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RWH/JA

P.L.2017, CHAPTER 40, *approved May 1, 2017*
Senate, No. 158 (*Second Reprint*)

1 AN ACT concerning eligible investments under the “New Jersey
2 Angel Investor Tax Credit Act,” and amending P.L.1997,
3 c.349 and P.L.2013, c.14.

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

7
8 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
9 read as follows:

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

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

17 "Advanced materials" means materials with engineered
18 properties created through the development of specialized
19 processing and synthesis technology, including ceramics, high
20 value-added metals, electronic materials, composites, polymers, and
21 biomaterials. "Biotechnology" means the continually expanding
22 body of fundamental knowledge about the functioning of biological
23 systems from the macro level to the molecular and sub-atomic
24 levels, as well as novel products, services, technologies ^{1,1} and sub-
25 technologies developed as a result of insights gained from research
26 advances which add to that body of fundamental knowledge.

27 ¹“Carbon footprint reduction technology” means a technology
28 using equipment for the commercial, institutional, and industrial
29 sectors that: increases energy efficiency; develops and delivers
30 renewable or non-carbon-emitting energy technologies; develops
31 innovative carbon emissions abatement with significant carbon
32 emissions reduction potential; or promotes measurable electricity
33 end-use energy efficiency.¹

34 "Control" with respect to a corporation means ownership,
35 directly or indirectly, of stock possessing **[80%]** 80 percent or more
36 of the total combined voting power of all classes of the stock of the
37 corporation entitled to vote; and "control" with respect to a trust
38 means ownership, directly or indirectly, of **[80%]** 80 percent or
39 more of the beneficial interest in the principal or income of the

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

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted February 8, 2016.

²Senate SBA committee amendments adopted March 10, 2016.

1 trust. The ownership of stock in a corporation, of a capital or
2 profits interest in a partnership or association or of a beneficial
3 interest in a trust shall be determined in accordance with the rules
4 for constructive ownership of stock provided in subsection (c) of
5 section 267 of the federal Internal Revenue Code of 1986 (26
6 U.S.C. s.267), other than paragraph (3) of subsection (c) of that
7 section.

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

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

18 "Electronic device technology" means a technology involving
19 microelectronics, semiconductors, electronic equipment **[';']** and
20 instrumentation, radio frequency, microwave **[';']** and millimeter
21 electronics, and optical and optic-electrical devices, or data and
22 digital communications and imaging devices.

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

29 "Life sciences" means the production of medical equipment,
30 ophthalmic goods, medical or dental instruments, diagnostic
31 substances, biopharmaceutical products **[';']** or physical and
32 biological research.

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

37 "Mobile communications technology" means a technology
38 involving the functionality and reliability of **the** transmission of
39 voice and multimedia data using a communication infrastructure via
40 a computer or a mobile device, that shall include **;** but **[shall]**
41 not be limited to **;** smartphones, electronic books and tablets,
42 **[mp3]** digital audio players, motor vehicle electronics, home
43 entertainment systems, and other wireless appliances, without
44 having connected to any physical or fixed link.

45 "New Jersey emerging technology business" means a company
46 with fewer than 225 employees, of whom at least 75 percent are
47 filling a position in New Jersey, that is doing business, employing

1 or owning capital or property, or maintaining an office in this State
2 and: **[(1)]** has qualified research expenses paid or incurred for
3 research conducted in this State; **[(2)]** conducts pilot scale
4 manufacturing in this State; or **[(3)]** conducts technology
5 commercialization in this State in the fields of advanced computing,
6 advanced materials, biotechnology, ¹carbon footprint reduction
7 technology,¹ electronic device technology, information technology,
8 life sciences, medical device technology, mobile communications
9 technology, or renewable energy technology.

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

17 "Partnership" means a syndicate, group, pool, joint venture,₂ or
18 other unincorporated organization through or by means of which
19 any business, financial operation,₂ or venture is carried on, and
20 which is not a trust or estate, a corporation,₂ or a sole proprietorship.

21 "Pilot scale manufacturing" means the design, construction, and
22 testing of preproduction prototypes and models in the fields of
23 advanced computing, advanced materials, biotechnology, ¹carbon
24 footprint reduction technology¹ electronic device technology,
25 information technology, life sciences, medical device technology,
26 mobile communications technology, and renewable energy
27 technology, other than for commercial sale, excluding sales of
28 prototypes or sales for market testing if the total gross receipts, as
29 calculated in the manner provided in section 6 of P.L.1945, c.162
30 (C.54:10A-6), from **[such]** the sales of the product, service,₂ or
31 process do not exceed \$1,000,000.

32 "Qualified investment" means the non-refundable transfer of
33 cash to a New Jersey emerging technology business ²or to a New
34 Jersey emerging technology business holding company² by a
35 taxpayer that is not a related person of the New Jersey emerging
36 technology business ²or the New Jersey emerging technology
37 business holding company², the transfer of which is in connection
38 with either **[(1)]**: a transaction ²between or among the taxpayer and
39 the New Jersey emerging technology business or the New Jersey
40 emerging technology holding company or both² in exchange for
41 stock, interests in partnerships or joint ventures, licenses (exclusive
42 or non-exclusive), rights to use technology, marketing rights,
43 warrants, options ^{1,1} or any items similar to those included herein,
44 including,₂ but not limited to,₂ options or rights to acquire any of the
45 items included herein; or **[(2)]** a purchase, production, or research
46 agreement ²between or among the taxpayer and the New Jersey

1 emerging technology business or the New Jersey emerging
2 technology holding company or both².

3 "Qualified research expenses" means qualified research expenses
4 ¹,¹ as defined in section 41 of the federal Internal Revenue Code of
5 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the fields of
6 advanced computing, advanced materials, biotechnology, ¹carbon
7 footprint reduction technology¹ electronic device technology,
8 information technology, life sciences, medical device technology,
9 mobile communications technology, or renewable energy
10 technology.

11 "Related person" means:

12 **[a.]** a corporation, partnership, association or trust controlled by
13 the taxpayer;

14 **[b.]** an individual, corporation, partnership, association or trust
15 that is in the control of the taxpayer;

16 **[c.]** a corporation, partnership, association or trust controlled by
17 an individual, corporation, partnership, association or trust that is in
18 the control of the taxpayer; or

19 **[d.]** a member of the same controlled group as the taxpayer.

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

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

30 "Verified transfer of funds" means a non-refundable transfer of
31 funds ²equal to 100 percent of the taxpayer's qualified investment
32 in the New Jersey emerging technology business holding company
33 to a New Jersey emerging technology business by the New Jersey
34 emerging technology business holding company² that is
35 accompanied by documentation, as required by the New Jersey
36 Economic Development Authority, which provides proof of a cash
37 transaction originating with a taxpayer and concluding with a New
38 Jersey emerging technology business, provided that the transactions
39 from origin to destination occur within the same ²**[privilege period]**
40 tax year² .

41 (cf: P.L.2013, c.14, s.2)

42

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

45 3. a. A taxpayer, upon approval of the taxpayer's application
46 therefor by the New Jersey Economic Development Authority and
47 in consultation with the director, shall be allowed a credit against

1 the tax imposed pursuant to section 5 of P.L.1945, c.162
2 (C.54:10A-5), in an amount equal to ~~【10%】~~ 10 percent of the
3 qualified investment made by the taxpayer in a New Jersey
4 emerging technology business, ~~or~~ ²in² a New Jersey emerging
5 technology business holding company that makes a verified transfer
6 of funds to ²~~【the】~~ ²a New Jersey emerging technology business ²,
7 up to a maximum allowed credit of \$500,000 for the tax year for
8 each qualified investment made by the taxpayer.

9 b. A credit shall not be allowed pursuant to section 1 of
10 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
11 which a credit is allowed, or which are includable in the calculation
12 of a credit allowed, under this section.

13 Notwithstanding any other provision of law, the order of priority
14 in which the credit allowed by this section and any other credits
15 allowed by law may be taken shall be as prescribed by the director.

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

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

42 e. The Executive Director of the New Jersey Economic
43 Development Authority, in consultation with the director, shall
44 adopt ¹~~【rules in accordance with】~~, pursuant to¹ the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) ¹~~【as】~~, rules
46 and regulations that¹ are necessary to implement sections 1 through
47 3 of P.L.1997, c.349 (C.54:10A-5.28 through C.54:10A-5.30) and

1 section 4 of P.L.2013, c.14 (C.54A:4-13), including ¹,¹ but not
2 limited to: examples of and the determination of qualified
3 investments of which applicants ¹**["must"] shall¹** provide
4 documentation with their tax credit application; the promulgation of
5 procedures and forms necessary to apply for a credit; and provisions
6 for credit applicants to be charged an initial application fee ¹**["¹"]**
7 and ongoing service fees ¹**["¹"]** to cover the administrative costs
8 related to the credit.

9 The amount of credits approved by the Executive Director of the
10 New Jersey Economic Development Authority, and in consultation
11 with the director, pursuant to subsection a. of this section and
12 pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13) ¹,¹ shall not
13 exceed a cumulative total of \$25,000,000 in any calendar year to
14 apply against the tax imposed pursuant to section 5 of P.L.1945,
15 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
16 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
17 cumulative amount of credits allowed to taxpayers in a calendar
18 year exceeds the amount of credits available in that year, then
19 taxpayers who have first applied for and have not been allowed a
20 credit amount for that reason shall be allowed, in the order in which
21 they have submitted an application, the amount of the tax credit on
22 the first day of the next succeeding calendar year in which tax
23 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
24 13) are not in excess of the amount of credits available.
25 (cf: P.L.2013, c.14, s.3)

26
27 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
28 as follows:

29 4. a. A taxpayer, upon approval of the taxpayer's application
30 therefor by the New Jersey Economic Development Authority, and
31 in consultation with the director, shall be allowed a credit against
32 the tax otherwise due for the taxable year under the "New Jersey
33 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
34 to 10 percent of the qualified investment made by the taxpayer in a
35 New Jersey emerging technology business, or ²in² a New Jersey
36 emerging technology business holding company that makes a
37 verified transfer of funds to ²**["the"] a²** New Jersey emerging
38 technology business, up to a maximum allowed credit of \$500,000
39 for the taxable year for each qualified investment made by the
40 taxpayer.

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

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

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

29 d. The Executive Director of the New Jersey Economic
30 Development Authority, in consultation with the director, shall
31 adopt ¹**[rules in accordance with]**, pursuant to¹ the "Administrative
32 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) ¹**[as]**, rules
33 and regulations that¹ are necessary to implement sections 1 through
34 3 of P.L.1997, c.349 (C.54:10A-5.28 through C.54:10A-5.30) and
35 this section, including ^{1,1} but not limited to: examples of and the
36 determination of qualified investments of which applicants ¹**[must]**
37 shall¹ provide documentation with their tax credit application; the
38 promulgation of procedures and forms necessary to apply for a
39 credit; and provisions for credit applicants to be charged an initial
40 application fee ¹**[.]**¹ and ongoing service fees ¹**[.]**¹ to cover the
41 administrative costs related to the credit.

