

34:1B-243 et al.
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2017 **CHAPTER:** 221

NJSA: 34:1B-243 et al. (Provides increased tax credit amounts under Grow New Jersey Assistance Program for certain businesses that have collaborative research relationships with colleges or universities.)

BILL NO: A4432 (Substituted for S2841)

SPONSOR(S) Schaer and others

DATE INTRODUCED: 12/19/2016

COMMITTEE: **ASSEMBLY:** Commerce & Economic Development
Budget

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 6/29/2017

SENATE: 6/29/2017

DATE OF APPROVAL: 8/7/2017

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Assembly Committee Substitute enacted) Yes

A4432

SPONSOR'S STATEMENT: (Begins on page 18 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Commerce & Econ. Dev.
Budget

SENATE: No

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

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S2841

SPONSOR'S STATEMENT: (Begins on page 18 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

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

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

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P.L.2017, CHAPTER 221, *approved August 7, 2017*
Assembly, Committee Substitute for
Assembly No. 4432

1 **AN ACT** establishing Garden State Create Zones under Grow New
2 Jersey Assistance Program, providing certain incentives to
3 businesses under that program, and amending P.L.2011, c.149.

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.2011, c.149 (C.34:1B-243) is amended to read
9 as follows:

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

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

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

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

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

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

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

38 a partnership;

39 an S corporation;

40 a limited liability company; or

41 a non-profit corporation.

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

Matter underlined thus is new matter.

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

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

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

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

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

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

26 d. any of the foregoing.

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

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

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

7 "College or university" means a county college, an independent
8 institution of higher education, a public research university, or a State
9 college.

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

12 "County college" means an educational institution established by
13 one or more counties, pursuant to chapter 64A of Title 18A of the
14 New Jersey Statutes.

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

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

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

40 "Doctoral university" means a university located within New
41 Jersey that is classified as a doctoral university under the Carnegie
42 Classification of Institutions of Higher Education's Basic
43 Classification methodology on the effective date of P.L. , c.
44 (pending before the Legislature as this bill).

45 "Eligibility period" means the period in which a business may
46 claim a tax credit under the Grow New Jersey Assistance Program,
47 beginning with the tax period in which the authority accepts

1 certification of the business that it has met the capital investment and
2 employment requirements of the Grow New Jersey Assistance
3 Program and extending thereafter for a term of not more than 10 years,
4 with the term to be determined solely at the discretion of the applicant.

5 "Eligible position" or "full-time job" means a full-time position in
6 a business in this State which the business has filled with a full-time
7 employee.

8 "Full-time employee" means a person:

9 a. who is employed by a business for consideration for at least 35
10 hours a week, or who renders any other standard of service generally
11 accepted by custom or practice as full-time employment; or

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

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

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

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

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

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

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

46 For any project located in a Garden State Growth Zone which
47 qualifies under the "Municipal Rehabilitation and Economic Recovery

1 Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any project located in
2 the Atlantic City Tourism District as established pursuant to section 5
3 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
4 Reinvestment Development Authority, and which will include a retail
5 facility of at least 150,000 square feet, of which at least 50 percent will
6 be occupied by either a full-service supermarket or grocery store, 30
7 hours of employment per week at a qualified business facility shall
8 constitute one "full-time employee," regardless of whether the hours of
9 work were performed by one or more persons, and the requirement
10 that employee health benefits are to be provided shall be deemed to be
11 satisfied if the employees of the business are covered by a collective
12 bargaining agreement.

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

22 "Garden State Create Zone" means the campus of a doctoral
23 university, and the area within a three-mile radius of the outermost
24 boundary of the campus of a doctoral university, according to a map
25 appearing in the doctoral university's official catalog or other
26 official publication on the effective date of P.L. , c. (pending
27 before the Legislature as this bill).

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

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

42 "Incentive agreement" means the contract between the business
43 and the authority, which sets forth the terms and conditions under
44 which the business shall be eligible to receive the incentives
45 authorized pursuant to the program.

46 "Incentive effective date" means the date the authority issues a tax
47 credit based on documentation submitted by a business pursuant to

1 paragraph (1) of subsection b. of section 6 of P.L.2011, c.149
2 (C.34:1B-247).

3 "Independent institution of higher education" means a college or
4 university incorporated and located in New Jersey, which by virtue of
5 law or character or license is a nonprofit educational institution
6 authorized to grant academic degrees and which provides a level of
7 education which is equivalent to the education provided by the State's
8 public institutions of higher education, as attested by the receipt of and
9 continuation of regional accreditation by the Middle States Association
10 of Colleges and Schools, and which is eligible to receive State aid
11 under the provisions of the Constitution of the United States and the
12 Constitution of the State of New Jersey, but does not include any
13 educational institution dedicated primarily to the education or training
14 of ministers, priests, rabbis or other professional persons in the field of
15 religion.

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

20 "Mega project" means:

21 a. a qualified business facility located in a port district housing a
22 business in the logistics, manufacturing, energy, defense, or maritime
23 industries, either:

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

27 (2) at which more than 1,000 full-time employees of the business
28 are created or retained;

29 b. a qualified business facility located in an aviation district
30 housing a business in the aviation industry, in a Garden State Growth
31 Zone, or in a priority area housing the United States headquarters and
32 related facilities of an automobile manufacturer, either:

33 (1) having a capital investment in excess of \$20,000,000, and at
34 which more than 250 full-time employees of the business are created
35 or retained, or

36 (2) at which more than 1,000 full-time employees of the business
37 are created or retained;

38 c. a qualified business facility located in an urban transit hub
39 housing a business of any kind, having a capital investment in excess
40 of \$50,000,000, and at which more than 250 full-time employees of
41 the business are created or retained;

42 d. a project located in an area designated in need of
43 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.) prior
44 to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
45 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
46 Ocean, or Salem counties having a capital investment in excess of

1 \$20,000,000, and at which more than 150 full-time employees of the
2 business are created or retained; or

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

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

12 (2) at which more than 1,000 full-time employees of the business
13 are created or retained.

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

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

28 "Municipal Revitalization Index" means the 2007 index by the
29 Office for Planning Advocacy within the Department of State
30 measuring or ranking municipal distress.

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

36 "Other eligible area" means the portions of the qualified incentive
37 area that are not located within a distressed municipality, or the
38 priority area.

39 "Partnership" means an entity classified as a partnership for federal
40 income tax purposes.

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

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

46 b. a 15-mile radius of the outermost boundary of each marine
47 terminal facility established, acquired, constructed, rehabilitated, or

1 improved by the South Jersey Port District established pursuant to
2 "The South Jersey Port Corporation Act," P.L.1968, c.60 (C.12:11A-1
3 et seq.).

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

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

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

16 c. are the proposed site of a disaster recovery project, a qualified
17 incubator facility, a highlands development credit receiving area or
18 redevelopment area, a tourism destination project, or transit oriented
19 development; or

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

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

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

30 "Public research university" means a public research university as
31 defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).

32 "Qualified business facility" means any building, complex of
33 buildings or structural components of buildings, and all machinery and
34 equipment located within a qualified incentive area, used in connection
35 with the operation of a business that is not engaged in final point of
36 sale retail business at that location unless the building, complex of
37 buildings or structural components of buildings, and all machinery and
38 equipment located within a qualified incentive area, are used in
39 connection with the operation of:

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

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

47 "Qualified incentive area" means:

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

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

6 (e) the planning area of the Highlands Region as defined in section
7 3 of P.L.2004, c.120 (C.13:20-3) or a highlands development credit
8 receiving area or redevelopment area; or

9 (f) any area on which an existing tourism destination project is
10 located.

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

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

21 "Retained full-time job" means an eligible position that currently
22 exists in New Jersey and is filled by a full-time employee but which,
23 because of a potential relocation by the business, is at risk of being lost
24 to another state or country, or eliminated. For the purposes of
25 determining a number of retained full-time jobs, the eligible positions
26 of an affiliate shall be considered eligible positions of the business.
27 For the purposes of the certifications and annual reports required in the
28 incentive agreement pursuant to subsection e. of section 4 of P.L.2011,
29 c.149 (C.34:1B-245), to the extent an eligible position that was the
30 basis of the award no longer exists, a business shall include as a
31 retained full-time job a new eligible position that is filled by a full-
32 time employee provided that the position is included in the order of
33 date of hire and is not the basis for any other incentive award. For a
34 project located in a Garden State Growth Zone which qualified for the
35 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
36 c.43 (C.52:27BBB-1 et al.), retained full-time job shall include any
37 employee previously employed in New Jersey and transferred to the
38 new location in the Garden State Growth Zone which qualified for the
39 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
40 c.43 (C.52:27BBB-1 et al.).

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

43 "SDA municipality" means a municipality in which an SDA
44 district is situate.

45 "State college" means a State college or university established
46 pursuant to chapter 64 of Title 18A of the New Jersey Statutes.

