their BEIP grants are to be issued tax credits in annual installments based on the value of the business’s unpaid BEIP grant commitments and the calendar years in which the grants accrued or are expected to be accrued to the business. Once issued, the tax credit can be taken by the business to reduce the business’s corporation business tax or insurance premiums tax liability, or, if the business does not pay taxes under the corporation business tax or the insurance premiums tax, sold or assigned through a tax credit transfer certificate to any other person that may have a liability for those taxes.

The law establishing the process imposes certain restrictions on the use and application of tax credits issued to businesses. The law dictates that tax credits issued to businesses may only be applied to reduce a corporation business tax or insurance premium tax liability in the tax period

for which they are issued, and prohibits unused tax credits from being carried forward to reduce future tax liabilities.

In addition, the law limits the refundability of unused tax credit amounts issued to businesses that pay the corporation business tax, and does not extend the availability of tax credit transfer certificates to businesses that pay the corporation business tax or the insurance premiums tax. Current law only permits businesses that do not pay those taxes (e.g. limited liability companies, S corporations, and partnerships) to apply to the executive director of the EDA for a tax credit transfer certificate that can be sold or assigned to any other person that may have a corporation business tax or insurance premiums tax liability.

This bill loosens some of these existing restrictions on the use and application of tax credits. The bill allows businesses that pay the insurance premiums tax to file a claim for refund with the Director of the Division of Taxation in the Department of the Treasury for the remaining amount of any tax credit issued to the business that cannot be taken to reduce the business's tax liability, and permits businesses that pay the corporation business tax or the insurance premiums tax to apply for a tax credit transfer certificate for the unused portion of a tax credit issued to the business that cannot be applied to reduce the business's liability for tax.

In doing so, the bill creates additional opportunities for businesses with unused portions of tax credits to receive the full amount of the benefit that otherwise would have been forgone but for the changes provided by the bill. These additional opportunities may include instances in which businesses that pay the insurance premiums tax are issued an installment of a tax credit that exceeds their tax liability and, as a result of the bill, are newly permitted to file a claim for refund and receive a check for that unused portion of the tax credit that exceeds the business's tax liability.

The additional opportunities also may include instances in which businesses that pay the corporation business tax are issued an installment of a tax credit that exceeds their tax liability, but are unable or unwilling (for whatever reason) to file a claim for refund for the amount of the excess tax credit that cannot be applied to reduce the business's tax liability. As a result of the bill, these businesses will newly be permitted to apply for a tax credit transfer certificate to recoup, through the subsequent sale or assignment of the tax credit transfer certificate, the unused portion of a tax credit that otherwise would have been forgone.

However, the magnitude of State revenue that may be lost in providing businesses additional opportunities to recoup unused portions of tax credits, and the timing of the potential State revenue losses, cannot be determined with any certainty. In large part, it is unclear how many of the 213 businesses that have directed the EDA to convert their BEIP grants into tax credits will have excess tax credits amounts that would have been forgone but for the changes provided by the bill, or the total dollar amount of the excess tax credits that would have resulted from the \$1.082 billion in tax credits that are expected to be issued to those 213 businesses.

Moreover, even if the number of businesses with excess tax credits and the value of those unused amounts were known and could be quantified, it is not possible to determine when the excess tax credit amounts that would have been forgone but for the bill will be applied to reduce a tax liability and result in a revenue loss to the State. Absent access to confidential taxpayer data, there is no reliable method to predict in what year a business issued a tax credit under BEIP will have tax credit amounts that exceed the business's tax liabilities.

Expanded Pool of Potential Tax Credit Transfer Certificate Purchasers

In addition to allowing businesses additional opportunities to recoup unused portions of tax credits, the changes provided by the bill may have a secondary effect of expanding the pool of potential purchasers of tax credit transfer certificates issued to businesses under the program. In essence, because more businesses issued tax credits under BEIP will be allowed to sell or assign tax credits that can be used by purchasers under more favorable terms than existing conditions,

there may be more persons with corporation business tax or insurance premiums tax liabilities willing to enter the marketplace for the purchase or assignment of unused tax credit amounts.

The primary impact of this potential increase in the number of persons entering the marketplace may be on the consideration received by businesses for the sale or assignment of tax credit transfer certificates authorized by the program. With more purchasers vying for a defined pool of unused tax credits, businesses selling or assigning tax credits transfer certificates for unused tax credit amounts may realize increased amounts of consideration from purchasers for unused tax credit amounts.

However, increasing the number of persons entering the marketplace for the purchase or assignment of unused tax credit amounts also may have an impact on State revenues if the increased pool of potential purchasers leads to fewer instances in which tax credits are not used to reduce a tax liability. With more purchasers vying for a somewhat defined pool of unused tax credits, there may be fewer instances in which businesses with unused tax credit amounts cannot find a willing purchaser that ultimately can apply the tax credit to reduce a tax liability.