42 The amount of credits approved by the Executive Director of the
43 New Jersey Economic Development Authority and the Director of
44 the Division of Taxation in the Department of the Treasury ^{1,1}
45 pursuant to subsection a. of this section and pursuant to section 3 of
46 P.L.1997, c.349 (C.54:10A-5.30) ^{1,1} shall not exceed a cumulative
47 total of \$25,000,000 in any calendar year to apply against the tax

1 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and
2 the tax imposed pursuant to the "New Jersey Gross Income Tax
3 Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits
4 allowed to taxpayers in a calendar year exceeds the amount of
5 credits available in that year, then taxpayers who have first applied
6 for and have not been allowed a credit amount for that reason shall
7 be allowed, in the order in which they have submitted an
8 application, the amount of the tax credit on the first day of the next
9 succeeding calendar year in which tax credits under this section and
10 section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of
11 the amount of credits available.

12 e. As used in this section:

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

18 "Advanced materials" means materials with engineered
19 properties created through the development of specialized
20 processing and synthesis technology, including ceramics, high
21 value-added metals, electronic materials, composites, polymers, and
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24 fundamental knowledge about the functioning of biological systems
25 from the macro level to the molecular and sub-atomic levels, as
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27 technologies developed as a result of insights gained from research
28 advances which add to that body of fundamental knowledge.

29 ¹"Carbon footprint reduction technology" means a technology
30 using equipment for the commercial, institutional, and industrial
31 sectors that: increases energy efficiency; develops and delivers
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34 emissions reduction potential; or promotes measurable electricity
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37 directly or indirectly, of stock possessing 80 percent or more of the
38 total combined voting power of all classes of the stock of the
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41 the beneficial interest in the principal or income of the trust. The
42 ownership of stock in a corporation, of a capital or profits interest in
43 a partnership or association or of a beneficial interest in a trust shall
44 be determined in accordance with the rules for constructive
45 ownership of stock provided in subsection (c) of section 267 of the
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2 connected through stock ownership with a common parent
3 corporation if stock possessing at least 80 percent of the voting
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5 directly or indirectly by one or more of the corporations and the
6 common parent owns directly stock possessing at least 80 percent of
7 the voting power of all classes of stock of at least one of the other
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9 "Director" means the Director of the Division of Taxation in the
10 Department of the Treasury.

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13 instrumentation, radio frequency, microwave ¹**[,]** and millimeter
14 electronics, and optical and optic-electrical devices, or data and
15 digital communications and imaging devices.

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17 picture and video production, television production and post-
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19 and related services, custom computer programming services,
20 computer system design, computer facilities management services,
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23 ophthalmic goods, medical or dental instruments, diagnostic
24 substances, biopharmaceutical products ¹**[:;]** or physical and
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26 "Medical device technology" means a technology involving any
27 medical equipment or product (other than a pharmaceutical product)
28 that has therapeutic value, diagnostic value, or both, and is
29 regulated by the federal Food and Drug Administration.

30 "Mobile communications technology" means a technology
31 involving the functionality and reliability of ¹the transmission of
32 voice and multimedia data using a communication infrastructure via
33 a computer or a mobile device, that shall include ¹₁ but ¹**[shall]**
34 not be limited to ¹₁ smartphones, electronic books and tablets,
35 ¹**[mp3]** digital audio players, motor vehicle electronics, home
36 entertainment systems, and other wireless appliances, without
37 having connected to any physical or fixed link.

38 "New Jersey emerging technology business" means a company
39 with fewer than 225 employees, of whom at least 75 percent are
40 filling a position in New Jersey, that is doing business, employing
41 or owning capital or property, or maintaining an office in this State
42 and: **[(1)]** has qualified research expenses paid or incurred for
43 research conducted in this State; **[(2)]** conducts pilot scale
44 manufacturing in this State; or **[(3)]** conducts technology
45 commercialization in this State in the fields of advanced computing,
46 advanced materials, biotechnology, ¹carbon footprint reduction
47 technology,¹ electronic device technology, information technology,

1 life sciences, medical device technology, mobile communications
2 technology, or renewable energy technology.

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

10 "Partnership" means a syndicate, group, pool, joint venture,¹ or
11 other unincorporated organization through or by means of which
12 any business, financial operation,² or venture is carried on, and
13 which is not a trust or estate, a corporation,¹ or a sole proprietorship.

14 "Pilot scale manufacturing" means design, construction, and
15 testing of preproduction prototypes and models in the fields of
16 advanced computing, advanced materials, biotechnology, ¹carbon
17 footprint reduction technology¹ electronic device technology,
18 information technology, life sciences, medical device technology,
19 mobile communications technology, or renewable energy
20 technology, other than for commercial sale, excluding sales of
21 prototypes or sales for market testing if the total gross receipts, as
22 calculated in the manner provided in section 6 of P.L.1945, c.162
23 (C.54:10A-6), from **【such】** the sales of the product, service,² or
24 process do not exceed \$1,000,000.

25 "Qualified investment" means the non-refundable transfer of
26 cash to a New Jersey emerging technology business ²or to a New
27 Jersey emerging technology business holding company² by a
28 taxpayer that is not a related person of the New Jersey emerging
29 technology business ²or the New Jersey emerging technology
30 business holding company², the transfer of which is in connection
31 with either **【(1)】**: a transaction ²between or among the taxpayer and
32 the New Jersey emerging technology business or the New Jersey
33 emerging technology holding company or both² in exchange for
34 stock, interests in partnerships or joint ventures, licenses (exclusive
35 or non-exclusive), rights to use technology, marketing rights,
36 warrants, options ¹₁ or any items similar to those included herein,
37 including² but not limited to² options or rights to acquire any of the
38 items included herein; or **【(2)】** a purchase, production, or research
39 agreement ²between or among the taxpayer and the New Jersey
40 emerging technology business or the New Jersey emerging
41 technology holding company or both².

42 "Qualified research expenses" means qualified research expenses
43 ¹₁ as defined in section 41 of the federal Internal Revenue Code of
44 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the fields of
45 advanced computing, advanced materials, biotechnology, electronic
46 device technology, information technology, life sciences, medical

1 device technology, mobile communications technology, or
2 renewable energy technology.

3 "Related person" means:

4 **[a.]** a corporation, partnership, association or trust controlled by
5 the taxpayer;

6 **[b.]** an individual, corporation, partnership, association or trust
7 that is in the control of the taxpayer;

8 **[c.]** a corporation, partnership, association or trust controlled by
9 an individual, corporation, partnership, association or trust that is in
10 the control of the taxpayer; or

11 **[d.]** a member of the same controlled group as the taxpayer.

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

20 "Verified transfer of funds" means a non-refundable transfer of
21 funds ²equal to 100 percent of the taxpayer's qualified investment
22 in the New Jersey emerging technology business holding company
23 to a New Jersey emerging technology business by the New Jersey
24 emerging technology business holding company² that is
25 accompanied by documentation, as required by the New Jersey
26 Economic Development Authority, which provides proof of a cash
27 transaction originating with a taxpayer and concluding with a New
28 Jersey emerging technology business, provided that the transactions
29 from origin to destination occur within the same taxable year.

30 (cf: P.L.2013, c.14, s.4)

31

32 4. This act shall take effect immediately ¹[and] ²[. Except as
33 applicable to a New Jersey emerging technology business that
34 conducts technology commercialization in this State in the field of
35 carbon footprint reduction technology,¹ section 2 shall be
36 retroactive to tax years beginning on or after January 1, 2012 and
37 section 3 shall be retroactive to taxable years beginning on or after
38 January 1, 2012] and shall apply retroactively to qualified
39 investments made for tax years and taxable years beginning on or
40 after January 1, 2012, other than qualified investments in New
41 Jersey emerging technology businesses, and in New Jersey
42 emerging technology business holding companies that make
43 verified transfers of funds to New Jersey emerging technology
44 businesses, that conduct technology commercialization in this State
45 in the field of carbon footprint reduction technology².

1

2

3

Permits holding companies of eligible New Jersey emerging

4

technology companies to receive investments under “New Jersey

5

Angel Investor Tax Credit Act.”

SENATE, No. 158

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Senator FRED H. MADDEN, JR.

District 4 (Camden and Gloucester)

SYNOPSIS

Permits holding companies of eligible New Jersey emerging technology companies to receive investments under “New Jersey Angel Investor Tax Credit Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



S158 MADDEN

2

1 AN ACT concerning eligible investments under the “New Jersey
2 Angel Investor Tax Credit Act,” and amending P.L.1997,
3 c.349 and P.L.2013, c.14.

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

7
8 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
9 read as follows:

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

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

17 "Advanced materials" means materials with engineered
18 properties created through the development of specialized
19 processing and synthesis technology, including ceramics, high
20 value-added metals, electronic materials, composites, polymers, and
21 biomaterials. "Biotechnology" means the continually expanding
22 body of fundamental knowledge about the functioning of biological
23 systems from the macro level to the molecular and sub-atomic
24 levels, as well as novel products, services, technologies and sub-
25 technologies developed as a result of insights gained from research
26 advances which add to that body of fundamental knowledge.

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

40 "Controlled group" means one or more chains of corporations
41 connected through stock ownership with a common parent
42 corporation if stock possessing at least **[80%]** 80 percent of the
43 voting power of all classes of stock of each of the corporations is
44 owned directly or indirectly by one or more of the corporations and
45 the common parent owns directly stock possessing at least **[80%]**

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 80 percent of the voting power of all classes of stock of at least one
2 of the other corporations.

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

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

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

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

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

24 "Mobile communications technology" means a technology
25 involving the functionality and reliability of transmission of voice
26 and multimedia data using a communication infrastructure via a
27 computer or a mobile device, that shall include but shall not be
28 limited to smartphones, electronic books and tablets, mp3 players,
29 motor vehicle electronics, home entertainment systems, and other
30 wireless appliances, without having connected to any physical or
31 fixed link.

32 "New Jersey emerging technology business" means a company
33 with fewer than 225 employees, of whom at least 75 percent are
34 filling a position in New Jersey, that is doing business, employing
35 or owning capital or property, or maintaining an office in this State
36 and: **[(1)]** has qualified research expenses paid or incurred for
37 research conducted in this State; **[(2)]** conducts pilot scale
38 manufacturing in this State; or **[(3)]** conducts technology
39 commercialization in this State in the fields of advanced computing,
40 advanced materials, biotechnology, electronic device technology,
41 information technology, life sciences, medical device technology,
42 mobile communications technology, or renewable energy
43 technology.

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

1 securities of a corporation or other form of a New Jersey emerging
2 technology business.

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

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

17 "Qualified investment" means the non-refundable transfer of
18 cash to a New Jersey emerging technology business by a taxpayer
19 that is not a related person of the New Jersey emerging technology
20 business, the transfer of which is in connection with either **[(1)]**: a
21 transaction in exchange for stock, interests in partnerships or joint
22 ventures, licenses (exclusive or non-exclusive), rights to use
23 technology, marketing rights, warrants, options or any items similar
24 to those included herein, including, but not limited to, options or
25 rights to acquire any of the items included herein; or **[(2)]** a
26 purchase, production, or research agreement.

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

34 "Related person" means:

35 **[a.]** a corporation, partnership, association or trust controlled by
36 the taxpayer;

37 **[b.]** an individual, corporation, partnership, association or trust
38 that is in the control of the taxpayer;

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

42 **[d.]** a member of the same controlled group as the taxpayer.

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

1 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
2 digester gas, biomass gas, or other renewable fuel but not powered
3 by a fossil fuel.