1 "Targeted industry" means any industry identified from time to
2 time by the authority including initially, a transportation,
3 manufacturing, defense, energy, logistics, life sciences, technology,
4 health, and finance business, but excluding a primarily warehouse or
5 distribution business.

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

11 "Tourism destination project" means a qualified non-gaming
12 business facility that will be among the most visited privately owned
13 or operated tourism or recreation sites in the State, and which is
14 located within the qualified incentive area and has been determined by
15 the authority to be in an area appropriate for development and in need
16 of economic development incentive assistance, including a non-
17 gaming business within an established Tourism District with a
18 significant impact on the economic viability of that District.

19 "Transit oriented development" means a qualified business facility
20 located within a 1/2-mile radius, or one-mile radius for projects
21 located in a Garden State Growth Zone, surrounding the mid-point of a
22 New Jersey Transit Corporation, Port Authority Transit Corporation,
23 or Port Authority Trans-Hudson Corporation rail, bus, or ferry station
24 platform area, including all light rail stations.

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

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

37 (cf: P.L.2016, c.75, s.1)

38

39 2. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to
40 read as follows:

41 5. a. The total amount of the tax credit for an eligible business
42 for each new or retained full-time job shall be as set forth in
43 subsections b. through f. of this section. The total tax credit amount
44 shall be calculated and credited to the business annually for each
45 year of the eligibility period. Notwithstanding any other provisions
46 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its
47 ability to apply for the tax credit under this subsection to a non-

1 profit organization with a mission dedicated to attracting investment
2 and completing development and redevelopment projects in a
3 Garden State Growth Zone. The non-profit organization or
4 organization operating a qualified incubator facility may make an
5 application on behalf of a business which meets the requirements
6 for the tax credit, or a group of non-qualifying businesses or
7 positions, located at a qualified business facility, that shall be
8 considered a unified project for the purposes of the incentives
9 provided under this section. For any project located in a Garden
10 State Growth Zone that qualifies under the "Municipal
11 Rehabilitation and Economic Recovery Act," P.L.2002,
12 c.43 (C.52:27BBB-1 et al.), or any project located in a Garden State
13 Growth Zone which contains a Tourism District as established
14 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
15 by the Casino Reinvestment Development Authority, and which
16 will include a retail facility of at least 150,000 square feet, of which
17 at least 50 percent will be occupied by either a full-service
18 supermarket or grocery store, a business may assign its ability to
19 apply for the tax credit under this subsection to the developer of the
20 facility. The developer may make an application on behalf of the
21 business which meets the requirements for the tax credit, or a group
22 of non-qualifying businesses located at the business facility, that
23 shall be considered a unified project for the purposes of the
24 incentives provided under this section, and the developer may apply
25 for tax credits available based on the number of jobs provided by
26 the business or businesses and the total capital investment of the
27 business or businesses and the developer.

28 b. The base amount of the tax credit for each new or retained
29 full-time job shall be as follows:

30 (1) (a) for a qualified business facility located within an urban
31 transit hub municipality **【or】** , located within a Garden State Growth
32 Zone, or which is a mega project, \$5,000 per year;

33 (b) for a qualified business facility located within a Garden State
34 Create Zone and used by an eligible business in a targeted industry
35 to conduct a collaborative research relationship with a doctoral
36 university within the zone, \$5,000 per year;

37 (2) for a qualified business facility located within a distressed
38 municipality but not qualifying under paragraph (1) of this
39 subsection, \$4,000 per year;

40 (3) for a project in a priority area, \$3,000 per year; and

41 (4) for a project in other eligible areas, \$500 per year.

42 c. In addition to the base amount of the tax credit, the amount
43 of the tax credit to be awarded for each new or retained full-time
44 job shall be increased if the qualified business facility meets any of
45 the following priority criteria or other additional or replacement
46 criteria determined by the authority from time to time in response to
47 evolving economic or market conditions:

- 1 (1) for a qualified business facility located in a deep poverty
2 pocket or in an area that is the subject of a Choice Neighborhoods
3 Transformation Plan funded by the federal Department of Housing
4 and Urban Development, an increase of \$1,500 per year;
- 5 (2) for a qualified business facility located in a qualified
6 incubator facility, an increase of \$500 per year;
- 7 (3) for a qualified business facility located in a mixed-use
8 development that incorporates sufficient moderate income housing
9 on site to accommodate a minimum of 20 percent of the full-time
10 employees of the business, an increase of \$500 per year;
- 11 (4) for a qualified business facility located within a transit
12 oriented development, an increase of \$2,000 per year;
- 13 (5) for a qualified business facility, other than a mega project, at
14 which the capital investment in industrial premises for industrial
15 use by the business is in excess of the minimum capital investment
16 required for eligibility pursuant to subsection b. of section 3 of
17 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
18 each additional amount of investment that exceeds the minimum
19 amount required for eligibility by 20 percent, with a maximum
20 increase of \$3,000 per year;
- 21 (6) for a business with new full-time jobs and retained full-time
22 jobs at the project with an average salary in excess of the existing
23 average salary for the county in which the project is located, or, in
24 the case of a project in a Garden State Growth Zone, a business that
25 employs full-time positions at the project with an average salary in
26 excess of the average salary for the Garden State Growth Zone, an
27 increase of \$250 per year during the commitment period for each 35
28 percent by which the project's average salary levels exceeds the
29 county or Garden State Growth Zone average salary, with a
30 maximum increase of \$1,500 per year;
- 31 (7) for a business with large numbers of new full-time jobs and
32 retained full-time jobs during the commitment period, the increases
33 shall be in accordance with the following schedule:
 - 34 (a) if the number of new full-time jobs and retained full-time
35 jobs is between 251 and 400, \$500 per year;
 - 36 (b) if the number of new full-time jobs and retained full-time
37 jobs is between 401 and 600, \$750 per year;
 - 38 (c) if the number of new full-time jobs and retained full-time
39 jobs is between 601 and 800, \$1000 per year;
 - 40 (d) if the number of new full-time jobs and retained full-time
41 jobs is between 801 and 1,000, \$1,250 per year;
 - 42 (e) if the number of new full-time jobs and retained full-time
43 jobs is in excess of 1,000, \$1,500 per year;
- 44 (8) for a business in a targeted industry, an increase of \$500 per
45 year;
- 46 (9) for a qualified business facility exceeding the Leadership in
47 Energy and Environmental Design's "Silver" rating standards or

- 1 completes substantial environmental remediation, an additional
2 increase of \$250 per year;
- 3 (10) for a mega project or a project located within a Garden
4 State Growth Zone at which the capital investment in industrial
5 premises for industrial use by the business **[is in excess of]** exceeds
6 the minimum capital investment required for eligibility pursuant to
7 subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an
8 increase of \$1,000 per year for each additional amount of
9 investment that exceeds the minimum amount by 20 percent, with a
10 maximum increase of \$5,000 per year;
- 11 (11) for a project in which a business retains at least 400 jobs
12 and is located within the municipality in which it was located
13 immediately prior to the filing of the application hereunder and is
14 the United States headquarters of an automobile manufacturer, an
15 increase of \$1,500 per year;
- 16 (12) for a project located in a municipality in Atlantic,
17 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
18 and Salem counties with a 2007 Municipality Revitalization Index
19 greater than 465, an increase of \$1,000 per year;
- 20 (13) for a project located within a half-mile of any light rail
21 station constructed after the effective date of P.L.2013,
22 c.161 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 23 (14) for a marine terminal project in a municipality located
24 outside the Garden State Growth Zone, but within the geographical
25 boundaries of the South Jersey Port District, an increase of \$1,500
26 per year;
- 27 (15) for a project located within an area determined to be in
28 need of redevelopment pursuant to sections 5 and 6 of P.L.1992,
29 c.79 (C.40A:12A-5 and C.40A:12A-6), and which is located within
30 a quarter mile of at least one United States Highway and at least
31 two New Jersey State Highways, an increase of \$1,500 per year;
- 32 (16) for a project that generates solar energy on site for use
33 within the project of an amount that equals at least 50 percent of the
34 project's electric supply service needs, an increase of \$250 per year;
35 **[and]**
- 36 (17) for a qualified business facility that includes a vacant
37 commercial building having over 1,000,000 square feet of office or
38 laboratory space available for occupancy for a period of over one
39 year, an increase of \$1,000 per year; and
- 40 (18) for an eligible business in a targeted industry at a qualified
41 business facility on the campus of a college or university other than
42 a doctoral university, or at a qualified business facility within a
43 three-mile radius of the outermost boundary of the campus of a
44 college or university other than a doctoral university, which facility
45 is used by the business to conduct a collaborative research
46 relationship with the college or university, an increase of \$1,000 per
47 year. The boundary of the campus of a college or university shall

1 be based upon a map appearing in the college's or university's
2 official catalog or other official publication on the effective date of
3 P.L. , c. (pending before the Legislature as this bill).