It is not currently known based on available information how many of the 213 businesses that are expected to be issued tax credits under BEIP may have tax credits that will remain unused or the number of additional businesses that may enter the marketplace as a result of the bill and, therefore, no way to determine the additional revenue that may be forgone to the State if fewer tax credits go unused. Presumably, the additional State revenue loss is dependent on the number of businesses with tax credits that would have gone unused but for the changes provided by the bill and the underlying amount of each tax credit available to those businesses that may have gone unused.

Exemption from certain State Tax Notification Requirements

The bill exempts certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law that are used to ensure payment of State tax liabilities. Under its provisions, current requirements that provide for purchasers of business assets to notify the Director of the Division of Taxation of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

According to information made available by the Division of Taxation in writing through its website, these types of business assistance or incentive grants, tax credits, and tax credit transfer certificates that are generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” subject to the purchaser notification requirements under those laws. In short, it already appears to be the existing policy of the division that the notification requirements of those laws do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the EDA deems relevant.

As a result, the exemption provided by the bill is not expected to have an impact on State revenues. The amendments to current law merely provide for a continuation of existing division policy in State statute.

Section: Revenue, Finance, and Appropriations

*Analyst: Luke E. Wolff
Senior Research Analyst*

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

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

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

ASSEMBLY, No. 4083

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED SEPTEMBER 15, 2016

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblyman PARKER SPACE

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Authorizes payment of refunds for certain unused portions of tax credits issued to insurance premiums taxpayers under Business Employment Incentive Program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/16/2016)

1 AN ACT authorizing the payment of refunds for certain unused
2 portions of tax credits issued to insurance premiums taxpayers
3 under the Business Employment Incentive Program, amending
4 P.L.1996, c.26.

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

8
9 1. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to
10 read as follows:

11 6. a. The amount of the employment incentive awarded as a
12 grant by the authority shall either be awarded in cash or as a tax
13 credit. In each case, the amount of the grant shall be not less than
14 10 percent and not more than 50 percent of the withholdings of the
15 business, or not less than 10 percent and not more than 30 percent
16 of the estimated tax of the partners of an eligible partnership
17 whether paid directly by the partner or by the eligible partnership
18 on behalf of the partner's account, or any combination thereof, and
19 shall be subject to the provisions of sections 10 and 11 of P.L.1996,
20 c.26 (C.34:1B-133 and C.34:1B-134). In no case shall the aggregate
21 amount of the employment incentive grant awarded pursuant to a
22 business employment incentive agreement entered into on or after
23 July 1, 2003 exceed an average of \$50,000 for all new employees
24 over the term of the grant. The employment incentive shall be
25 based on criteria developed by the authority after considering the
26 following:

- 27 (1) The number of eligible positions to be created;
28 (2) The expected duration of those positions;
29 (3) The type of contribution the business can make to the long-
30 term growth of the State's economy;
31 (4) The amount of other financial assistance the business will
32 receive from the State for the project;
33 (5) The total dollar investment the business is making in the
34 project;
35 (6) Whether the business is a designated industry;
36 (7) Impact of the business on State tax revenues; and
37 (8) Such other related factors determined by the authority.

38 b. A business may be eligible to be awarded a grant, either in
39 cash or in tax credits, of up to 80 percent of the withholdings of the
40 business or up to 50 percent of the estimated tax of the partners of
41 an eligible partnership if the grant promotes smart growth and the
42 goals, strategies, and policies of the State Development and
43 Redevelopment Plan, established pursuant to section 5 of P.L.1985,
44 c.398 (C.52:18A-200), as determined by and based upon criteria
45 promulgated by the authority following consultation with the Office
46 of State Planning in the Department of State.

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 c. The term of the grant shall not exceed 10 years.

2 d. At the discretion of the authority, the grant may apply to
3 new employees or partners in eligible positions created during the
4 base years, and during the remainder of the term of the grant.

5 e. Within 180 days of the date of enactment of P.L.2015, c.194
6 (C.34:1B-137.1 et al.), a business that was approved for a grant
7 prior to the enactment of P.L.2015, c.194 (C.34:1B-137.1 et al.),
8 may direct the authority to convert the grant to a tax credit against
9 the tax liability otherwise due pursuant to section 5 of P.L.1945,
10 c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-
11 2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
12 N.J.S.17B:23-5. The direction to convert the grant to a tax credit
13 shall be irrevocable. An approved tax credit shall be issued in the
14 manner and for the amounts as follows and may only be applied in
15 the tax period for which they are issued and shall not be carried
16 forward:

17 (1) For grants accrued but not paid during calendar years 2008
18 through 2013, the tax credit shall be equal to an approved amount
19 and shall be issued in five installments over a five-year period
20 beginning in the 2017 tax accounting or privilege period of the
21 business or tax credit transferee in the following percentages: in
22 year one, five percent of the accrued amount; in year two, 20
23 percent of the accrued amount; in year three, 25 percent of the
24 accrued amount; in year four, 25 percent of the accrued amount; in
25 year five, 25 percent of the accrued amount. To the extent any
26 amount in this paragraph has not been approved by the authority by
27 the commencement of State fiscal year 2017, the aggregate tax
28 credit that would have been issued in State fiscal year 2017 shall be
29 issued in the year the amount is approved and the five-year period
30 shall commence in that fiscal year;

31 (2) For a grant accrued but not paid during calendar year 2014,
32 the tax credit shall be equal to any approved amount and shall be
33 issued in four equal installments over a four-year period beginning
34 in the 2019 tax accounting or privilege period of the business or tax
35 credit transferee;

36 (3) For a grant accrued but not paid during calendar year 2015,
37 the tax credit shall be equal to any approved amount and shall be
38 issued in four equal installments over a four-year period beginning
39 in the 2019 tax accounting or privilege period of the business or tax
40 credit transferee;

41 (4) For a grant accrued but not paid during calendar year 2016,
42 the tax credit shall be equal to any approved amount and shall be
43 issued in three equal installments over a three-year period
44 beginning in the 2020 tax accounting or privilege period of the
45 business or tax credit transferee;

46 (5) For a grant accrued but not paid during calendar year 2017,
47 the tax credit shall be equal to any approved amount and shall be
48 issued in three equal installments over a three-year period

1 beginning in the 2020 tax accounting or privilege period of the
2 business or tax credit transferee;

3 (6) For a grant accrued but not paid during calendar year 2018,
4 the tax credit shall be equal to any approved amount and shall be
5 issued in two equal installments over a two-year period beginning
6 in the 2022 tax accounting or privilege period of the business or tax
7 credit transferee;

8 (7) For a grant accrued but not paid during calendar year 2019,
9 the tax credit shall be equal to any approved amount and shall be
10 issued in two equal installments over a two-year period beginning
11 in the 2022 tax accounting or privilege period of the business or tax
12 credit transferee;

13 (8) For a grant accrued but not paid during calendar year 2020,
14 the tax credit shall be equal to any approved amount and shall be
15 issued in two equal installments over a two-year period beginning
16 in the 2023 tax accounting or privilege period of the business or tax
17 credit transferee;

18 (9) For a grant accrued but not paid during calendar year 2021,
19 the tax credit shall be equal to any approved amount and shall be
20 issued in two equal installments over a two-year period beginning
21 in the 2023 tax accounting or privilege period of the business or tax
22 credit transferee;

23 (10) For a grant accrued but not paid during calendar year 2022,
24 the tax credit shall be equal to any approved amount and shall be
25 paid in two equal installments over a two-year period beginning in
26 the 2023 tax accounting or privilege period of the business or tax
27 credit transferee;

28 (11) For a grant accrued but not paid during calendar year 2023,
29 the tax credit shall be equal to any approved amount and shall be
30 issued in two equal installments over a two-year period beginning
31 in the 2023 tax accounting or privilege period of the business or tax
32 credit transferee;

33 (12) For a grant accrued but not paid during calendar year 2024,
34 the tax credit shall be equal to any approved amount and shall be
35 issued in the 2025 tax accounting or privilege period of the business
36 or tax credit transferee; and

37 (13) For a grant accrued but not paid during calendar year 2025,
38 the tax credit shall be equal to any approved amount and shall be
39 issued in the 2025 tax accounting or privilege period of the business
40 or tax credit transferee.

41 f. The amount of the credit allowed pursuant to this section
42 shall be applied against the tax otherwise due under section 5 of
43 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132
44 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950, c.231
45 (C.17:32-15), or N.J.S.17B:23-5, prior to all other credits and
46 payments. If the credit exceeds the amount of tax liability
47 otherwise due from a business that pays taxes under section 5 of
48 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132

1 (C.54:18A-2 and C.54:18A-3), section 1 of P.L.1950, c.231
2 (C.17:32-15), or N.J.S.17B:23-5, that amount of excess shall be an
3 overpayment for the purposes of R.S.54:49-15, provided, however,
4 that section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not apply.