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

6 "Verified transfer of funds" means a non-refundable transfer of
7 funds that is accompanied by documentation, as required by the
8 New Jersey Economic Development Authority, which provides
9 proof of a cash transaction originating with a taxpayer and
10 concluding with a New Jersey emerging technology business,
11 provided that the transactions from origin to destination occur
12 within the same privilege period.

13 (cf: P.L.2013, c.14, s.2)

14

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

17 3. a. A taxpayer, upon approval of the taxpayer's application
18 therefor by the New Jersey Economic Development Authority and
19 in consultation with the director, shall be allowed a credit against
20 the tax imposed pursuant to section 5 of P.L.1945,
21 c.162 (C.54:10A-5), in an amount equal to **【10%】** 10 percent of the
22 qualified investment made by the taxpayer in a New Jersey
23 emerging technology business, or a New Jersey emerging
24 technology business holding company that makes a verified transfer
25 of funds to the New Jersey emerging technology business up to a
26 maximum allowed credit of \$500,000 for the tax year for each
27 qualified investment made by the taxpayer.

28 b. A credit shall not be allowed pursuant to section 1 of
29 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
30 which a credit is allowed, or which are includable in the calculation
31 of a credit allowed, under this section.

32 Notwithstanding any other provision of law, the order of priority
33 in which the credit allowed by this section and any other credits
34 allowed by law may be taken shall be as prescribed by the director.

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

44 d. A taxpayer may not carry over any amount of credit allowed
45 under subsection a. of this section to a tax year during which a
46 corporate acquisition with respect to which the taxpayer was a
47 target corporation occurred or during which the taxpayer was a
48 party to a merger or a consolidation, or to any subsequent tax year,

1 if the credit was allowed for a tax year prior to the year of
2 acquisition, merger or consolidation, except that if in the case of a
3 corporate merger or corporate consolidation the taxpayer can
4 demonstrate, through the submission of a copy of the plan of merger
5 or consolidation and such other evidence as may be required by the
6 director, the identity of the constituent corporation which was the
7 acquiring person, a credit allowed to the acquiring person may be
8 carried over by the taxpayer. As used in this subsection, "acquiring
9 person" means the constituent corporation the stockholders of
10 which own the largest proportion of the total voting power in the
11 surviving or consolidated corporation after the merger or
12 consolidation.

13 e. The Executive Director of the New Jersey Economic
14 Development Authority, in consultation with the director, shall
15 adopt rules in accordance with the "Administrative Procedure Act,"
16 P.L.1968, c.410 (C.52:14B-1 et seq.) as are necessary to implement
17 sections 1 through 3 of P.L.1997, c.349 (C.54:10A-5.28 through
18 C.54:10A-5.30) and section 4 of P.L.2013, c.14 (C.54A:4-13),
19 including but not limited to: examples of and the determination of
20 qualified investments of which applicants must provide
21 documentation with their tax credit application; the promulgation of
22 procedures and forms necessary to apply for a credit; and provisions
23 for credit applicants to be charged an initial application fee, and
24 ongoing service fees, to cover the administrative costs related to the
25 credit.

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

43
44 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
45 as follows:

46 4. a. A taxpayer, upon approval of the taxpayer's application
47 therefor by the New Jersey Economic Development Authority, and
48 in consultation with the director, shall be allowed a credit against

1 the tax otherwise due for the taxable year under the "New Jersey
2 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
3 to 10 percent of the qualified investment made by the taxpayer in a
4 New Jersey emerging technology business, or a New Jersey
5 emerging technology business holding company that makes a
6 verified transfer of funds to the New Jersey emerging technology
7 business, up to a maximum allowed credit of \$500,000 for the
8 taxable year for each qualified investment made by the taxpayer.

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

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

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

44 d. The Executive Director of the New Jersey Economic
45 Development Authority, in consultation with the director, shall
46 adopt rules in accordance with the "Administrative Procedure Act,"
47 P.L.1968, c.410 (C.52:14B-1 et seq.) as are necessary to implement
48 sections 1 through 3 of P.L.1997, c.349 (C.54:10A-5.28 through

1 C.54:10A-5.30) and this section, including but not limited to:
2 examples of and the determination of qualified investments of
3 which applicants must provide documentation with their tax credit
4 application; the promulgation of procedures and forms necessary to
5 apply for a credit; and provisions for credit applicants to be charged
6 an initial application fee, and ongoing service fees, to cover the
7 administrative costs related to the credit.

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

25 e. As used in this section:

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

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

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

42 "Control" with respect to a corporation, means ownership,
43 directly or indirectly, of stock possessing 80 percent or more of the
44 total combined voting power of all classes of the stock of the
45 corporation entitled to vote; and "control," with respect to a trust,
46 means ownership, directly or indirectly, of 80 percent or more of
47 the beneficial interest in the principal or income of the trust. The
48 ownership of stock in a corporation, of a capital or profits interest in

1 a partnership or association or of a beneficial interest in a trust shall
2 be determined in accordance with the rules for constructive
3 ownership of stock provided in subsection (c) of section 267 of the
4 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
5 paragraph (3) of subsection (c) of that section.

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

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

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

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

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

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

35 "Mobile communications technology" means a technology
36 involving the functionality and reliability of transmission of voice
37 and multimedia data using a communication infrastructure via a
38 computer or a mobile device, that shall include but shall not be
39 limited to smartphones, electronic books and tablets, mp3 players,
40 motor vehicle electronics, home entertainment systems, and other
41 wireless appliances, without having connected to any physical or
42 fixed link.

43 "New Jersey emerging technology business" means a company
44 with fewer than 225 employees, of whom at least 75 percent are
45 filling a position in New Jersey, that is doing business, employing
46 or owning capital or property, or maintaining an office in this State
47 and: **[(1)]** has qualified research expenses paid or incurred for
48 research conducted in this State; **[(2)]** conducts pilot scale

1 manufacturing in this State; or **[(3)]** conducts technology
2 commercialization in this State in the fields of advanced computing,
3 advanced materials, biotechnology, electronic device technology,
4 information technology, life sciences, medical device technology,
5 mobile communications technology, or renewable energy
6 technology.

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

14 "Partnership" means a syndicate, group, pool, joint venture,₂ or
15 other unincorporated organization through or by means of which
16 any business, financial operation,₂ or venture is carried on, and
17 which is not a trust or estate, a corporation,₂ or a sole proprietorship.

18 "Pilot scale manufacturing" means design, construction, and
19 testing of preproduction prototypes and models in the fields of
20 advanced computing, advanced materials, biotechnology, electronic
21 device technology, information technology, life sciences, medical
22 device technology, mobile communications technology, or
23 renewable energy technology, other than for commercial sale,
24 excluding sales of prototypes or sales for market testing if the total
25 gross receipts, as calculated in the manner provided in section 6 of
26 P.L.1945, c.162 (C.54:10A-6), from **[such]** the sales of the product,
27 service,₂ or process do not exceed \$1,000,000.

28 "Qualified investment" means the non-refundable transfer of
29 cash to a New Jersey emerging technology business by a taxpayer
30 that is not a related person of the New Jersey emerging technology
31 business, the transfer of which is in connection with either **[(1)]**: a
32 transaction in exchange for stock, interests in partnerships or joint
33 ventures, licenses (exclusive or non-exclusive), rights to use
34 technology, marketing rights, warrants, options or any items similar
35 to those included herein, including,₂ but not limited to,₂ options or
36 rights to acquire any of the items included herein; or **[(2)]** a
37 purchase, production, or research agreement.

38 "Qualified research expenses" means qualified research expenses
39 as defined in section 41 of the federal Internal Revenue Code of
40 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the fields of
41 advanced computing, advanced materials, biotechnology, electronic
42 device technology, information technology, life sciences, medical
43 device technology, mobile communications technology, or
44 renewable energy technology.

45 "Related person" means:

46 **[a.]** a corporation, partnership, association or trust controlled by
47 the taxpayer;

1 **[b.]** an individual, corporation, partnership, association or trust that
2 is in the control of the taxpayer;

3 **[c.]** a corporation, partnership, association or trust controlled by
4 an individual, corporation, partnership, association or trust that is in
5 the control of the taxpayer; or

6 **[d.]** a member of the same controlled group as the taxpayer.

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

15 "Verified transfer of funds" means a non-refundable transfer of
16 funds that is accompanied by documentation, as required by the
17 New Jersey Economic Development Authority, which provides
18 proof of a cash transaction originating with a taxpayer and
19 concluding with a New Jersey emerging technology business,
20 provided that the transactions from origin to destination occur
21 within the same taxable year.

22 (cf: P.L.2013, c.14, s.4)

23

24 4. This act shall take effect immediately and section 2 shall be
25 retroactive to tax years beginning on or after January 1, 2012 and
26 section 3 shall be retroactive to taxable years beginning on or after
27 January 1, 2012.

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STATEMENT

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32 This bill expands eligibility for tax credits under the "New Jersey
33 Angel Investor Tax Credit Act" to include investments in the
34 holding companies of qualified New Jersey emerging technology
35 businesses. An investment in the holding company of a qualified
36 business is to be accompanied by evidence that the money invested
37 in that holding company is transferred from the holding company to
38 the qualified business owned by the holding company in the same
39 tax year that the money was received by the holding company. The
40 bill permits indirect investment in qualified New Jersey emerging
41 technology businesses through the holding companies that control
42 those businesses, rather than requiring investors to identify a means
43 of providing funding directly to the subsidiary business.

44 The bill also establishes that the tax credits due as a result of a
45 qualified investment by a New Jersey S corporation are to be
46 distributed to the individual owners of the S corporation according
47 to their proportional share of ownership in the S corporation. The

S158 MADDEN

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- 1 owners may then claim those proportional credits on their own
- 2 personal income taxes.
- 3 The expanded eligibility is to be retroactive to January 1, 2012.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 158

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2016

The Assembly Commerce and Economic Development Committee reports favorably Senate Bill No. 158. (2R)

This bill revises the “New Jersey Angel Investor Tax Credit Act” to provide tax credits for qualified investments in New Jersey emerging technology business holding companies, to broaden the types of New Jersey emerging technology businesses that are eligible to receive qualified investments, and to provide directions for the distribution of tax credits allowed for qualified investments by New Jersey S corporations.

Under the “New Jersey Angel Investor Tax Credit Act,” a tax credit is allowed against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business. The law provides that the amount of the tax credit is equal to 10 percent of the qualified investment made by the taxpayer, up to a maximum allowed credit of \$500,000 for the tax year for each qualified investment made by the taxpayer.

Currently, taxpayers seeking to claim the credit must apply to and receive approval for the allowance of a credit from the New Jersey Economic Development Authority. The law limits to \$25 million per calendar year the cumulative amount of all tax credits that the authority is permitted to approve in connection with qualified investments.

This bill amends the “New Jersey Angel Investor Tax Credit Act” to similarly allow a tax credit against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business. The bill provides that for the tax credit to be allowed, 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business, and specifies that the transfer of funds must be accompanied by documentation which provides proof that the invested funds are transferred from the holding company to the emerging technology

business in the same tax year or taxable year that the funds were received by the holding company.