4 d. The gross amount of the tax credit for an eligible business
5 for each new or retained full-time job shall be the sum of the base
6 amount as set forth pursuant to subsection b. of this section and the
7 various additional bonus amounts for which the business is eligible
8 pursuant to subsection c. of this section, subject to the following
9 limitations:

10 (1) for a mega project or a project in a Garden State Growth
11 Zone, the gross amount for each new or retained full-time job shall
12 not exceed \$15,000 per year;

13 (2) for a qualified business facility located within an urban
14 transit hub municipality or a Garden State Create Zone, the gross
15 amount for each new or retained full-time job shall not exceed
16 \$12,000 per year;

17 (3) for a qualified business facility in a distressed municipality
18 the gross amount for each new or retained full-time job shall not
19 exceed \$11,000 per year;

20 (4) for a qualified business facility in other priority areas, the
21 gross amount for each new or retained full-time job shall not exceed
22 \$10,500 per year;

23 (5) for a qualified business facility in other eligible areas, the
24 gross amount for each new or retained full-time job shall not exceed
25 \$6,000 per year; and

26 (6) for a disaster recovery project, the gross amount for each
27 new or retained full-time job shall not exceed \$2,000 per year.

28 Notwithstanding anything to the contrary set forth herein and in
29 the provisions of subsections a. through f. of this section, but
30 subject to the provisions of paragraph (1) of subsection f. of this
31 section, for a project located within a Garden State Growth Zone
32 which qualifies for the "Municipal Rehabilitation and Economic
33 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which
34 creates 35 or more full-time jobs new to the municipality, the total
35 tax credit shall be:

36 (a) for a project which creates 35 or more full-time jobs new to
37 the municipality and makes a capital investment of at least
38 \$5,000,000, the total tax credit amount per full-time job shall be the
39 greater of: (i) the total tax credit amount for a qualifying project in
40 a Garden State Growth Zone as calculated pursuant to subsections
41 a. through f. of this section; or (ii) the total capital investment of the
42 project divided by the total number of full-time jobs at that project
43 but not greater than \$2,000,000 per year over the grant term of ten
44 years;

45 (b) for a project which creates 70 or more full-time jobs new to
46 the municipality and makes a capital investment of at least
47 \$10,000,000, the total tax credit amount per full-time job shall be

1 the greater of: (i) the total tax credit amount for a qualifying project
2 in a Garden State Growth Zone as calculated pursuant to
3 subsections a. through f. of this section; or (ii) the total capital
4 investment of the project divided by the total number of full-time
5 jobs at that project but not greater than \$3,000,000 per year over the
6 grant term of ten years;

7 (c) for a project which creates 100 or more full-time jobs new to
8 the municipality and makes a capital investment of at least
9 \$15,000,000, the total tax credit amount per full-time job shall be
10 the greater of: (i) the total tax credit amount for a qualifying project
11 in a Garden State Growth Zone as calculated pursuant to
12 subsections a. through f. of this section; or (ii) the total capital
13 investment of the project divided by the total number of full-time
14 jobs at that project but not greater than \$4,000,000 per year over the
15 grant term of ten years;

16 (d) for a project which creates 150 or more full-time jobs new to
17 the municipality and makes a capital investment of at least
18 \$20,000,000, the total tax credit amount per full-time job shall be
19 the greater of: (i) the total tax credit amount for a qualifying project
20 in a Garden State Growth Zone as calculated pursuant to
21 subsections a. through f. of this section; or (ii) the total capital
22 investment of the project divided by the total number of full-time
23 jobs at that project but not greater than \$5,000,000 per year over the
24 grant term of ten years; or

25 (e) for a project which creates 250 or more full-time jobs new to
26 the municipality and makes a capital investment of at least
27 \$30,000,000, the total tax credit amount per full-time job shall be
28 the greater of: (i) the total tax credit amount for a qualifying project
29 in a Garden State Growth Zone as calculated pursuant to
30 subsections a. through f. of this section; or (ii) the total capital
31 investment of the project divided by the total number of full-time
32 jobs as defined herein at that project divided by the ten-year grant
33 term.

34 e. After the determination by the authority of the gross amount
35 of tax credits for which a business is eligible pursuant to subsection
36 d. of this section, the final total tax credit amount shall be
37 calculated as follows: (1) for each new full-time job, the business
38 shall be allowed tax credits equaling 100 percent of the gross
39 amount of tax credits for each new full-time job; and (2) for each
40 retained full-time job, the business shall be allowed tax credits
41 equaling the lesser of 50 percent of the gross amount of tax credits
42 for each retained full-time job, or one-tenth of the capital
43 investment divided by the number of retained and new full-time
44 jobs per year over the grant term of ten years, unless the jobs are
45 part of a mega project which is the United States headquarters of an
46 automobile manufacturer located within a priority area or in a
47 Garden State Growth Zone, in which case the business shall be

1 entitled to tax credits equaling 100 percent of the gross amount of
2 tax credits for each retained full-time job, or unless the new
3 qualified business facility would replace a facility that has been
4 wholly or substantially damaged as a result of a federally-declared
5 disaster, in which case the business shall be entitled to tax credits
6 equaling 100 percent of the gross amount of tax credits for each
7 retained full-time job.

8 f. Notwithstanding the provisions of subsections a. through e.
9 of this section, for each application approved by the authority's
10 board, the amount of tax credits available to be applied by the
11 business annually shall not exceed:

12 (1) \$35,000,000 and provides a net benefit to the State as
13 provided herein with respect to a qualified business facility in a
14 Garden State Growth Zone which qualifies under the "Municipal
15 Rehabilitation and Economic Recovery Act," P.L.2002,
16 c.43 (C.52:27BBB-1 et al.), or which contains a Tourism District as
17 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
18 regulated by the Casino Reinvestment Development Authority;

19 (2) \$30,000,000 and provides a net benefit to the State as
20 provided herein with respect to a mega project or a qualified
21 business facility in a Garden State Growth Zone;

22 (3) \$10,000,000 and provides a net benefit to the State as
23 provided herein with respect to a qualified business facility in an
24 urban transit hub municipality or a Garden State Create Zone;

25 (4) \$8,000,000 and provides a net benefit to the State as
26 provided herein with respect to a qualified business facility in a
27 distressed municipality;

28 (5) \$4,000,000 and provides a net benefit to the State as
29 provided herein with respect to a qualified business facility in other
30 priority areas, but not more than 90 percent of the withholdings of
31 the business from the qualified business facility; and

32 (6) \$2,500,000 and provides a net benefit to the State as
33 provided herein with respect to a qualified business facility in other
34 eligible areas, but not more than 90 percent of the withholdings of
35 the business from the qualified business facility.

36 Under paragraphs (1) through (6) of this subsection, with the
37 exception of a project located within a Garden State Growth Zone
38 which qualifies for the "Municipal Rehabilitation and Economic
39 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
40 contains a Tourism District as established pursuant to section 5 of
41 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
42 Reinvestment Development Authority, that divides the total capital
43 investment of the project by the total number of full-time jobs at
44 that project, for each application for tax credits in excess of
45 \$4,000,000 annually, the amount of tax credits available to be
46 applied by the business annually shall be the lesser of the maximum
47 amount under the applicable subsection or an amount determined by

1 the authority necessary to complete the project, with such
2 determination made by the authority's utilization of a full economic
3 analysis of all locations under consideration by the business; all
4 lease agreements, ownership documents, or substantially similar
5 documentation for the business's current in-State locations, as
6 applicable; and all lease agreements, ownership documents, or
7 substantially similar documentation for the potential out-of-State
8 location alternatives, to the extent they exist. Based on this
9 information, and any other information deemed relevant by the
10 authority, the authority shall independently verify and confirm the
11 amount necessary to complete the project.

12 (cf: P.L.2014, c.63, s.4)

13

14 3. Section 8 of P.L.2011, c.149 (C.34:1B-249) is amended to
15 read as follows:

16 8. a. The chief executive officer of the authority, in consultation
17 with the Director of the Division of Taxation in the Department of
18 the Treasury, shall adopt rules in accordance with the
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
20 seq.) as are necessary to implement P.L.2011, c.149 (C.34:1B-242
21 et al.), including but not limited to: examples of and the
22 determination of capital investment; the enumeration of qualified
23 incentive areas; the enumeration of specific targeted industries;
24 specific delineation of the incentive areas; the determination of the
25 limits, if any, on the expense or type of furnishings that may
26 constitute capital improvements; the promulgation of procedures
27 and forms necessary to apply for a tax credit, including the
28 enumeration of the certification procedures and allocation of tax
29 credits for different phases of a qualified business facility; and
30 provisions for tax credit applicants to be charged an initial
31 application fee, and ongoing service fees, to cover the
32 administrative costs related to the tax credit.

33 b. Through regulation, the authority shall establish standards
34 by which qualified business facilities shall be constructed or
35 renovated in compliance with the minimum environmental and
36 sustainability standards.