5 g. A business that does not pay taxes under section 5 of
6 P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132
7 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-
8 15), or N.J.S.17B:23-5 may apply to the executive director of the
9 authority for a tax credit transfer certificate, covering one or more
10 years. The tax credit transfer certificate, upon receipt thereof by the
11 business from the executive director of the authority, may be sold or
12 assigned, in full or in part, in an amount not less than \$100,000, or
13 the amount of the refundable tax credit issued if less than \$100,000,
14 of tax credits to any other person that may have a tax liability
15 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2
16 and 3 of P.L.1945, c.132 (C.54:18A-2 and 54:18A-3), section 1 of
17 P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The tax credit
18 transfer certificate provided to the business shall include a
19 statement waiving the business's right to claim that amount of the
20 credit against the taxes that the business has elected to sell or
21 assign. The sale or assignment of any amount of a tax credit
22 transfer certificate allowed under this section shall not be
23 exchanged for consideration received by the business of less than
24 75 percent of the transferred credit amount before considering any
25 further discounting to present value which shall be permitted. Any
26 amount of a tax credit transfer certificate used by a purchaser or
27 assignee against a tax liability shall be subject to the same
28 privileges, limitations, and conditions that apply to the use of the
29 credit by the business that originally applied for and was allowed
30 the tax credit, including treating the amount of excess as an
31 overpayment under subsection f. of this section. The tax credit
32 transferee may not transfer its tax credit to any other party.

33 (cf: P.L.2016, c.9, s.1)

34
35 2. This act shall take effect immediately; provided, however,
36 that section 1 shall apply retroactively to January 11, 2016.

37 38 39 STATEMENT

40
41 This bill authorizes the payment of refunds for certain unused
42 portions of tax credits that are issued to insurance premiums
43 taxpayers under the Business Employment Incentive Program.

44 Under current law, a business that has previously been approved
45 for the award of a grant under the Business Employment Incentive
46 Program may direct the New Jersey Economic Development
47 Authority to convert the grant to a tax credit. The law authorizing
48 the conversion of grants to tax credits provides for the total amount

1 of the tax credit issued to a business to be applied against the
2 business's corporation business tax or insurance premiums tax
3 liability in the tax period for which the tax credit is issued.

4 The law currently allows a business that pays the corporation
5 business tax a refund for any unused portion of a tax credit that
6 exceeds the business's liability for tax, but does not extend a similar
7 benefit to a business that pays the insurance premiums tax. Under
8 current law, a business cannot receive a refund for any portion of a
9 tax credit issued to the business that is not taken to reduce an
10 insurance premiums tax liability, and is not permitted to carry any
11 unused portion of a tax credit back or forward to apply to past or
12 future tax liabilities.

13 This bill amends the law permitting the conversion of Business
14 Employment Incentive Program grants to tax credits to authorize
15 the issuance of refunds to businesses that pay the insurance
16 premiums tax. Under the bill, the unused portion of a tax credit
17 issued to a business that pays the insurance premiums tax will be
18 treated as an overpayment of tax and refunded to the business if the
19 Director of the Division of Taxation in the Department of the
20 Treasury determine that the business has no other outstanding tax
21 liabilities.

22 The bill takes effect immediately upon enactment, but applies
23 retroactively to January 11, 2016 (i.e. the date the law authorizing
24 the conversion of grants to tax credits became effective).

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4083

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2016

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 4083.

This bill authorizes the payment of refunds for certain unused portions of tax credits that are issued to insurance premiums taxpayers under the Business Employment Incentive Program. Additionally, as amended by the committee, the bill authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund. As amended, the bill also exempts certain purchasers of business development incentives from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities.

Insurance Premiums Tax Credit Refunds. Under current law, a business that has previously been approved for the award of a grant under the Business Employment Incentive Program may direct the New Jersey Economic Development Authority to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business's corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business's liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under current law, a business cannot receive a refund for any portion of a tax credit issued to the business that is not taken to reduce an insurance premiums tax liability, and is not permitted to carry any unused portion of a tax credit back or forward to apply to past or future tax liabilities.

This bill amends the law permitting the conversion of Business Employment Incentive Program grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an overpayment of tax and refunded to the business if the Director of the

Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities. The bill, as amended by the committee, also authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund.

Purchaser Exemption From State Tax Notification Requirements. Current provisions of the sales and use tax and the “bulk sale” law require the purchaser of certain business assets to notify the Director of the Division of Taxation in the Department of the Treasury of the sale, transfer, or assignment of a substantial part of the assets of a business at least 10 days before the transfer of goods or payment is made as a means to ensure that a business pays its State tax liabilities before a transaction is completed.

These provisions currently provide that if the director notifies the purchaser that the seller owes any State taxes, the purchaser must hold back from the seller any amounts that are determined to be due to the State. If the purchaser fails to notify the director, the purchaser can be held liable for any taxes owed to the State by the seller. The law provides that the director must respond within 10 days of receiving the notice from the purchaser, and if the director fails to respond to the notice within the time allowed the sale can proceed and the purchaser has no liability for the seller’s unpaid taxes.

While these procedures ensure the proper payment of State tax liabilities in commercial transactions, the Division of Taxation has recently informed taxpayers in writing through a publication on its website that business assistance or incentive grants, tax credits, and tax credit transfer certificates generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” for purposes of the tax notification requirements under the sales and use tax and the “bulk sale” law. As a result, it is the current policy of the division that the tax notification requirements do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the New Jersey Economic Development Authority deems relevant.