In addition, the bill broadens the definition of a New Jersey emerging technology business under the “New Jersey Angel Investor Tax Credit Act” to include certain companies that conduct technology commercialization in this State in the field of carbon footprint reduction technology so that qualified investments in companies that conduct commercialization in that field (or in holding companies that make verified transfers to companies in that field) may be claimed as a tax credit. A “carbon footprint reduction technology” is defined by the bill as a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The bill also provides directions for the distribution of tax credits allowed in connection with qualified investments made by New Jersey S corporations. The bill permits tax credits due as a result of a qualified investment by a corporation that has made a valid election as a New Jersey S corporation under State law to be distributed to the individual shareholders of the S corporation according to the shareholders’ proportional share of ownership in the S corporation. The bill provides that shareholders receiving a distributive credit may then claim those credits to reduce the shareholders’ gross income tax liability.

The bill takes effect immediately, but applies retroactively to qualified investments made for tax years and taxable years beginning on or after January 1, 2012, other than qualified investments that are made in New Jersey emerging technology businesses, and in New Jersey emerging technology business holding companies that make verified transfers of funds to businesses, that conduct technology commercialization in this State in the field of carbon footprint reduction technology.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 158

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Senate Bill No. 158 (2R).

This bill revises the “New Jersey Angel Investor Tax Credit Act” to provide tax credits for qualified investments in New Jersey emerging technology business holding companies, to broaden the types of New Jersey emerging technology businesses that are eligible to receive qualified investments, and to provide directions for the distribution of tax credits allowed for qualified investments by New Jersey S corporations.

Under the “New Jersey Angel Investor Tax Credit Act,” a tax credit is allowed against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business. The law provides that the amount of the tax credit is equal to 10 percent of the qualified investment made by the taxpayer, up to a maximum allowed credit of \$500,000 for the tax year for each qualified investment made by the taxpayer.

Currently, taxpayers seeking to claim the credit must apply to and receive approval for the allowance of a credit from the New Jersey Economic Development Authority. The law limits to \$25 million per calendar year the cumulative amount of all tax credits that the authority is permitted to approve in connection with qualified investments.

This bill amends the “New Jersey Angel Investor Tax Credit Act” to similarly allow a tax credit against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business. The bill provides that for the tax credit to be allowed, 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business, and specifies that the transfer of funds must be accompanied by documentation which provides proof that the invested funds are transferred from the holding company to the emerging technology business in the same tax year or taxable year that the funds were received by the holding company.

In addition, the bill broadens the definition of a New Jersey emerging technology business under the “New Jersey Angel Investor Tax Credit Act” to include certain companies that conduct technology commercialization in this State in the field of carbon footprint reduction technology so that qualified investments in companies that conduct commercialization in that field (or in holding companies that make verified transfers to companies in that field) may be claimed as a tax credit. A “carbon footprint reduction technology” is defined by the bill as a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The bill also provides directions for the distribution of tax credits allowed in connection with qualified investments made by New Jersey S corporations. The bill permits tax credits due as a result of a qualified investment by a corporation that has made a valid election as a New Jersey S corporation under State law to be distributed to the individual shareholders of the S corporation according to the shareholders’ proportional share of ownership in the S corporation. The bill provides that shareholders receiving a distributive credit may then claim those credits to reduce the shareholders’ gross income tax liability.

The bill takes effect immediately, but applies retroactively to qualified investments made for tax years and taxable years beginning on or after January 1, 2012, other than qualified investments that are made in New Jersey emerging technology businesses, and in New Jersey emerging technology business holding companies that make verified transfers of funds to businesses, that conduct technology commercialization in this State in the field of carbon footprint reduction technology.

As reported, this bill is identical to Assembly Bill No. 3631, as also reported by committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot project the bill's net fiscal impact on State revenues.

The OLS notes that under current law, the Angel Investor Tax Credit Program has an annual calendar year cap of \$25.0 million of tax credits. The New Jersey Economic Development Authority (EDA) had awarded only \$5.1 million in tax credits through the program for 2015. As the program has yet to utilize the available cap amount, the OLS anticipates the expanded eligibility under the bill to absorb more of the available cap amount, which will largely depend on the number of newly qualified businesses and the behavior of investors.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 158

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 2016

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 158.

As amended and reported, this bill expands eligibility for tax credits under the “New Jersey Angel Investor Tax Credit Act” (act) to include investments in the holding company of a qualified New Jersey emerging technology business (qualified business). An investment in the holding company of a qualified business is to be accompanied by evidence that the money invested in the holding company is transferred from the holding company to the qualified business owned by the holding company in the same tax year that the money was received by the holding company. The bill permits an indirect investment in a qualified business through the holding company that controls the qualified business, rather than requiring investors to identify a means of providing funding directly to the qualified business.

The bill also establishes that the tax credits due as a result of a qualified investment by a New Jersey S corporation are to be distributed to the individual owners of the S corporation according to their proportional share of ownership in the S corporation. The owners may then claim those proportional credits on their own personal income taxes.

The bill also includes carbon footprint reduction technology as a research field that a company can engage in to be deemed a New Jersey emerging technology business and thus eligible for participation in the program established under the act. Carbon footprint reduction technology is a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The expanded eligibility is to be retroactive to January 1, 2012, for all research fields except carbon footprint reduction technology, which is not retroactively eligible for tax credits under the act.

The committee amended the bill to include the research field of carbon footprint reduction technology as an eligible emerging technology used by a qualified business but disallows an investment in a qualified business using that technology or its holding company to be retroactively eligible for tax credits under the act.

This bill was pre-filed for introduction in the 2016-2017 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 158

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 10, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 158 (1R), with committee amendments.

As amended, this bill revises the “New Jersey Angel Investor Tax Credit Act” to provide tax credits for qualified investments in New Jersey emerging technology business holding companies, to broaden the types of New Jersey emerging technology businesses that are eligible to receive qualified investments, and to provide directions for the distribution of tax credits allowed for qualified investments by New Jersey S corporations.

Under the “New Jersey Angel Investor Tax Credit Act,” a tax credit is allowed against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business. The law provides that the amount of the tax credit is equal to 10 percent of the qualified investment made by the taxpayer, up to a maximum allowed credit of \$500,000 for the tax year for each qualified investment made by the taxpayer.

Currently, taxpayers seeking to claim the credit must apply to and receive approval for the allowance of a credit from the New Jersey Economic Development Authority. The law limits to \$25 million per calendar year the cumulative amount of all tax credits that the authority is permitted to approve in connection with qualified investments.

This bill amends the “New Jersey Angel Investor Tax Credit Act” to similarly allow a tax credit against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business. The bill provides that for the tax credit to be allowed, 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business, and specifies that the transfer of funds must be accompanied by documentation which provides proof that the invested funds are

transferred from the holding company to the emerging technology business in the same tax year or taxable year that the funds were received by the holding company.

In addition, the bill broadens the definition of a New Jersey emerging technology business under the “New Jersey Angel Investor Tax Credit Act” to include certain companies that conduct technology commercialization in this State in the field of carbon footprint reduction technology so that qualified investments in companies that conduct commercialization in that field (or in holding companies that make verified transfers to companies in that field) may be claimed as a tax credit. A “carbon footprint reduction technology” is defined by the bill as a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The bill also provides directions for the distribution of tax credits allowed in connection with qualified investments made by New Jersey S corporations. The bill permits tax credits due as a result of a qualified investment by a corporation that has made a valid election as a New Jersey S corporation under State law to be distributed to the individual shareholders of the S corporation according to the shareholders’ proportional share of ownership in the S corporation. The bill provides that shareholders receiving a distributive credit may then claim those credits to reduce the shareholders’ gross income tax liability.

The bill takes effect immediately, but applies retroactively to qualified investments made for tax years and taxable years beginning on or after January 1, 2012, other than qualified investments that are made in New Jersey emerging technology businesses, and in New Jersey emerging technology business holding companies that make verified transfers of funds to businesses, that conduct technology commercialization in this State in the field of carbon footprint reduction technology.

COMMITTEE AMENDMENTS:

The amendments make corresponding changes to the definition of qualified investment under the “New Jersey Angel Investor Tax Credit Act” to specify that qualified investments include non-refundable transfers of cash to New Jersey emerging technology business holding companies. The amendments modify the definition of a verified transfer of funds to require that 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business. The amendments also clarify the retroactive provisions of the bill’s effective date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) lacks sufficient information to determine the direction or quantify the magnitude of the bill's net fiscal impact on State revenues. In large part, it is not known how many additional taxpayers will make qualified investments as a result of the changes provided by the bill, or the amount of each additional investment that may be made by those newly eligible taxpayers.

The OLS notes that under current law the New Jersey Economic Development Authority is prohibited from awarding a cumulative total of more than \$25.0 million in tax credits to qualified investors in any calendar year. As the State has yet to use all available tax credits under the annual limit, the OLS anticipates the expanded eligibility under the bill to absorb some additional, indeterminate amount under that limit.

However, the OLS notes that it is unlikely the bill's changes will propel the program to reach its annual limit in future years. According to information made available by the New Jersey Economic Development Authority, in calendar year 2015 the State awarded only \$5.1 million in tax credits in connection with 213 qualified investments in 28 different companies.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 158

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: MARCH 18, 2016

SUMMARY

- Synopsis:** Permits holding companies of eligible New Jersey emerging technology companies to receive investments under “New Jersey Angel Investor Tax Credit Act.”
- Type of Impact:** Unknown net effect of three countervailing impacts: 1) indeterminate revenue loss to the State General Fund and Property Tax Relief Fund from expanded eligibility under existing program cap; 2) indeterminate revenue increase to the State General Fund, Property Tax Relief Fund from receipts catalyzed by credit-induced economic activity; 3) recurring opportunity costs to the State from granting credits.
- Agencies Affected:** Department of the Treasury.
New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	
Direct State Revenue Loss	Minimal, Indeterminate
State Opportunity Cost	Indeterminate
Indirect State Revenue Gain	Indeterminate

- The Office of Legislative Services (OLS) can project neither the direction nor the magnitude of the bill's net fiscal impact on State revenues.
- The OLS notes that under the current law, the Angel Investor Tax Credit Program has an existing cap of \$25.0 million. As the program has yet to utilize all of the available cap space, the OLS anticipates the expanded eligibility under the bill to absorb more of the available cap space. However, the OLS is unable to determine exactly how much cap space the bill would absorb.
- The bill is unlikely to propel the program to its cap considering, as recently as CY 2015, the New Jersey Economic Development Authority (EDA) had awarded only \$5.1 million in tax

credits through the program for that year. The amount of cap space absorbed by this bill will largely depend on the number of newly qualified businesses and the behavior of investors.

BILL DESCRIPTION

Senate Bill No. 158 (2R) of 2016 expands eligibility for tax credits under the “New Jersey Angel Investor Tax Credit Act” to include investments in the holding company of a qualified New Jersey emerging technology business and to include carbon footprint reduction technology as a research field that a company can engage in to be deemed a New Jersey emerging technology business under the act. Under the program, the State annually awards up to \$25 million in tax credits to taxpayers who make certain investments in New Jersey emerging technology businesses. These credits may be applied against the New Jersey gross income or corporate business taxes.