37 c. Through regulation, the chief executive officer of the
38 authority, in consultation with the Secretary of Higher Education,
39 shall establish standards for collaborative research relationships
40 between businesses in targeted industries and colleges and
41 universities sufficient to qualify a business for an enhanced base or
42 bonus tax credit amount under P.L. , c. (pending before the
43 Legislature as this bill).

44 (cf: P.L.2013, c.161, s.12)

45

46 4. This act shall take effect immediately.

1

2

3

4

5

Provides increased tax credit amounts under Grow New Jersey Assistance Program for certain businesses that have collaborative research relationships with colleges or universities.

ASSEMBLY, No. 4432

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED DECEMBER 19, 2016

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

SYNOPSIS

Allows certain businesses having collaborative research relationships with institutions of higher education to receive tax credits under Grow New Jersey Assistance Program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/7/2017)

1 AN ACT establishing Garden State Create Zones under Grow New
2 Jersey Assistance Program, providing certain incentives to
3 businesses under that program, and amending P.L.2011, c.149.

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.2011, c.149 (C.34:1B-243) is amended to
9 read as follows:

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

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

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

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

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

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

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

40 a partnership;

41 an S corporation;

42 a limited liability company; or

43 a non-profit corporation.

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

23 d. any of the foregoing.

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

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

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

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

6 "County college," "public research university," and "State
7 college" shall have the same meaning as provided for those terms in
8 section 3 of P.L.1994, c.48 (C.18A:3B-3).

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

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

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

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

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

46 "Full-time employee" means a person:

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

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

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

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

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

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

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

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

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

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

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

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

15 "Garden State Create Zone" means a geographic area within
16 three miles of the outer boundary line of a public research
17 university campus where an eligible business has established a
18 collaborative research relationship with the public research
19 university.

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

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

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

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

42 "Independent institution of higher education" shall have the same
43 meaning as provided in section 3 of P.L.1985, c.493 (C.18A:72H-
44 3).

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

1 "Mega project" means:

2 a. a qualified business facility located in a port district housing
3 a business in the logistics, manufacturing, energy, defense, or
4 maritime industries, either:

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

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

10 b. a qualified business facility located in an aviation district
11 housing a business in the aviation industry, in a Garden State
12 Growth Zone, or in a priority area housing the United States
13 headquarters and related facilities of an automobile manufacturer,
14 either:

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

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

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

24 d. a project located in an area designated in need of
25 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
26 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
27 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
28 Ocean, or Salem counties having a capital investment in excess of
29 \$20,000,000, and at which more than 150 full-time employees of
30 **【a】** the business are created or retained; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 "Qualified incentive area" means:

28 a. an aviation district;

29 b. a port district;

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

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

33 (a) Planning Area 1 (Metropolitan);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19

20 2. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to
21 read as follows:

22 5. a. The total amount of the tax credit for an eligible business
23 for each new or retained full-time job shall be as set forth in
24 subsections b. through f. of this section. The total tax credit amount
25 shall be calculated and credited to the business annually for each
26 year of the eligibility period. Notwithstanding any other provisions
27 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its
28 ability to apply for the tax credit under this subsection to a non-
29 profit organization with a mission dedicated to attracting investment
30 and completing development and redevelopment projects in a
31 Garden State Growth Zone. The non-profit organization or
32 organization operating a qualified incubator facility may make an
33 application on behalf of a business which meets the requirements
34 for the tax credit, or a group of non-qualifying businesses or
35 positions, located at a qualified business facility, that shall be
36 considered a unified project for the purposes of the incentives
37 provided under this section. For any project located in a Garden
38 State Growth Zone that qualifies under the "Municipal
39 Rehabilitation and Economic Recovery Act," P.L.2002,
40 c.43 (C.52:27BBB-1 et al.), or any project located in a Garden State
41 Growth Zone which contains a Tourism District as established
42 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
43 by the Casino Reinvestment Development Authority, and which
44 will include a retail facility of at least 150,000 square feet, of which
45 at least 50 percent will be occupied by either a full-service
46 supermarket or grocery store, a business may assign its ability to
47 apply for the tax credit under this subsection to the developer of the
48 facility. The developer may make an application on behalf of the

1 business which meets the requirements for the tax credit, or a group
2 of non-qualifying businesses located at the business facility, that
3 shall be considered a unified project for the purposes of the
4 incentives provided under this section, and the developer may apply
5 for tax credits available based on the number of jobs provided by
6 the business or businesses and the total capital investment of the
7 business or businesses and the developer.

8 b. The base amount of the tax credit for each new or retained
9 full-time job shall be as follows:

10 (1) for a qualified business facility located within an urban
11 transit hub municipality, Garden State Create Zone, or Garden State
12 Growth Zone or is a mega project, \$5,000 per year;

13 (2) for a qualified business facility located within a distressed
14 municipality but not qualifying under paragraph (1) of this
15 subsection, \$4,000 per year;

16 (3) for a project in a priority area, \$3,000 per year; and

17 (4) for a project in other eligible areas, \$500 per year.

18 c. In addition to the base amount of the tax credit, the amount
19 of the tax credit to be awarded for each new or retained full-time
20 job shall be increased if the qualified business facility meets any of
21 the following priority criteria or other additional or replacement
22 criteria determined by the authority from time to time in response to
23 evolving economic or market conditions:

24 (1) for a qualified business facility located in a deep poverty
25 pocket or in an area that is the subject of a Choice Neighborhoods
26 Transformation Plan funded by the federal Department of Housing
27 and Urban Development, an increase of \$1,500 per year;

28 (2) for a qualified business facility located in a qualified
29 incubator facility, an increase of \$500 per year;

30 (3) for a qualified business facility located in a mixed-use
31 development that incorporates sufficient moderate income housing
32 on site to accommodate a minimum of 20 percent of the full-time
33 employees of the business, an increase of \$500 per year;

34 (4) for a qualified business facility located within a transit
35 oriented development, an increase of \$2,000 per year;

36 (5) for a qualified business facility, other than a mega project, at
37 which the capital investment in industrial premises for industrial
38 use by the business is in excess of the minimum capital investment
39 required for eligibility pursuant to subsection b. of section 3 of
40 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
41 each additional amount of investment that exceeds the minimum
42 amount required for eligibility by 20 percent, with a maximum
43 increase of \$3,000 per year;

44 (6) for a business with new full-time jobs and retained full-time
45 jobs at the project with an average salary in excess of the existing
46 average salary for the county in which the project is located, or, in
47 the case of a project in a Garden State Growth Zone, a business that
48 employs full-time positions at the project with an average salary in

- 1 excess of the average salary for the Garden State Growth Zone, an
2 increase of \$250 per year during the commitment period for each 35
3 percent by which the project's average salary levels exceeds the
4 county or Garden State Growth Zone average salary, with a
5 maximum increase of \$1,500 per year;
- 6 (7) for a business with large numbers of new full-time jobs and
7 retained full-time jobs during the commitment period, the increases
8 shall be in accordance with the following schedule:
- 9 (a) if the number of new full-time jobs and retained full-time
10 jobs is between 251 and 400, \$500 per year;
- 11 (b) if the number of new full-time jobs and retained full-time
12 jobs is between 401 and 600, \$750 per year;
- 13 (c) if the number of new full-time jobs and retained full-time
14 jobs is between 601 and 800, \$1000 per year;
- 15 (d) if the number of new full-time jobs and retained full-time
16 jobs is between 801 and 1,000, \$1,250 per year;
- 17 (e) if the number of new full-time jobs and retained full-time
18 jobs is in excess of 1,000, \$1,500 per year;
- 19 (8) for a business in a targeted industry, an increase of \$500 per
20 year;
- 21 (9) for a qualified business facility exceeding the Leadership in
22 Energy and Environmental Design's "Silver" rating standards or
23 completes substantial environmental remediation, an additional
24 increase of \$250 per year;
- 25 (10) for a mega project or a project located within a Garden
26 State Growth Zone at which the capital investment in industrial
27 premises for industrial use by the business **[is in excess of]** exceeds
28 the minimum capital investment required for eligibility pursuant to
29 subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an
30 increase of \$1,000 per year for each additional amount of
31 investment that exceeds the minimum amount by 20 percent, with a
32 maximum increase of \$5,000 per year;
- 33 (11) for a project in which a business retains at least 400 jobs
34 and is located within the municipality in which it was located
35 immediately prior to the filing of the application hereunder and is
36 the United States headquarters of an automobile manufacturer, an
37 increase of \$1,500 per year;
- 38 (12) for a project located in a municipality in Atlantic,
39 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
40 and Salem counties with a 2007 Municipality Revitalization Index
41 greater than 465, an increase of \$1,000 per year;
- 42 (13) for a project located within a half-mile of any light rail
43 station constructed after the effective date of P.L.2013,
44 c.161 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 45 (14) for a marine terminal project in a municipality located
46 outside the Garden State Growth Zone, but within the geographical
47 boundaries of the South Jersey Port District, an increase of \$1,500
48 per year;

1 (15) for a project located within an area determined to be in
2 need of redevelopment pursuant to sections 5 and 6 of P.L.1992,
3 c.79 (C.40A:12A-5 and C.40A:12A-6), and which is located within
4 a quarter mile of at least one United States Highway and at least
5 two New Jersey State Highways, an increase of \$1,500 per year;

6 (16) for a project that generates solar energy on site for use
7 within the project of an amount that equals at least 50 percent of the
8 project's electric supply service needs, an increase of \$250 per year;

9 **[and]**

10 (17) for a qualified business facility that includes a vacant
11 commercial building having over 1,000,000 square feet of office or
12 laboratory space available for occupancy for a period of over one
13 year, an increase of \$1,000 per year; and

14 (18) for an eligible business located within three miles of the
15 outer boundary line of a State college, a county college, or an
16 independent institution of higher education, but not a public
17 research university, where the eligible business has established a
18 collaborative research relationship with any of the above
19 institutions of higher education located therein, an increase of
20 \$2,000 per year.