The bill, as amended by the committee, makes permanent in statute the underlying tenants of this existing policy by exempting certain purchasers of business development incentives from the notification requirements under the sales and use tax and the “bulk sale” law. Under the bill, as amended, the provisions of law that require purchasers of business assets to notify the director of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local business assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

Effective Date. The bill takes effect immediately, but provides for the section of the bill that authorizes the payment of insurance premiums tax refunds, and the issuance of tax credit transfer certificates, to apply retroactively to January 11, 2016 (i.e. the date the law authorizing the conversion of Business Employment Incentive Program grants to tax credits became effective).

COMMITTEE AMENDMENTS:

The committee amendments to the bill:

- exempt certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law, and
- authorize a business entitled to a refund for an unused portion of a tax credit to apply for a tax credit transfer certificate instead of a refund.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4083

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4083 (1R).

This bill authorizes the payment of refunds for certain unused portions of tax credits that are issued to insurance premiums taxpayers under the Business Employment Incentive Program. The bill authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund. The bill also exempts certain purchasers of business development incentives from certain State tax notification requirements that are used to assure the proper payment of State tax liabilities.

Insurance Premiums Tax Credit Refunds. Under current law, a business that has previously been approved for the award of a grant under the Business Employment Incentive Program may direct the New Jersey Economic Development Authority to convert the grant to a tax credit. The law authorizing the conversion of grants to tax credits provides for the total amount of the tax credit issued to a business to be applied against the business's corporation business tax or insurance premiums tax liability in the tax period for which the tax credit is issued.

The law currently allows a business that pays the corporation business tax a refund for any unused portion of a tax credit that exceeds the business's liability for tax, but does not extend a similar benefit to a business that pays the insurance premiums tax. Under current law, a business cannot receive a refund for any portion of a tax credit issued to the business that is not taken to reduce an insurance premiums tax liability, and is not permitted to carry any unused portion of a tax credit back or forward to apply to past or future tax liabilities.

This bill amends the law permitting the conversion of Business Employment Incentive Program grants to tax credits to authorize the issuance of refunds to businesses that pay the insurance premiums tax. Under the bill, the unused portion of a tax credit issued to a business that pays the insurance premiums tax will be treated as an overpayment of tax and refunded to the business if the Director of the Division of Taxation in the Department of the Treasury determines that the business has no other outstanding tax liabilities. The bill also

authorizes businesses with unused portions of tax credits the option of receiving a tax credit transfer certificate instead of a refund.

Purchaser Exemption From State Tax Notification Requirements. Current provisions of the sales and use tax and the “bulk sale” law require the purchaser of certain business assets to notify the Director of the Division of Taxation in the Department of the Treasury of the sale, transfer, or assignment of a substantial part of the assets of a business at least 10 days before the transfer of goods or payment is made as a means to ensure that a business pays its State tax liabilities before a transaction is completed.

These provisions currently provide that if the director notifies the purchaser that the seller owes any State taxes, the purchaser must hold back from the seller any amounts that are determined to be due to the State. If the purchaser fails to notify the director, the purchaser can be held liable for any taxes owed to the State by the seller. The law provides that the director must respond within 10 days of receiving the notice from the purchaser, and if the director fails to respond to the notice within the time allowed the sale can proceed and the purchaser has no liability for the seller’s unpaid taxes.

While these procedures ensure the proper payment of State tax liabilities in commercial transactions, the Division of Taxation has recently informed taxpayers in writing through a publication on its website that business assistance or incentive grants, tax credits, and tax credit transfer certificates generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” for purposes of the tax notification requirements under the sales and use tax and the “bulk sale” law. As a result, it is the current policy of the division that the tax notification requirements do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the New Jersey Economic Development Authority deems relevant.

The bill makes permanent in statute the underlying tenants of this existing policy by exempting certain purchasers of business development incentives from the notification requirements under the sales and use tax and the “bulk sale” law. Under the bill, the provisions of law that require purchasers of business assets to notify the director of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local business assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

Effective Date. The bill takes effect immediately, but provides for the section of the bill that authorizes the payment of insurance premiums tax refunds, and the issuance of tax credit transfer

certificates, to apply retroactively to January 11, 2016 (i.e. the date the law authorizing the conversion of Business Employment Incentive Program grants to tax credits became effective).