The bill maintains all existing provisions regarding qualified investments, but in addition expands the tax credit to include: direct and indirect investments in a holding company which owns and transfers the investment to a qualified business; carbon footprint reduction technology, which is used by commercial, institutional, and industrial sectors to increase energy efficiency, develop and deliver renewable or non-carbon-emitting energy technologies, develop innovative carbon emissions abatement with significant carbon emissions reduction potential, or promote measurable electricity end-use energy efficiency; and to establish that tax credits due as a result of a qualified business investment by a New Jersey S corporation are to be distributed to the individual owners of the S corporation according to their proportional share of ownership in the S corporation. Currently, the program includes certain emerging technology businesses, such as advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, and renewable energy technology. The expanded eligibility is to be retroactive to January 1, 2012, for all research fields except carbon footprint reduction technology, which is not retroactively eligible for tax credits under the bill.

To qualify for a tax credit of up to 10 percent (capped at \$500,000 per investment) of the angel investors’ qualified investment in New Jersey emerging technology companies, the companies being invested in must have fewer than 225 employees, and at least 75 percent of those positions must be located in New Jersey. An individual tax payer with excess credit will receive a refund from the State. Further, a corporate taxpayer can choose to either receive a refund of the excess credit or carry over the excess credit for 15 years.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS can determine neither the direction nor the net fiscal impact of the bill on State revenues from the expansion of eligibility under the Angel Investor Tax Credit Program. The OLS notes that under current law, the Angel Investor Tax Credit Program has an existing cap of

\$25.0 million, which has not yet been fully utilized. The OLS anticipates that expanding eligibility under the bill will utilize more of the available cap space. However, the OLS is unable to determine exactly how much cap space the bill will absorb.

The OLS is unable to pinpoint the bill's exact direct revenue loss. Additionally, it cannot calculate its opportunity cost or its offsetting indirect revenue gain. This inability is rooted in the dearth of reliable information on those angel investors who would invest in newly eligible businesses and would earn tax credits.

In general, the State net fiscal impact is calculated by adding the direct revenue loss from granting additional tax credits and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain from granting the tax credits.

Direct Fiscal Impact: The bill is expected to result in a direct revenue loss to the State General Fund and Property Tax Relief Fund from expanding eligibility under the existing Angel Investor Tax Credit Program; however, the OLS is unable to determine how much existing cap space the bill would absorb. Additionally, the bill's expanded eligibility would be retroactive to January 1, 2012, for all research fields except carbon footprint reduction technology. The OLS is also unable to determine the impact prior investments, now eligible as a result of this bill, would have on the available cap space for prior years. It is unlikely that the bill would propel the program to its cap considering current program statistics.

After the Angel Investor Tax Credit Act was enacted in January 2013, the program did not begin accepting applications until July 1, 2013. For CY 2013, the EDA awarded \$1.4 million in tax credits for 28 investments in five different companies. The number of tax credits awarded increased substantially in CY 2014, the program's first full year, to \$6.0 million for 181 investments in 22 different companies. Further, in CY 2015, the amount in tax credits awarded fell to \$5.1 million; however, the number of investments increased to 213 in 28 different companies.

To reach the \$25.0 million cap in a given year, at least \$250.0 million would have to be invested annually in New Jersey-based emerging technology, biotechnology, and the newly eligible carbon footprint reduction technology businesses through the Angel Investor Tax Credit Program. (The tax credits are capped at 10 percent of the angel investor's investment.) Additionally, based on the program statistics provided by the EDA, the average credit awarded in CY 2015 was \$24,008.55. In order for the cap to be reached based on the average credit awarded in CY 2015 (\$24,008.55), the EDA would have to award tax credits for 1,041 investments. Considering that 213 investments were awarded tax credits in CY 2015, and as a result of these tax credits, 20.4 percent of the cap was utilized, the bill would have to generate approximately 828 newly eligible investments to reach the cap. Further, over the past three years, out of the 422 investments awarded tax credits, only one investment reached the credit limit of \$500,000 per investment and 29 investments were awarded at least \$100,000 or more in tax credits.

Indirect Fiscal Impact: The bill may generate an indeterminate indirect revenue gain to the State that may partially offset the direct State revenue loss from and State opportunity cost of providing the tax credits. The OLS, however, does not have the capacity to quantify the bill's secondary effects, since it cannot estimate the volume of investments that the tax credit will directly spur and their ensuing indirect effect on State government tax receipts.

In general, any indirect revenue gain will result from the economic ramifications of tax credit-induced behavior changes. Once New Jerseyans will have income they would not have had absent the tax credit, at least a portion of that additional income will newly circulate in New

Jersey's economy. As these ramifications will flow through the economy, they will affect State revenue collections. Indirect fiscal effects encompass secondary tax collections from credit-induced investments (such as enhanced gross income tax collections from employees whose positions are retained in New Jersey because of the tax credit) and credit-induced spending by all impacted firms and their employees (such as employees whose positions are retained in New Jersey because of the tax credit spending their income on taxable goods and services).

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

Lastly, the OLS notes that any estimate of the credit's New Jersey feedback effects must also exclude from the total feedback effects the portion of the credit-induced spending that would leak into other jurisdictions. A New York resident holding a job in New Jersey would have a New Jersey income tax liability, but most of the New Yorker's private spending might not occur in this State.

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

Section: Revenue, Finance and Appropriations

*Analyst: Jordan 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.).

ASSEMBLY, No. 3631

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 14, 2016

Sponsored by:

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman RAJ MUKHERJI

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Assemblyman JOE DANIELSEN

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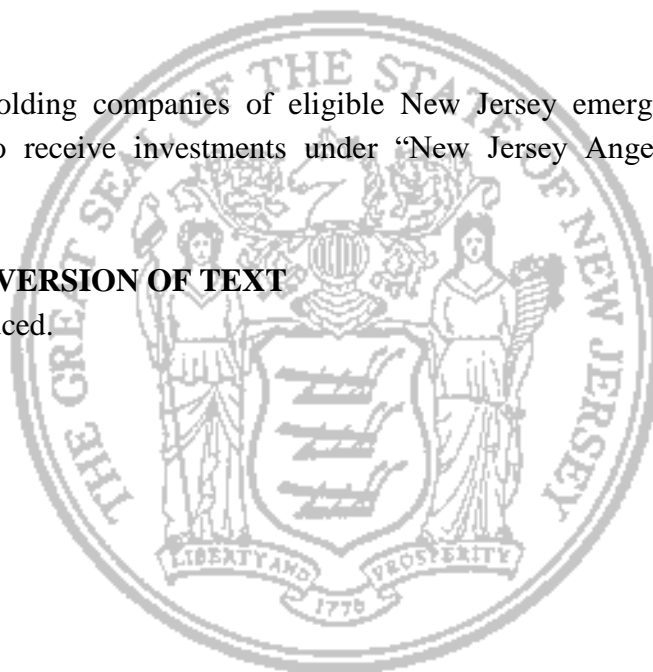
Assemblywoman Pintor Marin

SYNOPSIS

Permits holding companies of eligible New Jersey emerging technology companies to receive investments under “New Jersey Angel Investor Tax Credit Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/17/2017)

1 AN ACT concerning eligible investments under the “New Jersey
2 Angel Investor Tax Credit Act,” and amending P.L.1997,
3 c.349 and P.L.2013, c.14.

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

7
8 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
9 read as follows:

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

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

17 "Advanced materials" means materials with engineered
18 properties created through the development of specialized
19 processing and synthesis technology, including ceramics, high
20 value-added metals, electronic materials, composites, polymers, and
21 biomaterials. "Biotechnology" means the continually expanding
22 body of fundamental knowledge about the functioning of biological
23 systems from the macro level to the molecular and sub-atomic
24 levels, as well as novel products, services, technologies, and sub-
25 technologies developed as a result of insights gained from research
26 advances which add to that body of fundamental knowledge.

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

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

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

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

11 "Electronic device technology" means a technology involving
12 microelectronics, semiconductors, electronic equipment **【,】** and
13 instrumentation, radio frequency, microwave **【,】** and millimeter
14 electronics, and optical and optic-electrical devices, or data and
15 digital communications and imaging devices.

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

22 "Life sciences" means the production of medical equipment,
23 ophthalmic goods, medical or dental instruments, diagnostic
24 substances, biopharmaceutical products **【;】**, or physical and
25 biological research.

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

30 "Mobile communications technology" means a technology
31 involving the functionality and reliability of the transmission of
32 voice and multimedia data using a communication infrastructure via
33 a computer or a mobile device, that shall include, but **【shall】** not be
34 limited to, smartphones, electronic books and tablets, **【mp3】** digital
35 audio players, motor vehicle electronics, home entertainment
36 systems, and other wireless appliances, without having connected to
37 any physical or fixed link.

38 "New Jersey emerging technology business" means a company
39 with fewer than 225 employees, of whom at least 75 percent are
40 filling a position in New Jersey, that is doing business, employing
41 or owning capital or property, or maintaining an office in this State
42 and: **【(1)】** has qualified research expenses paid or incurred for
43 research conducted in this State; **【(2)】** conducts pilot scale
44 manufacturing in this State; or **【(3)】** conducts technology
45 commercialization in this State in the fields of advanced computing,
46 advanced materials, biotechnology, carbon footprint reduction
47 technology, electronic device technology, information technology,

1 life sciences, medical device technology, mobile communications
2 technology, or renewable energy technology.

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

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

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

25 "Qualified investment" means the non-refundable transfer of
26 cash to a New Jersey emerging technology business or to a New
27 Jersey emerging technology business holding company by a
28 taxpayer that is not a related person of the New Jersey emerging
29 technology business or the New Jersey emerging technology
30 business holding company, the transfer of which is in connection
31 with either **【(1)】**: a transaction between or among the taxpayer and
32 the New Jersey emerging technology business or the New Jersey
33 emerging technology holding company or both in exchange for
34 stock, interests in partnerships or joint ventures, licenses (exclusive
35 or non-exclusive), rights to use technology, marketing rights,
36 warrants, options, or any items similar to those included herein,
37 including, but not limited to, options or rights to acquire any of the
38 items included herein; or **【(2)】** a purchase, production, or research
39 agreement between or among the taxpayer and the New Jersey
40 emerging technology business or the New Jersey emerging
41 technology holding company or both.

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

1 technology, mobile communications technology, or renewable
2 energy technology.

3 "Related person" means:

4 **【a.】** a corporation, partnership, association or trust controlled by
5 the taxpayer;

6 **【b.】** an individual, corporation, partnership, association or trust
7 that is in the control of the taxpayer;

8 **【c.】** a corporation, partnership, association or trust controlled by
9 an individual, corporation, partnership, association or trust that is in
10 the control of the taxpayer; or

11 **【d.】** a member of the same controlled group as the taxpayer.

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

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

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

32 (cf: P.L.2013, c.14, s.2)

33

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

36 3. a. A taxpayer, upon approval of the taxpayer's application
37 therefor by the New Jersey Economic Development Authority and
38 in consultation with the director, shall be allowed a credit against
39 the tax imposed pursuant to section 5 of P.L.1945, c.162
40 (C.54:10A-5), in an amount equal to **【10%】** 10 percent of the
41 qualified investment made by the taxpayer in a New Jersey
42 emerging technology business, or in a New Jersey emerging
43 technology business holding company that makes a verified transfer
44 of funds to **【the】** a New Jersey emerging technology business, up
45 to a maximum allowed credit of \$500,000 for the tax year for each
46 qualified investment made by the taxpayer.