21 d. The gross amount of the tax credit for an eligible business
22 for each new or retained full-time job shall be the sum of the base
23 amount as set forth pursuant to subsection b. of this section and the
24 various additional bonus amounts for which the business is eligible
25 pursuant to subsection c. of this section, subject to the following
26 limitations:

27 (1) for a mega project or a project in a Garden State Growth
28 Zone, the gross amount for each new or retained full-time job shall
29 not exceed \$15,000 per year;

30 (2) for a qualified business facility located within an urban
31 transit hub municipality or a Garden State Create Zone, the gross
32 amount for each new or retained full-time job shall not exceed
33 \$12,000 per year;

34 (3) for a qualified business facility in a distressed municipality
35 the gross amount for each new or retained full-time job shall not
36 exceed \$11,000 per year;

37 (4) for a qualified business facility in other priority areas, the
38 gross amount for each new or retained full-time job shall not exceed
39 \$10,500 per year;

40 (5) for a qualified business facility in other eligible areas, the
41 gross amount for each new or retained full-time job shall not exceed
42 \$6,000 per year; and

43 (6) for a disaster recovery project, the gross amount for each
44 new or retained full-time job shall not exceed \$2,000 per year.

45 Notwithstanding anything to the contrary set forth herein and in
46 the provisions of subsections a. through f. of this section, but
47 subject to the provisions of paragraph (1) of subsection f. of this
48 section, for a project located within a Garden State Growth Zone

1 which qualifies for the "Municipal Rehabilitation and Economic
2 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which
3 creates 35 or more full-time jobs new to the municipality, the total
4 tax credit shall be:

5 (a) for a project which creates 35 or more full-time jobs new to
6 the municipality and makes a capital investment of at least
7 \$5,000,000, the total tax credit amount per full-time job shall be the
8 greater of: (i) the total tax credit amount for a qualifying project in
9 a Garden State Growth Zone as calculated pursuant to subsections
10 a. through f. of this section; or (ii) the total capital investment of the
11 project divided by the total number of full-time jobs at that project
12 but not greater than \$2,000,000 per year over the grant term of ten
13 years;

14 (b) for a project which creates 70 or more full-time jobs new to
15 the municipality and makes a capital investment of at least
16 \$10,000,000, the total tax credit amount per full-time job shall be
17 the greater of: (i) the total tax credit amount for a qualifying project
18 in a Garden State Growth Zone as calculated pursuant to
19 subsections a. through f. of this section; or (ii) the total capital
20 investment of the project divided by the total number of full-time
21 jobs at that project but not greater than \$3,000,000 per year over the
22 grant term of ten years;

23 (c) for a project which creates 100 or more full-time jobs new to
24 the municipality and makes a capital investment of at least
25 \$15,000,000, the total tax credit amount per full-time job shall be
26 the greater of: (i) the total tax credit amount for a qualifying project
27 in a Garden State Growth Zone as calculated pursuant to
28 subsections a. through f. of this section; or (ii) the total capital
29 investment of the project divided by the total number of full-time
30 jobs at that project but not greater than \$4,000,000 per year over the
31 grant term of ten years;

32 (d) for a project which creates 150 or more full-time jobs new to
33 the municipality and makes a capital investment of at least
34 \$20,000,000, the total tax credit amount per full-time job shall be
35 the greater of: (i) the total tax credit amount for a qualifying project
36 in a Garden State Growth Zone as calculated pursuant to
37 subsections a. through f. of this section; or (ii) the total capital
38 investment of the project divided by the total number of full-time
39 jobs at that project but not greater than \$5,000,000 per year over the
40 grant term of ten years; or

41 (e) for a project which creates 250 or more full-time jobs new to
42 the municipality and makes a capital investment of at least
43 \$30,000,000, the total tax credit amount per full-time job shall be
44 the greater of: (i) the total tax credit amount for a qualifying project
45 in a Garden State Growth Zone as calculated pursuant to
46 subsections a. through f. of this section; or (ii) the total capital
47 investment of the project divided by the total number of full-time

1 jobs as defined herein at that project divided by the ten-year grant
2 term.

3 e. After the determination by the authority of the gross amount
4 of tax credits for which a business is eligible pursuant to subsection
5 d. of this section, the final total tax credit amount shall be
6 calculated as follows: (1) for each new full-time job, the business
7 shall be allowed tax credits equaling 100 percent of the gross
8 amount of tax credits for each new full-time job; and (2) for each
9 retained full-time job, the business shall be allowed tax credits
10 equaling the lesser of 50 percent of the gross amount of tax credits
11 for each retained full-time job, or one-tenth of the capital
12 investment divided by the number of retained and new full-time
13 jobs per year over the grant term of ten years, unless the jobs are
14 part of a mega project which is the United States headquarters of an
15 automobile manufacturer located within a priority area or in a
16 Garden State Growth Zone, in which case the business shall be
17 entitled to tax credits equaling 100 percent of the gross amount of
18 tax credits for each retained full-time job, or unless the new
19 qualified business facility would replace a facility that has been
20 wholly or substantially damaged as a result of a federally-declared
21 disaster, in which case the business shall be entitled to tax credits
22 equaling 100 percent of the gross amount of tax credits for each
23 retained full-time job.

24 f. Notwithstanding the provisions of subsections a. through e.
25 of this section, for each application approved by the authority's
26 board, the amount of tax credits available to be applied by the
27 business annually shall not exceed:

28 (1) \$35,000,000 and provides a net benefit to the State as
29 provided herein with respect to a qualified business facility in a
30 Garden State Growth Zone which qualifies under the "Municipal
31 Rehabilitation and Economic Recovery Act," P.L.2002,
32 c.43 (C.52:27BBB-1 et al.), or which contains a Tourism District as
33 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
34 regulated by the Casino Reinvestment Development Authority;

35 (2) \$30,000,000 and provides a net benefit to the State as
36 provided herein with respect to a mega project or a qualified
37 business facility in a Garden State Growth Zone;

38 (3) \$10,000,000 and provides a net benefit to the State as
39 provided herein with respect to a qualified business facility in an
40 urban transit hub municipality or a Garden State Create Zone;

41 (4) \$8,000,000 and provides a net benefit to the State as
42 provided herein with respect to a qualified business facility in a
43 distressed municipality;

44 (5) \$4,000,000 and provides a net benefit to the State as
45 provided herein with respect to a qualified business facility in other
46 priority areas, but not more than 90 percent of the withholdings of
47 the business from the qualified business facility; and

1 (6) \$2,500,000 and provides a net benefit to the State as
2 provided herein with respect to a qualified business facility in other
3 eligible areas, but not more than 90 percent of the withholdings of
4 the business from the qualified business facility.

5 Under paragraphs (1) through (6) of this subsection, with the
6 exception of a project located within a Garden State Growth Zone
7 which qualifies for the "Municipal Rehabilitation and Economic
8 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
9 contains a Tourism District as established pursuant to section 5 of
10 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
11 Reinvestment Development Authority, that divides the total capital
12 investment of the project by the total number of full-time jobs at
13 that project, for each application for tax credits in excess of
14 \$4,000,000 annually, the amount of tax credits available to be
15 applied by the business annually shall be the lesser of the maximum
16 amount under the applicable subsection or an amount determined by
17 the authority necessary to complete the project, with such
18 determination made by the authority's utilization of a full economic
19 analysis of all locations under consideration by the business; all
20 lease agreements, ownership documents, or substantially similar
21 documentation for the business's current in-State locations, as
22 applicable; and all lease agreements, ownership documents, or
23 substantially similar documentation for the potential out-of-State
24 location alternatives, to the extent they exist. Based on this
25 information, and any other information deemed relevant by the
26 authority, the authority shall independently verify and confirm the
27 amount necessary to complete the project.