As reported, this bill is identical to Senate Bill No. 2477 (2R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing. This expectation is based on the assumption that following enactment:

(1) some businesses issued tax credits under the Business Employment Incentive Program (BEIP) will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill;

(2) the changes provided by the bill may expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability; and

(3) current Division of Taxation policy that allows State and local business assistance or incentive grants, tax credits, and tax credit transfer certificates to not be considered a “business asset” for purposes of certain purchaser notification requirements under the sales and use tax and the “bulk sale” law will be continued in statute and the bill’s provisions effectuating those changes will have no impact on State revenues.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4083

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: NOVEMBER 1, 2016

SUMMARY

- Synopsis:** Concerns certain unused portions of tax credits issued to insurance premiums taxpayers under the Business Employment Incentive Program; exempts certain purchasers of business development incentives from certain State tax notification requirements.
- Type of Impact:** Indeterminate revenue loss to State General Fund.
- Agencies Affected:** Department of the Treasury; New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2017 – Fiscal Year 2025</u>
State Revenue Loss	Indeterminate – See comments below

- The Office of Legislative Services (OLS) expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing, largely due to the fact that following enactment some businesses issued tax credits under the Business Employment Incentive Program (BEIP) will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill.
- The OLS also notes that State revenues may be lost if changes provided by the bill expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability.
- The OLS does not expect the bill’s exemption from certain purchaser notification requirements under the sales and use tax and the “bulk sale” law to have an impact on State revenues, to the extent that the exemption is in fact a continuation of existing policy in State statute.

BILL DESCRIPTION

Assembly Bill No. 4083 (1R) of 2016 amends current law to authorize the payment of refunds for certain unused portions of insurance premiums tax credits issued to businesses under the BEIP, and to provide businesses with unused portions of corporation business tax or insurance premiums tax credits issued under BEIP the option of receiving a tax credit transfer certificate instead of a refund for that portion of the credit that cannot be used to reduce a tax liability.

In addition, the bill exempts certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law that are used to ensure payment of State tax liabilities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS expects this bill will result in a State revenue loss of an indeterminate magnitude and indefinite timing. This expectation is based on the assumption that following enactment:

(1) Some businesses issued tax credits under the BEIP will newly be able to seek a refund or obtain and sell or assign (to another taxpayer) a tax credit transfer certificate for some unused portion of tax credits that would have been forgone but for the changes provided by the bill;

(2) The changes provided by the bill may expand the pool of potential purchasers of tax credit transfer certificates and make it more likely that tax credits issued to businesses under BEIP ultimately will be used to reduce a tax liability; and

(3) Current Division of Taxation policy that allows State and local business assistance or incentive grants, tax credits, and tax credit transfer certificates to not be considered a “business asset” for purposes of certain purchaser notification requirements under the sales and use tax and the “bulk sale” law will be continued in statute and the bill’s provisions effectuating those changes will have no impact on State revenues.

Newly Established Refund and Tax Credit Transfer Certificate Procedures

P.L.2015, c.194 establishes a process to permit the voluntary conversion of BEIP grants into tax credits. The law establishing this process provides businesses that have been approved for a BEIP grant 180 days following the date of enactment to direct the New Jersey Economic Development Authority (EDA) to convert the grant into a tax credit.

Under the law, businesses that elect to convert their BEIP grants are to be issued tax credits in annual installments based on the value of the business’s unpaid BEIP grant commitments and the calendar years in which the grants accrued or are expected to be accrued to the business. Once issued, the tax credit can be taken by the business to reduce the business’s corporation business tax or insurance premiums tax liability, or, if the business does not pay taxes under the corporation business tax or the insurance premiums tax, sold or assigned through a tax credit transfer certificate to any other person that may have a liability for those taxes.

The law establishing the process imposes certain restrictions on the use and application of tax credits issued to businesses. The law dictates that tax credits issued to businesses may only be

applied to reduce a corporation business tax or insurance premium tax liability in the tax period for which they are issued, and prohibits unused tax credits from being carried forward to reduce future tax liabilities.

In addition, the law limits the refundability of unused tax credit amounts issued to businesses that pay the corporation business tax, and does not extend the availability of tax credit transfer certificates to businesses that pay the corporation business tax or the insurance premiums tax. Current law only permits businesses that do not pay those taxes (e.g. limited liability companies, S corporations, and partnerships) to apply to the executive director of the EDA for a tax credit transfer certificate that can be sold or assigned to any other person that may have a corporation business tax or insurance premiums tax liability.

This bill loosens some of these existing restrictions on the use and application of tax credits. The bill allows businesses that pay the insurance premiums tax to file a claim for refund with the Director of the Division of Taxation in the Department of the Treasury for the remaining amount of any tax credit issued to the business that cannot be taken to reduce the business's tax liability, and permits businesses that pay the corporation business tax or the insurance premiums tax to apply for a tax credit transfer certificate for the unused portion of a tax credit issued to the business that cannot be applied to reduce the business's liability for tax.

In doing so, the bill creates additional opportunities for businesses with unused portions of tax credits to receive the full amount of the benefit that otherwise would have been forgone but for the changes provided by the bill. These additional opportunities may include instances in which businesses that pay the insurance premiums tax are issued an installment of a tax credit that exceeds their tax liability and, as a result of the bill, are newly permitted to file a claim for refund and receive a check for that unused portion of the tax credit that exceeds the business's tax liability.