47 b. A credit shall not be allowed pursuant to section 1 of
48 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for

1 which a credit is allowed, or which are includable in the calculation
2 of a credit allowed, under this section.

3 Notwithstanding any other provision of law, the order of priority
4 in which the credit allowed by this section and any other credits
5 allowed by law may be taken shall be as prescribed by the director.

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

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

32 e. The Executive Director of the New Jersey Economic
33 Development Authority, in consultation with the director, shall
34 adopt **【rules in accordance with】**, pursuant to the "Administrative
35 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) **【as】**, rules
36 and regulations that are necessary to implement sections 1 through
37 3 of P.L.1997, c.349 (C.54:10A-5.28 through C.54:10A-5.30) and
38 section 4 of P.L.2013, c.14 (C.54A:4-13), including, but not limited
39 to: examples of and the determination of qualified investments of
40 which applicants **【must】** shall provide documentation with their tax
41 credit application; the promulgation of procedures and forms
42 necessary to apply for a credit; and provisions for credit applicants
43 to be charged an initial application fee **【,】** and ongoing service fees
44 **【,】** to cover the administrative costs related to the credit.

45 The amount of credits approved by the Executive Director of the
46 New Jersey Economic Development Authority, and in consultation
47 with the director, pursuant to subsection a. of this section and
48 pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13), shall not

1 exceed a cumulative total of \$25,000,000 in any calendar year to
2 apply against the tax imposed pursuant to section 5 of P.L.1945,
3 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
4 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
5 cumulative amount of credits allowed to taxpayers in a calendar
6 year exceeds the amount of credits available in that year, then
7 taxpayers who have first applied for and have not been allowed a
8 credit amount for that reason shall be allowed, in the order in which
9 they have submitted an application, the amount of the tax credit on
10 the first day of the next succeeding calendar year in which tax
11 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
12 13) are not in excess of the amount of credits available.
13 (cf: P.L.2013, c.14, s.3)

14

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

17 4. a. A taxpayer, upon approval of the taxpayer's application
18 therefor by the New Jersey Economic Development Authority, and
19 in consultation with the director, shall be allowed a credit against
20 the tax otherwise due for the taxable year under the "New Jersey
21 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
22 to 10 percent of the qualified investment made by the taxpayer in a
23 New Jersey emerging technology business, or in a New Jersey
24 emerging technology business holding company that makes a
25 verified transfer of funds to a New Jersey emerging technology
26 business, up to a maximum allowed credit of \$500,000 for the
27 taxable year for each qualified investment made by the taxpayer.

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

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

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

16 d. The Executive Director of the New Jersey Economic
17 Development Authority, in consultation with the director, shall
18 adopt **[rules in accordance with]**, pursuant to the "Administrative
19 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) **[as]**, rules
20 and regulations that are necessary to implement sections 1 through
21 3 of P.L.1997, c.349 (C.54:10A-5.28 through C.54:10A-5.30) and
22 this section, including, but not limited to: examples of and the
23 determination of qualified investments of which applicants **[must]**
24 **shall** provide documentation with their tax credit application; the
25 promulgation of procedures and forms necessary to apply for a
26 credit; and provisions for credit applicants to be charged an initial
27 application fee **[,]** and ongoing service fees **[,]** to cover the
28 administrative costs related to the credit.

29 The amount of credits approved by the Executive Director of the
30 New Jersey Economic Development Authority and the Director of
31 the Division of Taxation in the Department of the Treasury,
32 pursuant to subsection a. of this section and pursuant to section 3 of
33 P.L.1997, c.349 (C.54:10A-5.30), shall not exceed a cumulative
34 total of \$25,000,000 in any calendar year to apply against the tax
35 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and
36 the tax imposed pursuant to the "New Jersey Gross Income Tax
37 Act," N.J.S.54A:1-1 et seq. If the cumulative amount of credits
38 allowed to taxpayers in a calendar year exceeds the amount of
39 credits available in that year, then taxpayers who have first applied
40 for and have not been allowed a credit amount for that reason shall
41 be allowed, in the order in which they have submitted an
42 application, the amount of the tax credit on the first day of the next
43 succeeding calendar year in which tax credits under this section and
44 section 3 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of
45 the amount of credits available.

46 e. As used in this section:

47 "Advanced computing" means a technology used in the
48 designing and developing of computing hardware and software,

1 including innovations in designing the full spectrum of hardware
2 from hand-held calculators to super computers, and peripheral
3 equipment.

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

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

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

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

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

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

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

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

7 "Life sciences" means the production of medical equipment,
8 ophthalmic goods, medical or dental instruments, diagnostic
9 substances, biopharmaceutical products **【;】**, or physical and
10 biological research.

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

15 "Mobile communications technology" means a technology
16 involving the functionality and reliability of the transmission of
17 voice and multimedia data using a communication infrastructure via
18 a computer or a mobile device, that shall include, but **【shall】** not be
19 limited to, smartphones, electronic books and tablets, **【mp3】** digital
20 audio players, motor vehicle electronics, home entertainment
21 systems, and other wireless appliances, without having connected to
22 any physical or fixed link.

23 "New Jersey emerging technology business" means a company
24 with fewer than 225 employees, of whom at least 75 percent are
25 filling a position in New Jersey, that is doing business, employing
26 or owning capital or property, or maintaining an office in this State
27 and: **【(1)】** has qualified research expenses paid or incurred for
28 research conducted in this State; **【(2)】** conducts pilot scale
29 manufacturing in this State; or **【(3)】** conducts technology
30 commercialization in this State in the fields of advanced computing,
31 advanced materials, biotechnology, carbon footprint reduction
32 technology, electronic device technology, information technology,
33 life sciences, medical device technology, mobile communications
34 technology, or renewable energy technology.

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

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

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

1 footprint reduction technology, electronic device technology,
2 information technology, life sciences, medical device technology,
3 mobile communications technology, or renewable energy
4 technology, other than for commercial sale, excluding sales of
5 prototypes or sales for market testing if the total gross receipts, as
6 calculated in the manner provided in section 6 of P.L.1945, c.162
7 (C.54:10A-6), from **【such】** the sales of the product, service₂ or
8 process do not exceed \$1,000,000.

9 "Qualified investment" means the non-refundable transfer of
10 cash to a New Jersey emerging technology business or to a New
11 Jersey emerging technology business holding company by a
12 taxpayer that is not a related person of the New Jersey emerging
13 technology business or the New Jersey emerging technology
14 business holding company, the transfer of which is in connection
15 with either **【(1)】**: a transaction between or among the taxpayer and
16 the New Jersey emerging technology business or the New Jersey
17 emerging technology holding company or both in exchange for
18 stock, interests in partnerships or joint ventures, licenses (exclusive
19 or non-exclusive), rights to use technology, marketing rights,
20 warrants, options₂ or any items similar to those included herein,
21 including₂ but not limited to₂ options or rights to acquire any of the
22 items included herein; or **【(2)】** a purchase, production, or research
23 agreement between or among the taxpayer and the New Jersey
24 emerging technology business or the New Jersey emerging
25 technology holding company or both.

26 "Qualified research expenses" means qualified research
27 expenses₂ as defined in section 41 of the federal Internal Revenue
28 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
29 fields of advanced computing, advanced materials, biotechnology,
30 electronic device technology, information technology, life sciences,
31 medical device technology, mobile communications technology, or
32 renewable energy technology.

33 "Related person" means:

34 **【a.】** a corporation, partnership, association or trust controlled by
35 the taxpayer;

36 **【b.】** an individual, corporation, partnership, association or trust
37 that is in the control of the taxpayer;

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

41 **【d.】** a member of the same controlled group as the taxpayer.

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

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

3 “Verified transfer of funds” means a non-refundable transfer of
4 funds equal to 100 percent of the taxpayer’s qualified investment in
5 the New Jersey emerging technology business holding company to a
6 New Jersey emerging technology business by the New Jersey
7 emerging technology business holding company that is
8 accompanied by documentation, as required by the New Jersey
9 Economic Development Authority, which provides proof of a cash
10 transaction originating with a taxpayer and concluding with a New
11 Jersey emerging technology business, provided that the transactions
12 from origin to destination occur within the same taxable year.
13 (cf: P.L.2013, c.14, s.4)

14

15 4. This act shall take effect immediately and shall apply
16 retroactively to qualified investments made for tax years and
17 taxable years beginning on or after January 1, 2012, other than
18 qualified investments in New Jersey emerging technology
19 businesses, and in New Jersey emerging technology business
20 holding companies that make verified transfers of funds to New
21 Jersey emerging technology businesses, that conduct technology
22 commercialization in this State in the field of carbon footprint
23 reduction technology.

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25

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STATEMENT

27

28 This bill revises the “New Jersey Angel Investor Tax Credit Act” to
29 provide tax credits for qualified investments in New Jersey emerging
30 technology business holding companies, to broaden the types of New
31 Jersey emerging technology businesses that are eligible to receive
32 qualified investments, and to provide directions for the distribution of
33 tax credits allowed for qualified investments by New Jersey S
34 corporations.

35 Under the “New Jersey Angel Investor Tax Credit Act,” a tax
36 credit is allowed against the corporation business tax and the gross
37 income tax for qualified investments in a New Jersey emerging
38 technology business. The law provides that the amount of the tax
39 credit is equal to 10 percent of the qualified investment made by the
40 taxpayer, up to a maximum allowed credit of \$500,000 for the tax year
41 for each qualified investment made by the taxpayer.

42 Currently, taxpayers seeking to claim the credit must apply to and
43 receive approval for the allowance of a credit from the New Jersey
44 Economic Development Authority. The law limits to \$25 million per
45 calendar year the cumulative amount of all tax credits that the
46 authority is permitted to approve in connection with qualified
47 investments.

1 This bill amends the “New Jersey Angel Investor Tax Credit Act”
2 to similarly allow a tax credit against the corporation business tax and
3 the gross income tax for qualified investments in a New Jersey
4 emerging technology business holding company that makes a verified
5 transfer of funds to a New Jersey emerging technology business. The
6 bill provides that for the tax credit to be allowed, 100 percent of the
7 taxpayer’s qualified investment in the New Jersey emerging
8 technology business holding company must be transferred from the
9 holding company to the New Jersey emerging technology business,
10 and specifies that the transfer of funds must be accompanied by
11 documentation which provides proof that the invested funds are
12 transferred from the holding company to the emerging technology
13 business in the same tax year or taxable year that the funds were
14 received by the holding company.

15 In addition, the bill broadens the definition of a New Jersey
16 emerging technology business under the “New Jersey Angel Investor
17 Tax Credit Act” to include certain companies that conduct technology
18 commercialization in this State in the field of carbon footprint
19 reduction technology so that qualified investments in companies that
20 conduct commercialization in that field (or in holding companies that
21 make verified transfers to companies in that field) may be claimed as a
22 tax credit. A “carbon footprint reduction technology” is defined by the
23 bill as a technology using equipment for the commercial, institutional,
24 and industrial sectors that: increases energy efficiency; develops and
25 delivers renewable or non-carbon-emitting energy technologies;
26 develops innovative carbon emissions abatement with significant
27 carbon emissions reduction potential; or promotes measurable
28 electricity end-use energy efficiency.