28 (cf: P.L.2014, c.63, s.4)

29
30 3. This act shall take effect immediately.

31 32 33 STATEMENT

34
35 The bill allows a business located within a three-mile geographic
36 area surrounding the campus of a New Jersey public research
37 university and having a collaborative research relationship with the
38 university, designated under the bill as a "Garden State Create
39 Zone," to receive base and bonus tax credits for job creation and
40 retention activity under the Grow New Jersey Assistance (Grow NJ)
41 Program. Additionally, the bill allows a business within a three-
42 mile geographic area surrounding the campus of a State college or
43 university, a county college, or an independent institution of higher
44 education and having a collaborative research relationship with
45 these entities, to receive bonus tax credits under the Grow NJ
46 Program.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4432

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 12, 2017

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 4432.

As amended by the committee, this bill amends the "Grow New Jersey Assistance Act," P.L.2011, c.149 (C.34:1B-242 et seq.), to increase the level of economic incentives available under the Grow New Jersey Assistance (Grow NJ) Program in order to encourage businesses to enter into collaborative research relationships with New Jersey colleges and universities.

Under the bill, as amended, a business would be eligible to receive a tax credit with a base amount of \$5,000 per year for each new or retained job if the business enters into a collaborative research relationship with a New Jersey public research university, and locates a qualified business facility within three miles of that university. The bill designates the three-mile radius around a public research university campus as a "Garden State Create Zone." This \$5,000 base amount is equal to the highest base amount authorized under the Grow NJ Program, which amount is currently applicable to qualified business facilities within an urban transit hub municipality or Garden State Growth Zone, or which are mega projects. The three New Jersey public research universities are New Jersey Institute of Technology, Rowan University, and Rutgers, The State University of New Jersey.

Additionally, the bill would establish a new bonus category that would potentially increase the amount of a Grow NJ tax credit by \$2,000 per job, per year for businesses that establish collaborative research relationships with New Jersey State colleges or universities (other than the public research universities), county colleges, or independent institutions of higher education, and which locate a qualified business facility within three miles of the campus of the college or university with which it has established a collaborative research relationship.

COMMITTEE AMENDMENTS:

The committee amendments update section 1 of the bill to incorporate changes made to the underlying section of law by enactment of P.L.2016, c.75 after the date the bill was introduced.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 4432

STATE OF NEW JERSEY

DATED: JUNE 26, 2017

The Assembly Budget Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 4432.

This committee substitute amends the "Grow New Jersey Assistance Act," P.L.2011, c.149 (C.34:1B-242 et seq.), to encourage businesses to enter into collaborative research relationships with New Jersey colleges and universities.

Under the substitute, a business may qualify for the highest base tax credit amount under the Grow NJ Program, \$5,000 per job, per year, if the business locates a qualified business facility at or within three miles of a New Jersey doctoral university, and the facility is used by the business in a targeted industry to conduct a collaborative research relationship with that university. This \$5,000 base amount is equal to the highest base amount authorized under the Grow NJ Program, which amount is currently applicable to qualified business facilities within an urban transit hub municipality or Garden State Growth Zone, or which are mega projects. The substitute uses the Carnegie Classification of Institutions of Higher Education's Basic Methodology to define New Jersey doctoral universities, which are: Montclair State University, New Jersey Institute of Technology, Princeton University, Rowan University, Rutgers University-New Brunswick, Rutgers University-Newark, Seton Hall University, and Stevens Institute of Technology.

Additionally, the substitute establishes a new bonus category that would potentially increase the amount of a Grow NJ tax credit by \$1,000 per job, per year, if the business: is in a targeted industry, locates a qualified business facility on, or within three miles of, the campus of a college or university other than a doctoral university, and the facility is used by the business to conduct a collaborative research relationship with the college or university. This bonus category applies to collaborative research relationships entered into with the following colleges and universities: Atlantic Cape Community College, Bergen Community College, Bloomfield College, Brookdale Community College, Caldwell University, Camden County College, Centenary College, College of Saint Elizabeth, County College of Morris, Cumberland County College, Drew University, Essex County College, Fairleigh Dickinson University-College at Florham, Fairleigh

Dickinson University-Metropolitan Campus, Felician University, Georgian Court University, Hudson County Community College, Kean University, Mercer County Community College, Middlesex County College, Monmouth University, New Jersey City University, Ocean County College, Passaic County Community College, Pillar College, Ramapo College of New Jersey, Raritan Valley Community College, Rider University, Rowan College at Burlington County, Rowan College at Gloucester County, Rutgers University-Camden, Saint Peter's University, Salem Community College, Stockton University, Sussex County Community College, The College of New Jersey, Thomas Edison State University, Union County College, Warren County Community College, and William Paterson University of New Jersey.

The substitute requires the Economic Development Authority (EDA), through regulation and in consultation with the Secretary of Higher Education, to establish standards for collaborative research relationships between businesses in targeted industries and colleges and universities necessary to qualify a business for an enhanced base or bonus tax credit amount under the substitute.

The "Grow New Jersey Assistance Act" currently defines the term "targeted industry" as an industry identified as such by the EDA, but specifically names the following industries: transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine whether the substitute will have a positive or negative fiscal net impact on the State. The inability to determine the direction and magnitude of the fiscal net impact of the substitute is due to insufficient information on the number and attributes of projects that, under the substitute, might newly qualify for or earn larger tax credits than otherwise would have been allowed absent the change. The OLS notes that the State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another), and subtracting from that sum the indeterminate indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4432
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: JULY 13, 2017

SUMMARY

Synopsis: Provides increased tax credit amounts under Grow New Jersey Assistance Program for certain businesses that have collaborative research relationships with colleges or universities.

Type of Impact: Possible decrease in State revenue

Agencies Affected: New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate Decrease – See comments below.		

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate decrease in State revenue as a result of increased tax credits for businesses that receive Grow New Jersey Assistance (GROW) Program tax credit awards. The number of businesses eligible for the increased tax credit amounts that will actually receive GROW awards under the program is not subject to accurate qualification.
- This decrease in revenue is likely to be offset to some degree by an indeterminate increase in revenue realized through an increase in business activity incentivized by the GROW Program award. The EDA administers a net benefits test that is intended to ensure that over a 20 to 30 year period of time, the business activity will generate an amount of tax revenue at least 110 percent greater than the amount granted in the form of tax credits over 10 years.

BILL DESCRIPTION

The Assembly Committee Substitute for Assembly Bill No. 4432 of 2016, amends the "Grow New Jersey Assistance Act," P.L.2011, c.149 (C.34:1B-242 et seq.), to encourage businesses to enter into collaborative research relationships with New Jersey colleges and universities.

Under the bill, a business may qualify for the highest base tax credit amount under the GROW Program, \$5,000 per job, per year, if the business locates a qualified business facility at or within three miles of a New Jersey doctoral university, and the facility is used by the business in a targeted industry to conduct a collaborative research relationship with that university. The bill uses the Carnegie Classification of Institutions of Higher Education's Basic Methodology to define New Jersey doctoral universities, which are: Montclair State University, New Jersey Institute of Technology, Princeton University, Rowan University, Rutgers, the State University New Brunswick and Newark campuses, Seton Hall University, and Stevens Institute of Technology.

Additionally, the bill would establish a new bonus category that would potentially increase the amount of a Grow Program tax credit by \$1,000 per job, per year, if the business: is in a targeted industry, locates a qualified business facility on, or within three miles of, the campus of a college or university other than a doctoral university, and the facility is used by the business to conduct a collaborative research relationship with the college or university. This bonus category would apply to collaborative research relationships entered into with the following colleges and universities: Atlantic Cape Community College, Bergen Community College, Bloomfield College, Brookdale Community College, Caldwell University, Camden County College, Centenary University, College of Saint Elizabeth, County College of Morris, Cumberland County College, Drew University, Essex County College, Fairleigh Dickinson University-College at Florham, Fairleigh Dickinson University-Metropolitan Campus, Felician University, Georgian Court University, Hudson County Community College, Kean University, Mercer County Community College, Middlesex County College, Monmouth University, New Jersey City University, Ocean County College, Passaic County Community College, Pillar College, Ramapo College of New Jersey, Raritan Valley Community College, Rider University, Rowan College at Burlington County, Rowan College at Gloucester County, Rutgers, the State University Camden campus, Saint Peter's University, Salem Community College, Stockton University, Sussex County Community College, The College of New Jersey, Thomas Edison State University, Union County College, Warren County Community College, and William Paterson University of New Jersey.

The bill would require the Economic Development Authority (EDA), through regulation and in consultation with the Secretary of Higher Education, to establish standards for collaborative research relationships between businesses in targeted industries and colleges and universities necessary to qualify a business for an enhanced base or bonus tax credit amount under the bill.