The additional opportunities also may include instances in which businesses that pay the corporation business tax are issued an installment of a tax credit that exceeds their tax liability, but are unable or unwilling (for whatever reason) to file a claim for refund for the amount of the excess tax credit that cannot be applied to reduce the business's tax liability. As a result of the bill, these businesses will newly be permitted to apply for a tax credit transfer certificate to recoup, through the subsequent sale or assignment of the tax credit transfer certificate, the unused portion of a tax credit that otherwise would have been forgone.

However, the magnitude of State revenue that may be lost in providing businesses additional opportunities to recoup unused portions of tax credits, and the timing of the potential State revenue losses, cannot be determined with any certainty. In large part, it is unclear how many of the 213 businesses that have directed the EDA to convert their BEIP grants into tax credits will have excess tax credits amounts that would have been forgone but for the changes provided by the bill, or the total dollar amount of the excess tax credits that would have resulted from the \$1.082 billion in tax credits that are expected to be issued to those 213 businesses.

Moreover, even if the number of businesses with excess tax credits and the value of those unused amounts were known and could be quantified, it is not possible to determine when the excess tax credit amounts that would have been forgone but for the bill will be applied to reduce a tax liability and result in a revenue loss to the State. Absent access to confidential taxpayer data, there is no reliable method to predict in what year a business issued a tax credit under BEIP will have tax credit amounts that exceed the business's tax liabilities.

Expanded Pool of Potential Tax Credit Transfer Certificate Purchasers

In addition to allowing businesses additional opportunities to recoup unused portions of tax credits, the changes provided by the bill may have a secondary effect of expanding the pool of potential purchasers of tax credit transfer certificates issued to businesses under the program. In essence, because more businesses issued tax credits under BEIP will be allowed to sell or assign

tax credits that can be used by purchasers under more favorable terms than existing conditions, there may be more persons with corporation business tax or insurance premiums tax liabilities willing to enter the marketplace for the purchase or assignment of unused tax credit amounts.

The primary impact of this potential increase in the number of persons entering the marketplace may be on the consideration received by businesses for the sale or assignment of tax credit transfer certificates authorized by the program. With more purchasers vying for a defined pool of unused tax credits, businesses selling or assigning tax credits transfer certificates for unused tax credit amounts may realize increased amounts of consideration from purchasers for unused tax credit amounts.

However, increasing the number of persons entering the marketplace for the purchase or assignment of unused tax credit amounts also may have an impact on State revenues if the increased pool of potential purchasers leads to fewer instances in which tax credits are not used to reduce a tax liability. With more purchasers vying for a somewhat defined pool of unused tax credits, there may be fewer instances in which businesses with unused tax credit amounts cannot find a willing purchaser that ultimately can apply the tax credit to reduce a tax liability.

It is not currently known based on available information how many of the 213 businesses that are expected to be issued tax credits under BEIP may have tax credits that will remain unused or the number of additional businesses that may enter the marketplace as a result of the bill and, therefore, no way to determine the additional revenue that may be forgone to the State if fewer tax credits go unused. Presumably, the additional State revenue loss is dependent on the number of businesses with tax credits that would have gone unused but for the changes provided by the bill and the underlying amount of each tax credit available to those businesses that may have gone unused.

Exemption from certain State Tax Notification Requirements

The bill exempts certain purchasers of business development incentives from certain notification requirements under the sales and use tax and the “bulk sale” law that are used to ensure payment of State tax liabilities. Under its provisions, current requirements that provide for purchasers of business assets to notify the Director of the Division of Taxation of the sale, transfer, or assignment of a substantial part of the assets of a business will not apply to the sale, transfer, or assignment of a grant, tax credit, or tax credit transfer certificate that has been awarded, issued, or otherwise made available to a person in connection with a State or local assistance or incentive program or activity authorized by law in effect on the effective date of the bill.

According to information made available by the Division of Taxation in writing through its website, these types of business assistance or incentive grants, tax credits, and tax credit transfer certificates that are generated, granted, awarded, received, or available under a State or local program are not considered a “business asset” subject to the purchaser notification requirements under those laws. In short, it already appears to be the existing policy of the division that the notification requirements of those laws do not apply to the sale, transfer, or assignment of such credits, including, but not limited to, any credits provided by a successor program or any other program such as the EDA deems relevant.

As a result, the exemption provided by the bill is not expected to have an impact on State revenues. The amendments to current law merely provide for a continuation of existing division policy in State statute.

Section: Revenue, Finance, and Appropriations

*Analyst: Luke E. Wolff
Senior Research 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.).

Governor Chris Christie Takes Action On Pending Legislation

Monday, February 6, 2017 Tags: [Bill Action](#)



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Trenton, NJ – Governor Chris Christie today signed legislation, S-2156/A-3424, requiring medical professionals to educate children and teenagers about addiction risks before issuing prescription drugs.