29 The bill also provides directions for the distribution of tax credits
30 allowed in connection with qualified investments made by New Jersey
31 S corporations. The bill permits tax credits due as a result of a
32 qualified investment by a corporation that has made a valid election as
33 a New Jersey S corporation under State law to be distributed to the
34 individual shareholders of the S corporation according to the
35 shareholders’ proportional share of ownership in the S corporation.
36 The bill provides that shareholders receiving a distributive credit may
37 then claim those credits to reduce the shareholders’ gross income tax
38 liability.

39 The bill takes effect immediately, but applies retroactively to
40 qualified investments made for tax years and taxable years beginning
41 on or after January 1, 2012, other than qualified investments that are
42 made in New Jersey emerging technology businesses, and in New
43 Jersey emerging technology business holding companies that make
44 verified transfers of funds to businesses, that conduct technology
45 commercialization in this State in the field of carbon footprint
46 reduction technology.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3631

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2016

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 3631.

This bill revises the “New Jersey Angel Investor Tax Credit Act” to provide tax credits for qualified investments in New Jersey emerging technology business holding companies, to broaden the types of New Jersey emerging technology businesses that are eligible to receive qualified investments, and to provide directions for the distribution of tax credits allowed for qualified investments by New Jersey S corporations.

Under the “New Jersey Angel Investor Tax Credit Act,” a tax credit is allowed against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business. The law provides that the amount of the tax credit is equal to 10 percent of the qualified investment made by the taxpayer, up to a maximum allowed credit of \$500,000 for the tax year for each qualified investment made by the taxpayer.

Currently, taxpayers seeking to claim the credit must apply to and receive approval for the allowance of a credit from the New Jersey Economic Development Authority. The law limits to \$25 million per calendar year the cumulative amount of all tax credits that the authority is permitted to approve in connection with qualified investments.

This bill amends the “New Jersey Angel Investor Tax Credit Act” to similarly allow a tax credit against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business. The bill provides that for the tax credit to be allowed, 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business, and specifies that the transfer of funds must be accompanied by documentation which provides proof that the invested funds are transferred from the holding company to the emerging technology business in the same tax year or taxable year that the funds were received by the holding company.

In addition, the bill broadens the definition of a New Jersey emerging technology business under the “New Jersey Angel Investor Tax Credit Act” to include certain companies that conduct technology commercialization in this State in the field of carbon footprint reduction technology so that qualified investments in companies that conduct commercialization in that field (or in holding companies that make verified transfers to companies in that field) may be claimed as a tax credit. A “carbon footprint reduction technology” is defined by the bill as a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The bill also provides directions for the distribution of tax credits allowed in connection with qualified investments made by New Jersey S corporations. The bill permits tax credits due as a result of a qualified investment by a corporation that has made a valid election as a New Jersey S corporation under State law to be distributed to the individual shareholders of the S corporation according to the shareholders’ proportional share of ownership in the S corporation. The bill provides that shareholders receiving a distributive credit may then claim those credits to reduce the shareholders’ gross income tax liability.

The bill takes effect immediately, but applies retroactively to qualified investments made for tax years and taxable years beginning on or after January 1, 2012, other than qualified investments that are made in New Jersey emerging technology businesses, and in New Jersey emerging technology business holding companies that make verified transfers of funds to businesses, that conduct technology commercialization in this State in the field of carbon footprint reduction technology.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3631

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3631.

This bill revises the “New Jersey Angel Investor Tax Credit Act” to provide tax credits for qualified investments in New Jersey emerging technology business holding companies, to broaden the types of New Jersey emerging technology businesses that are eligible to receive qualified investments, and to provide directions for the distribution of tax credits allowed for qualified investments by New Jersey S corporations.

Under the “New Jersey Angel Investor Tax Credit Act,” a tax credit is allowed against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business. The law provides that the amount of the tax credit is equal to 10 percent of the qualified investment made by the taxpayer, up to a maximum allowed credit of \$500,000 for the tax year for each qualified investment made by the taxpayer.

Currently, taxpayers seeking to claim the credit must apply to and receive approval for the allowance of a credit from the New Jersey Economic Development Authority. The law limits to \$25 million per calendar year the cumulative amount of all tax credits that the authority is permitted to approve in connection with qualified investments.

This bill amends the “New Jersey Angel Investor Tax Credit Act” to similarly allow a tax credit against the corporation business tax and the gross income tax for qualified investments in a New Jersey emerging technology business holding company that makes a verified transfer of funds to a New Jersey emerging technology business. The bill provides that for the tax credit to be allowed, 100 percent of the taxpayer’s qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business, and specifies that the transfer of funds must be accompanied by documentation which provides proof that the invested funds are transferred from the holding company to the emerging technology business in the same tax year or taxable year that the funds were received by the holding company.

In addition, the bill broadens the definition of a New Jersey emerging technology business under the “New Jersey Angel Investor

Tax Credit Act” to include certain companies that conduct technology commercialization in this State in the field of carbon footprint reduction technology so that qualified investments in companies that conduct commercialization in that field (or in holding companies that make verified transfers to companies in that field) may be claimed as a tax credit. A “carbon footprint reduction technology” is defined by the bill as a technology using equipment for the commercial, institutional, and industrial sectors that: increases energy efficiency; develops and delivers renewable or non-carbon-emitting energy technologies; develops innovative carbon emissions abatement with significant carbon emissions reduction potential; or promotes measurable electricity end-use energy efficiency.

The bill also provides directions for the distribution of tax credits allowed in connection with qualified investments made by New Jersey S corporations. The bill permits tax credits due as a result of a qualified investment by a corporation that has made a valid election as a New Jersey S corporation under State law to be distributed to the individual shareholders of the S corporation according to the shareholders’ proportional share of ownership in the S corporation. The bill provides that shareholders receiving a distributive credit may then claim those credits to reduce the shareholders’ gross income tax liability.

The bill takes effect immediately, but applies retroactively to qualified investments made for tax years and taxable years beginning on or after January 1, 2012, other than qualified investments that are made in New Jersey emerging technology businesses, and in New Jersey emerging technology business holding companies that make verified transfers of funds to businesses, that conduct technology commercialization in this State in the field of carbon footprint reduction technology.

As reported, this bill is identical to Senate Bill No. 158 (2R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot project the bill's net fiscal impact on State revenues.

The OLS notes that under current law, the Angel Investor Tax Credit Program has an annual calendar year cap of \$25.0 million of tax credits. The New Jersey Economic Development Authority (EDA) had awarded only \$5.1 million in tax credits through the program for 2015. As the program has yet to utilize the available cap amount, the OLS anticipates the expanded eligibility under the bill to absorb more of the available cap amount, which will largely depend on the number of newly qualified businesses and the behavior of investors.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3631
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: OCTOBER 28, 2016

SUMMARY

Synopsis: Permits holding companies of eligible New Jersey emerging technology companies to receive investments under “New Jersey Angel Investor Tax Credit Act.”

Type of Impact: Unknown net effect of three countervailing impacts: 1) indeterminate revenue loss to the State General Fund and Property Tax Relief Fund from expanded eligibility under existing program cap; 2) indeterminate revenue increase to the State General Fund, Property Tax Relief Fund from receipts catalyzed by credit-induced economic activity; 3) recurring opportunity costs to the State from granting credits.

Agencies Affected: Department of the Treasury.
New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	
Direct State Revenue Loss	Minimal, Indeterminate
State Opportunity Cost	Indeterminate
Indirect State Revenue Gain	Indeterminate

- The Office of Legislative Services (OLS) can project neither the direction nor the magnitude of the bill's net fiscal impact on State revenues.
- The OLS notes that under the current law, the Angel Investor Tax Credit Program has an existing cap of \$25.0 million. As the program has yet to utilize all of the available cap space, the OLS anticipates the expanded eligibility under the bill to absorb more of the available cap space. However, the OLS is unable to determine exactly how much cap space the bill would absorb.
- The bill is unlikely to propel the program to its cap considering, as recently as CY 2015, the New Jersey Economic Development Authority (EDA) had awarded only \$5.1 million in tax credits through the program for that year. The amount of cap space absorbed by this bill will largely depend on the number of newly qualified businesses and the behavior of investors.

BILL DESCRIPTION

Assembly Bill No. 3631 of 2016 expands eligibility for tax credits under the “New Jersey Angel Investor Tax Credit Act” to include investments in the holding company of a qualified New Jersey emerging technology business and to include carbon footprint reduction technology as a research field that a company can engage in to be deemed a New Jersey emerging technology business under the act. Under the program, the State annually awards up to \$25 million in tax credits to taxpayers who make certain investments in New Jersey emerging technology businesses. These credits may be applied against the New Jersey gross income or corporate business taxes.

The bill maintains all existing provisions regarding qualified investments, but in addition expands the tax credit to include: direct and indirect investments in a holding company which owns and transfers the investment to a qualified business; carbon footprint reduction technology, which is used by commercial, institutional, and industrial sectors to increase energy efficiency, develop and deliver renewable or non-carbon-emitting energy technologies, develop innovative carbon emissions abatement with significant carbon emissions reduction potential, or promote measurable electricity end-use energy efficiency; and to establish that tax credits due as a result of a qualified business investment by a New Jersey S corporation are to be distributed to the individual owners of the S corporation according to their proportional share of ownership in the S corporation. Currently, the program includes certain emerging technology businesses, such as advanced computing, advanced materials, biotechnology, electronic device technology, information technology, life sciences, medical device technology, mobile communications technology, and renewable energy technology. The expanded eligibility is to be retroactive to January 1, 2012, for all research fields except carbon footprint reduction technology, which is not retroactively eligible for tax credits under the bill.

To qualify for a tax credit of up to 10 percent (capped at \$500,000 per investment) of the angel investors’ qualified investment in New Jersey emerging technology companies, the companies being invested in must have fewer than 225 employees, and at least 75 percent of those positions must be located in New Jersey. An individual tax payer with excess credit will receive a refund from the State. Further, a corporate taxpayer can choose to either receive a refund of the excess credit or carry over the excess credit for 15 years.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

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The OLS can determine neither the direction nor the net fiscal impact of the bill on State revenues from the expansion of eligibility under the Angel Investor Tax Credit Program. The OLS notes that under current law, the Angel Investor Tax Credit Program has an existing cap of \$25.0 million, which has not yet been fully utilized. The OLS anticipates that expanding eligibility under the bill will utilize more of the available cap space. However, the OLS is unable to determine exactly how much cap space the bill will absorb.

The OLS is unable to pinpoint the bill's exact direct revenue loss. Additionally, it cannot calculate its opportunity cost or its offsetting indirect revenue gain. This inability is rooted in the dearth of reliable information on those angel investors who would invest in newly eligible businesses and would earn tax credits.

In general, the State net fiscal impact is calculated by adding the direct revenue loss from granting additional tax credits and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain from granting the tax credits.

Direct Fiscal Impact: The bill is expected to result in a direct revenue loss to the State General Fund and Property Tax Relief Fund from expanding eligibility under the existing Angel Investor Tax Credit Program; however, the OLS is unable to determine how much existing cap space the bill would absorb. Additionally, the bill's expanded eligibility would be retroactive to January 1, 2012, for all research fields except carbon footprint reduction technology. The OLS is also unable to determine the impact prior investments, now eligible as a result of this bill, would have on the available cap space for prior years. It is unlikely that the bill would propel the program to its cap considering current program statistics.