The "Grow New Jersey Assistance Act" currently defines the term "targeted industry" as an industry identified as such by the EDA, and specifically names the following industries: transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate decrease in State revenue as a result of increased tax credits for businesses that receive GROW

Program tax credit awards. The bill does not change the fundamental eligibility for the receipt of a tax credit under the GROW Program, so it is unlikely to impact whether a business does or does not receive an award from the EDA. The increase in the size of awards near certain colleges and universities for certain research relationships with those colleges and universities has the potential to attract new businesses to the State in these areas that would not have otherwise located in the State, due to these incentives. To the extent that new businesses are recruited to the State as a result of these incentives, the changes to the program could result in additional companies applying for and receiving GROW awards. Similarly, the size of the incentives could encourage certain existing businesses to execute expansion plans in the State or move their business within the three-mile radius of a college or university campus in order to obtain the increased tax credit levels under the amendments to the GROW Program.

The magnitude of the decrease in State revenue resulting from increased tax credit awards cannot be determined because it is not clear how many businesses eligible for the increased tax credit amounts will actually receive GROW Program awards. There are potentially a large number of businesses in the State that are both located within the required proximity and have a relationship to eligible colleges and universities. What is not clear is how many of those businesses have relocation plans or the ability to expand their business in a way that would make them eligible for an award under the GROW program. Further, until the EDA establishes standards for collaborative research relationship, it is not possible to project which subset of business relationships with colleges and universities will qualify.

The revenue impact of the bill would be attributable to the following: 1) the full tax credit amount from applications that would not have occurred if not for the increased award amount; and 2) of the applications that would have occurred absent the bill, the marginal increase in tax credit amount attributable to the increased per employee tax credits over the amounts in existing law.

This decrease in revenue is likely to be offset to some degree by an indeterminate increase in tax revenues realized through an increase in business activity incentivized by the GROW Program award. It cannot be known at this time how much additional revenue will be generated by the new business activity. It is possible that there are some businesses that will apply for a GROW Program award under the existing GROW Program, and any increase in tax credit amounts to these businesses would need to be decreased from the revenue increase from the business activity, because existing law would have been sufficient to incentivize that increase in business activity. For businesses that do have their business location or expansion decisions impacted by the provisions of this bill, the amount of tax revenue they generate, less the cost of the tax credits represents a direct revenue benefit.

These direct revenue benefits are mitigated to some degree by an indirect negative revenue impact that occurs because to the extent the businesses receiving GROW Program benefits are competing with existing State businesses that are not receiving tax credits, any cannibalization of existing State business activity is generating activity that would have already happened at a lower effective tax rate. Also, some portion of the employees and land involved in this newly incentivized business activity presumably would have been involved in some level of lesser activity that would have generated some level of tax revenue. This indirect increment is not considered by the EDA when calculating the net benefit to the State.

The net benefits test administered by the EDA is intended to ensure that over a 20 to 30 year period of time, the business activity will generate an amount of tax revenue at least 110 percent greater than the amount granted in the form of tax credits over 10 years. While this test does not include the indirect impacts noted above that represent revenues realized “if not for” the GROW Program awards, due to differences between the time in which tax credits are awarded and the time over which benefits are calculated creates the possibility that 1) a business could fully

acquire its tax credits and then leave the State prior to the completion of the net benefit calculation period; and 2) on a per year basis, the net benefit could be sharply negative in the first 10 years, with the final 10 or 20 years being relied upon to generate large positive revenues to make up for those negative net revenues in the first 10 years.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

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

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

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

SENATE, No. 2841

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED DECEMBER 12, 2016

Sponsored by:

Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

SYNOPSIS

Allows certain businesses having collaborative research relationships with institutions of higher education to receive tax credits under Grow New Jersey Assistance Program.

CURRENT VERSION OF TEXT

As introduced.



S2841 CUNNINGHAM

2

1 AN ACT establishing Garden State Create Zones under Grow New
2 Jersey Assistance Program, providing certain incentives to
3 businesses under that program, and amending P.L.2011, c.149.

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.2011, c.149 (C.34:1B-243) is amended to
9 read as follows:

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

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

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

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

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

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

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

40 a partnership;

41 an S corporation;

42 a limited liability company; or

43 a non-profit corporation.

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

24 d. any of the foregoing.

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

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

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

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

7 "County college," "public research university," and "State
8 college" shall have the same meaning as provided for those terms in
9 section 3 of P.L.1994, c.48 (C.18A:3B-3).

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

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

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

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

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

47 "Full-time employee" means a person:

1 a. who is employed by a business for consideration for at least
2 35 hours a week, or who renders any other standard of service
3 generally accepted by custom or practice as full-time employment,
4 or

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

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

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

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

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

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

38 35 hours of employment per week at a qualified business facility
39 shall constitute one "full-time employee," regardless of whether or
40 not the hours of work were performed by one or more persons.

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

1 supermarket or grocery store, 30 hours of employment per week at a
2 qualified business facility shall constitute one "full-time employee,"
3 regardless of whether or not the hours of work were performed by
4 one or more persons, and the requirement that employee health
5 benefits are to be provided shall be deemed to be satisfied if the
6 employees of the business are covered by a collective bargaining
7 agreement.

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

17 "Garden State Create Zone" means a geographic area within
18 three miles of the outer boundary line of a public research
19 university campus where an eligible business has established a
20 collaborative research relationship with the public research
21 university.

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

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

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

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

44 "Independent institution of higher education" shall have the same
45 meaning as provided in section 3 of P.L.1985, c.493 (C.18A:72H-
46 3).

47 "Major rail station" means a railroad station located within a
48 qualified incentive area which provides access to the public to a

1 minimum of six rail passenger service lines operated by the New
2 Jersey Transit Corporation.

3 "Mega project" means:

4 a. a qualified business facility located in a port district housing
5 a business in the logistics, manufacturing, energy, defense, or
6 maritime industries, either:

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

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

12 b. a qualified business facility located in an aviation district
13 housing a business in the aviation industry, in a Garden State
14 Growth Zone, or in a priority area housing the United States
15 headquarters and related facilities of an automobile manufacturer,
16 either:

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

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

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

26 d. a project located in an area designated in need of
27 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
28 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
29 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
30 Ocean, or Salem counties having a capital investment in excess of
31 \$20,000,000, and at which more than 150 full-time employees of
32 **【a】** the business are created or retained; or

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

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

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

44 "Minimum environmental and sustainability standards" means
45 standards established by the authority in accordance with the green
46 building manual prepared by the Commissioner of Community
47 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
48 regarding the use of renewable energy, energy-efficient technology,

1 and non-renewable resources in order to reduce environmental
2 degradation and encourage long-term cost reduction.

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

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

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

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

22 "Partnership" means an entity classified as a partnership for
23 federal income tax purposes.

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

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

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

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

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

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

47 c. are the proposed site of a disaster recovery project, a
48 qualified incubator facility, a highlands development credit

1 receiving area or redevelopment area, a tourism destination project,
2 or transit oriented development; or

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

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

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

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

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

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

29 "Qualified incentive area" means:

30 a. an aviation district;

31 b. a port district;

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

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

35 (a) Planning Area 1 (Metropolitan);

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

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

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

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

1 (4) located within a regional growth area, town, village, or a
2 military and federal installation area designated in the
3 comprehensive management plan prepared and adopted by the
4 Pinelands Commission pursuant to the "Pinelands Protection Act,"
5 P.L.1979, c.111 (C.13:18A-1 et seq.);

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

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

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

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

20 (a) a designated center under the State Development and
21 Redevelopment Plan;

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

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

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

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

38 (f) any area on which an existing tourism destination project is
39 located.

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

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

1 restricted for use by one or more technology startup companies
2 during the commitment period.

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

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

26 "SDA municipality" means a municipality in which an SDA
27 district is situate.

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

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

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

47 "Transit oriented development" means a qualified business
48 facility located within a 1/2-mile radius, or one-mile radius for

1 projects located in a Garden State Growth Zone, surrounding the
2 mid-point of a New Jersey Transit Corporation, Port Authority
3 Transit Corporation, or Port Authority Trans-Hudson Corporation
4 rail, bus, or ferry station platform area, including all light rail
5 stations.