“This critical prevention legislation will stem the growing tide of drug addiction in New Jersey that has been largely caused by the misuse of prescription drugs or prescription drugs getting into the wrong hands,” Governor Christie said. “Coupled with dozens of other new reforms underway, including a comprehensive in-school curriculum for kindergarteners through 12th graders, we can stop this fatal disease from decimating another generation. Piece by piece, I am proud that my administration, with bipartisan cooperation from the legislature, is creating a holistic model for America to curb this epidemic impacting all residents, families, communities and businesses.”

Governor Christie also took action on the following legislation:

BILL SIGNINGS:

S-602/A-1138 (Cunningham, T. Kean/Holley, Chiaravalloti) - “New Jersey International Arbitration, Mediation, and Conciliation Act”

SCS for S-727/A-3955 (Cruz-Perez, Van Drew/Barclay, Wimberly, Holley) - “New Jersey Open Data Initiative” to require certain information be provided on Internet to public and State agencies

S-879/A-4237 (Greenstein, Bateman/Sumter, Benson) - Prohibits termination of law enforcement officer or firefighter based upon determination that officer or firefighter is physically unable to perform duties under certain circumstances

S-1066/A-3649 (Singer, Beck/S. Kean, Ribble, Mukherji, Pinkin, Vainieri Huttler, Schaer) - Allows filing of birth certificate to be delayed for religious reasons, for up to 15 days after birth, in order to allow for naming of child

S-1131/A-3489 (Rice/Tucker, Houghtaling, Mukherji, Wimberly) - Provides for notification of emergency contact in event of death of senior citizen in certain housing facilities

S-1474/A-2786 (Ruiz/Benson, Sumter, Caride, McKnight, Vainieri Huttler, Pintor Marin, Wimberly) - Requires teacher preparation program for instructional certificate to include certain amount of instruction or clinical experience in special education and for students with disabilities endorsement to include credit hours in autism spectrum disorder

S-1830/A-3411 (Rice, Vitale, Turner/Muoio, Benson, Singleton, Greenwald, Pinkin, Downey, Sumter, Wimberly) - Requires DOH regulations regarding elevated blood lead levels in children, and appropriate responses thereto, to be consistent with latest Centers for Disease Control and Prevention recommendations

S-2156/A-3424 (Weinberg, Vitale/Lagana, Pinkin, Vainieri Huttler, Caride, Caputo, Wimberly, Moriarty) - Requires prescribers to discuss addiction risk associated with certain drugs prior to issuing prescription to minor patient

S-2321/A-3774 (Oroho, Beach/Burzichelli, Wisniewski, Mosquera, Houghtaling, Wimberly) - Concerns excessive price increases during state of emergency

S-2364/A-3946 (Oroho, Stack/Burzichelli, Dancer, Mukherji, Holley, A.M. Bucco) - Establishes pilot program appointing third party vendors to administer commercial driver license testing

S-2370/A-3904 (Whelan/Burzichelli) – Authorizes operation of lottery courier services

S-2477/A-4083 (Sarlo, Oroho/Schaer, Space, Mukherji, Singleton) - Concerns certain unused portions of tax credits issued to insurance premiums taxpayers under the Business Employment Incentive Program; exempts certain purchasers of business development incentives from certain State tax notification requirements

S-2731/A-4326 (Greenstein, Bateman/Muoio, Burzichelli, Mazzeo, Mukherji) - Authorizes New Jersey Environmental Infrastructure Trust to expend additional sums to make loans for environmental infrastructure projects for FY2017

S-2732/A-4327 (Codey, Gill/Zwicker, Conaway, Danielsen, Muoio, Mukherji, Gusciora) - Amends list of environmental infrastructure projects approved for long-term funding for FY2017 to include new projects and revise allowable loan amounts for already approved projects

BILLS VETOED:

S-600/A-3625 (Cunningham, Stack/McKnight, Chiaravalloti, Mukherji) – CONDITIONAL - Requires DOH to authorize Jersey City to issue certified copies of birth certificates by September 1, 2017

S-1585/A-3335 (Rice, Ruiz/Sumter, Pintor Marin, Wimberly, Mukherji, Gusciora) – – CONDITIONAL - Establishes program allowing certain applicants to perform community service in lieu of paying motor vehicle surcharges

S-2267/A-2771 (Diegnan, Greenstein/Webber, O'Scanlon, A.M. Bucco) - CONDITIONAL - Establishes asset forfeiture reporting requirements

S-2347/A-3723 (Rice, Ruiz/Pintor Marin, Giblin) – CONDITIONAL - Permits certain municipalities to impose and collect payroll tax of up to 1% of employer's payroll

S-2575/A-4187 (Sweeney, Whelan/Burzichelli) – ABSOLUTE - Disqualifies casino license applicant for five-year period if person substantially closed casino property in State; revokes license; reinstates license eligibility under certain circumstances

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