After the Angel Investor Tax Credit Act was enacted in January 2013, the program did not begin accepting applications until July 1, 2013. For CY 2013, the EDA awarded \$1.4 million in tax credits for 28 investments in five different companies. The number of tax credits awarded increased substantially in CY 2014, the program's first full year, to \$6.0 million for 181 investments in 22 different companies. Further, in CY 2015, the amount in tax credits awarded fell to \$5.1 million; however, the number of investments increased to 213 in 28 different companies.

To reach the \$25.0 million cap in a given year, at least \$250.0 million would have to be invested annually in New Jersey-based emerging technology, biotechnology, and the newly eligible carbon footprint reduction technology businesses through the Angel Investor Tax Credit Program. (The tax credits are capped at 10 percent of the angel investor's investment.) Additionally, based on the program statistics provided by the EDA, the average credit awarded in CY 2015 was \$24,008.55. In order for the cap to be reached based on the average credit awarded in CY 2015 (\$24,008.55), the EDA would have to award tax credits for 1,041 investments. Considering that 213 investments were awarded tax credits in CY 2015, and as a result of these tax credits, 20.4 percent of the cap was utilized, the bill would have to generate approximately 828 newly eligible investments to reach the cap. Further, over the past three years, out of the 422 investments awarded tax credits, only one investment reached the credit limit of \$500,000 per investment and 29 investments were awarded at least \$100,000 or more in tax credits.

Indirect Fiscal Impact: The bill may generate an indeterminate indirect revenue gain to the State that may partially offset the direct State revenue loss from and State opportunity cost of providing the tax credits. The OLS, however, does not have the capacity to quantify the bill's secondary effects, since it cannot estimate the volume of investments that the tax credit will directly spur and their ensuing indirect effect on State government tax receipts.

In general, any indirect revenue gain will result from the economic ramifications of tax credit-induced behavior changes. Once New Jerseyans will have income they would not have had absent the tax credit, at least a portion of that additional income will newly circulate in New Jersey's economy. As these ramifications will flow through the economy, they will affect State revenue collections. Indirect fiscal effects encompass secondary tax collections from credit-induced investments (such as enhanced gross income tax collections from employees whose

positions are retained in New Jersey because of the tax credit) and credit-induced spending by all impacted firms and their employees (such as employees whose positions are retained in New Jersey because of the tax credit spending their income on taxable goods and services).

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

Lastly, the OLS notes that any estimate of the credit's New Jersey feedback effects must also exclude from the total feedback effects the portion of the credit-induced spending that would leak into other jurisdictions. A New York resident holding a job in New Jersey would have a New Jersey income tax liability, but most of the New Yorker's private spending might not occur in this State.

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

Section: Revenue, Finance and Appropriations

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

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Governor Christie Takes Action On Pending Legislation

Monday, May 1, 2017

Tags: [Addiction Taskforce](#)

Trenton, NJ - Governor Chris Christie signed into law today several bills to empower New Jersey's military members and veterans, including a bipartisan initiative to create the "Veterans Diversion Program."

The new law, S-307/A-4362 (Van Drew, Allen/Andrzejczak, Mazzeo, Land, Tucker, Benson, Bramnick), requires the New Jersey Department of Military and Veterans Affairs to collaborate with its federal counterpart and develop a statewide program providing appropriate case management and mental health services to eligible military service members who have committed nonviolent offenses. The department will publicize a directory of existing federal and State case management and mental health program locations, which will serve as points of entry to facilitate support and services.

"It is impossible to imagine the courage, sacrifices and experiences of the men and women who put their lives on the line to protect the American people and our freedom," Governor Christie said. "This critical legislation gives back by supporting New Jersey's military service members when they need it most and when their lives depend on it. This new program will strengthen families and communities, by empowering veterans with individualized, holistic care and steering them clear of the criminal justice system."

Other military and veterans' bills signed by Governor Christie today require the Department of Military and Veterans Affairs (DMAVA) to develop an informational website for Gold Star families; require DMAVA to notify local county veterans' affairs offices and State veterans service offices of the death of a New Jersey or other service member whose surviving beneficiary resides in the State in order to inform the beneficiaries of federal and state benefits and creates a designated Gold Star family member liaison for each county veterans' office; and, retains eligibility for New Jersey National Guard members or reserve components of the U.S. Armed Forces called to active federal military service who met maximum age requirements at the closing date of civil service examinations.

Governor Christie also took action on the following bills:

BILL SIGNINGS:

S-158/A-3631 (Madden, Cruz-Perez/Quijano, Schaer, Vainieri Huttler, Zwicker, Mukherji, Danielsen) - Permits holding companies of eligible New Jersey emerging technology companies to receive investments under "New Jersey Angel Investor Tax Credit Act"

S-227/A-963 (Holzapfel, Allen/Wolfe, McGuckin, Dancer) - Requires DOT, NJTA, and SJTA to use only native vegetation for landscaping, land management, reforestation, or habitat restoration

S-518/A-4452 (Beck/Downey, Houghtaling, Benson, Mukherji, Vainieri Huttler) - Requires sanitation vehicles display flashing lights in certain circumstances and imposes conditions on drivers approaching sanitation vehicles displaying flashing lights; designated as "Michael Massey's Law"

S-724/A-3604 (Cruz-Perez, Allen/Eustace, Wolfe, Mukherji) - Establishes "Integrated Roadside Vegetation Management Program"

S-792/A-1271 (Sarlo/ Caride, Schaer, Pintor Marin) - Permits newly created regional school districts or enlarging regional school districts to determine apportionment methodology for their boards of education on basis other than population

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S-913/A-3404 (Codey, Vitale/Burzichelli, Coughlin, Schaer, Singleton) - Permits hospitals to establish system for making performance-based incentive payments to physicians

S-1059/A-4462 (Diegnan/Lagana, Vainieri Huttie, Mukherji) - Permits amusement games license to be issued to holder of alcoholic beverage special concessionaire permit at certain airports; allows licensees to offer electronic amusements under certain circumstances

S-1398/A-1447 (Weinberg, Gill/Lampitt, Spencer, Vainieri Huttie, McKeon, Mukherji, Holley, Caride, Downey) - Expands infertility coverage under certain health insurance plans

S-1404/A-4423 (Weinberg/Johnson, Benson, Mukherji, Handlin) - Requires governmental affairs agents to disclose on notice of representation form compensation amount received from State or local government entities; requires notice to be posted on Internet site of Election Law Enforcement Commission

S-1475/A-3304 (Ruiz, Vitale/Vainieri Huttie, Mukherji, Holley, Jimenez) - Establishes three-year Medicaid home visitation demonstration project

S-1634/A-3991 (Turner, Stack/Muoio, Wimberly, Johnson, Pintor Marin, Mukherji) - Requires housing authority to advertise when applications are being accepted for housing assistance waiting lists online

S-1761/A-4473 (Rice, Cunningham, Pou/Johnson, Wimberly, Pintor Marin) - Directs Community College Consortium for Workforce and Economic Development to promote basic skills training through organizations dedicated to the economic empowerment of specific segments of society, such as the African American Chamber of Commerce

S-1825/A-3432 (Sarlo, Cruz-Perez, Gordon/Greenwald, Lampitt, Benson, Caride, Chiaravalloti) - Establishes task force to study and make recommendations concerning mobility and support services needs of NJ adults with autism spectrum disorder

S-1856/A-3846 (Pou, Allen/Phoebus, Tucker, Space) - Provides for retained eligibility for members of NJ National Guard or reserve component of US Armed Forces called to active federal military service who met maximum age requirement at closing date of civil service examination

S-2286/A-3083 (Weinberg, Gordon/Vainieri Huttie, Eustace, Johnson) - Establishes Mike Adler Aphasia Task Force to assess needs of persons with aphasia, and their families, and ensure adequate provision of support services and information thereto

S-2414/A-4056 (Scutari/Jimenez, Eustace, Giblin, McKnight) - Requires "Massage and Bodywork Therapist Licensing Act" to require certain class study and examination requirements

S-2856/A-4402 (Beach, Madden/Greenwald, Andrzejczak, Johnson, Rible, Jones, Land, Houghtaling, Benson) - Requires DMVA to notify county veterans' affairs office of death of certain military service members; requires office to have Gold Star liaisons

S-2857/A-4403 (Beach, Madden/Greenwald, Rible, Land, Johnson, Mazzeo, Andrzejczak, Houghtaling, Benson) - Requires Adjutant General to create informational webpage for Gold Star families

S-2868/A-4501 (Pou, Sarlo/Sumter, Wimberly) - Increases value of Economic Redevelopment and Growth Grant program residential tax credits to \$823 million; restricts \$105 million of tax credits to qualified residential projects and mixed use parking projects

S-3015/A-4623 (Rice, Ruiz/Sumter, Oliver, Schaer, Pintor Marin) - Requires study of program allowing community service in lieu of paying motor vehicle surcharges

SJR-49/AJR-106 (Ruiz, Oroho/Phoebus, Pintor Marin, Space, McKnight, Schepisi) - Designates third week in September of each year as Go Gold for Kids with Cancer Awareness Week"

SJR-75/AJR- 122 (Rice, Codey/Oliver, Giblin, Chiaravalloti, Sumter, Quijano, McKnight) - Establishes "Disparity in State Procurement Study Commission"

BILLS VETOED:

S-596/A-3422 (Cunningham, Greenstein, Sweeney/Benson, Mukherji, Muoio, Holley, Sumter, Downey, Lampitt, Oliver, Danielsen, Wimberly) - **CONDITIONAL** - Establishes compensation program for law enforcement officers and certain other employees injured while performing official duties

S-690/A-2921 (Gordon, Beach, Eustace, Houghtaling, Pinkin, Mazzeo) - **CONDITIONAL** - Increases flexibility, clarity, and available tools of optional municipal consolidation process

SCS for S-895/ACS for A-2182 (Lesniak, Beck, Cunningham/Sumter, Holley, Oliver, Jones, Wimberly) - **CONDITIONAL** - "Earn Your Way Out Act"; requires DOC to develop inmate reentry plan; establishes administrative parole release for certain inmates; requires study and report by DOC on fiscal impact

S-956/A-2202 (Gordon, Bateman/Eustace, Zwicker, O'Scanlon, Downey, Wisniewski, Pinkin) - **CONDITIONAL** - Authorizes special emergency appropriations for the payment of certain expenses incurred by municipalities to implement a municipal consolidation

S-2844/A-4425 (Vitale, Codey/Vainieri Huttie, Muoio, Eustace, Space, Benson) - **CONDITIONAL** - Eliminates certificate of need requirement for inpatient hospital beds for treatment of psychiatric and substance use disorder dual

diagnosis

**S-3041/ACS for A-2338 (Lesniak/Benson, Vainieri Huttle, Eustace, Gusciora, Mukherji, Jimenez) -
CONDITIONAL** - Revises "Pet Purchase Protection Act" to establish new requirements for pet dealers and pet shops

**S-3048/A-4520 (Weinberg, Turner, Greenstein/McKeon, Singleton, Moriarty, Quijano, Johnson, Benson) -
CONDITIONAL** - Requires candidates for President and Vice-President of United States to disclose federal income tax returns to appear on ballot; prohibits Electoral College electors from voting for candidates who fail to file income tax returns

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