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

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

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

20

21 2. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to
22 read as follows:

23 5. a. The total amount of the tax credit for an eligible business
24 for each new or retained full-time job shall be as set forth in
25 subsections b. through f. of this section. The total tax credit amount
26 shall be calculated and credited to the business annually for each
27 year of the eligibility period. Notwithstanding any other provisions
28 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its
29 ability to apply for the tax credit under this subsection to a non-
30 profit organization with a mission dedicated to attracting investment
31 and completing development and redevelopment projects in a
32 Garden State Growth Zone. The non-profit organization or
33 organization operating a qualified incubator facility may make an
34 application on behalf of a business which meets the requirements
35 for the tax credit, or a group of non-qualifying businesses or
36 positions, located at a qualified business facility, that shall be
37 considered a unified project for the purposes of the incentives
38 provided under this section. For any project located in a Garden
39 State Growth Zone that qualifies under the "Municipal
40 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
41 (C.52:27BBB-1 et al.), or any project located in a Garden State
42 Growth Zone which contains a Tourism District as established
43 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
44 by the Casino Reinvestment Development Authority, and which
45 will include a retail facility of at least 150,000 square feet, of which
46 at least 50 percent will be occupied by either a full-service
47 supermarket or grocery store, a business may assign its ability to
48 apply for the tax credit under this subsection to the developer of the

1 facility. The developer may make an application on behalf of the
2 business which meets the requirements for the tax credit, or a group
3 of non-qualifying businesses located at the business facility, that
4 shall be considered a unified project for the purposes of the
5 incentives provided under this section, and the developer may apply
6 for tax credits available based on the number of jobs provided by
7 the business or businesses and the total capital investment of the
8 business or businesses and the developer.

9 b. The base amount of the tax credit for each new or retained
10 full-time job shall be as follows:

11 (1) for a qualified business facility located within an urban
12 transit hub municipality, Garden State Create Zone, or Garden State
13 Growth Zone or is a mega project, \$5,000 per year;

14 (2) for a qualified business facility located within a distressed
15 municipality but not qualifying under paragraph (1) of this
16 subsection, \$4,000 per year;

17 (3) for a project in a priority area, \$3,000 per year; and

18 (4) for a project in other eligible areas, \$500 per year.

19 c. In addition to the base amount of the tax credit, the amount
20 of the tax credit to be awarded for each new or retained full-time
21 job shall be increased if the qualified business facility meets any of
22 the following priority criteria or other additional or replacement
23 criteria determined by the authority from time to time in response to
24 evolving economic or market conditions:

25 (1) for a qualified business facility located in a deep poverty
26 pocket or in an area that is the subject of a Choice Neighborhoods
27 Transformation Plan funded by the federal Department of Housing
28 and Urban Development, an increase of \$1,500 per year;

29 (2) for a qualified business facility located in a qualified
30 incubator facility, an increase of \$500 per year;

31 (3) for a qualified business facility located in a mixed-use
32 development that incorporates sufficient moderate income housing
33 on site to accommodate a minimum of 20 percent of the full-time
34 employees of the business, an increase of \$500 per year;

35 (4) for a qualified business facility located within a transit
36 oriented development, an increase of \$2,000 per year;

37 (5) for a qualified business facility, other than a mega project, at
38 which the capital investment in industrial premises for industrial
39 use by the business is in excess of the minimum capital investment
40 required for eligibility pursuant to subsection b. of section 3 of
41 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
42 each additional amount of investment that exceeds the minimum
43 amount required for eligibility by 20 percent, with a maximum
44 increase of \$3,000 per year;

45 (6) for a business with new full-time jobs and retained full-time
46 jobs at the project with an average salary in excess of the existing
47 average salary for the county in which the project is located, or, in
48 the case of a project in a Garden State Growth Zone, a business that

- 1 employs full-time positions at the project with an average salary in
2 excess of the average salary for the Garden State Growth Zone, an
3 increase of \$250 per year during the commitment period for each 35
4 percent by which the project's average salary levels exceeds the
5 county or Garden State Growth Zone average salary, with a
6 maximum increase of \$1,500 per year;
- 7 (7) for a business with large numbers of new full-time jobs and
8 retained full-time jobs during the commitment period, the increases
9 shall be in accordance with the following schedule:
- 10 (a) if the number of new full-time jobs and retained full-time
11 jobs is between 251 and 400, \$500 per year;
- 12 (b) if the number of new full-time jobs and retained full-time
13 jobs is between 401 and 600, \$750 per year;
- 14 (c) if the number of new full-time jobs and retained full-time
15 jobs is between 601 and 800, \$1000 per year;
- 16 (d) if the number of new full-time jobs and retained full-time
17 jobs is between 801 and 1,000, \$1,250 per year;
- 18 (e) if the number of new full-time jobs and retained full-time
19 jobs is in excess of 1,000, \$1,500 per year;
- 20 (8) for a business in a targeted industry, an increase of \$500 per
21 year;
- 22 (9) for a qualified business facility exceeding the Leadership in
23 Energy and Environmental Design's "Silver" rating standards or
24 completes substantial environmental remediation, an additional
25 increase of \$250 per year;
- 26 (10) for a mega project or a project located within a Garden State
27 Growth Zone at which the capital investment in industrial premises
28 for industrial use by the business **is in excess of** exceeds the
29 minimum capital investment required for eligibility pursuant to
30 subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an
31 increase of \$1,000 per year for each additional amount of
32 investment that exceeds the minimum amount by 20 percent, with a
33 maximum increase of \$5,000 per year;
- 34 (11) for a project in which a business retains at least 400 jobs
35 and is located within the municipality in which it was located
36 immediately prior to the filing of the application hereunder and is
37 the United States headquarters of an automobile manufacturer, an
38 increase of \$1,500 per year;
- 39 (12) for a project located in a municipality in Atlantic,
40 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
41 and Salem counties with a 2007 Municipality Revitalization Index
42 greater than 465, an increase of \$1,000 per year;
- 43 (13) for a project located within a half-mile of any light rail
44 station constructed after the effective date of P.L.2013, c.161
45 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 46 (14) for a marine terminal project in a municipality located
47 outside the Garden State Growth Zone, but within the geographical

1 boundaries of the South Jersey Port District, an increase of \$1,500
2 per year;

3 (15) for a project located within an area determined to be in need
4 of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
5 (C.40A:12A-5 and C.40A:12A-6), and which is located within a
6 quarter mile of at least one United States Highway and at least two
7 New Jersey State Highways, an increase of \$1,500 per year;

8 (16) for a project that generates solar energy on site for use
9 within the project of an amount that equals at least 50 percent of the
10 project's electric supply service needs, an increase of \$250 per year;

11 **[and]**

12 (17) for a qualified business facility that includes a vacant
13 commercial building having over 1,000,000 square feet of office or
14 laboratory space available for occupancy for a period of over one
15 year, an increase of \$1,000 per year; and

16 (18) for an eligible business located within three miles of the
17 outer boundary line of a State college, a county college, or an
18 independent institution of higher education, but not a public
19 research university, where the eligible business has established a
20 collaborative research relationship with any of the above
21 institutions of higher education located therein, an increase of
22 \$2,000 per year.

23 d. The gross amount of the tax credit for an eligible business
24 for each new or retained full-time job shall be the sum of the base
25 amount as set forth pursuant to subsection b. of this section and the
26 various additional bonus amounts for which the business is eligible
27 pursuant to subsection c. of this section, subject to the following
28 limitations:

29 (1) for a mega project or a project in a Garden State Growth
30 Zone, the gross amount for each new or retained full-time job shall
31 not exceed \$15,000 per year;

32 (2) for a qualified business facility located within an urban
33 transit hub municipality or a Garden State Create Zone, the gross
34 amount for each new or retained full-time job shall not exceed
35 \$12,000 per year;

36 (3) for a qualified business facility in a distressed municipality
37 the gross amount for each new or retained full-time job shall not
38 exceed \$11,000 per year;

39 (4) for a qualified business facility in other priority areas, the
40 gross amount for each new or retained full-time job shall not exceed
41 \$10,500 per year;

42 (5) for a qualified business facility in other eligible areas, the
43 gross amount for each new or retained full-time job shall not exceed
44 \$6,000 per year; and

45 (6) for a disaster recovery project, the gross amount for each
46 new or retained full-time job shall not exceed \$2,000 per year.

47 Notwithstanding anything to the contrary set forth herein and in
48 the provisions of subsections a. through f. of this section, but

1 subject to the provisions of paragraph (1) of subsection f. of this
2 section, for a project located within a Garden State Growth Zone
3 which qualifies for the "Municipal Rehabilitation and Economic
4 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which
5 creates 35 or more full-time jobs new to the municipality, the total
6 tax credit shall be:

7 (a) for a project which creates 35 or more full-time jobs new to
8 the municipality and makes a capital investment of at least
9 \$5,000,000, the total tax credit amount per full-time job shall be the
10 greater of: (i) the total tax credit amount for a qualifying project in
11 a Garden State Growth Zone as calculated pursuant to subsections
12 a. through f. of this section; or (ii) the total capital investment of the
13 project divided by the total number of full-time jobs at that project
14 but not greater than \$2,000,000 per year over the grant term of ten
15 years;

16 (b) for a project which creates 70 or more full-time jobs new to
17 the municipality and makes a capital investment of at least
18 \$10,000,000, the total tax credit amount per full-time job shall be
19 the greater of: (i) the total tax credit amount for a qualifying project
20 in a Garden State Growth Zone as calculated pursuant to
21 subsections a. through f. of this section; or (ii) the total capital
22 investment of the project divided by the total number of full-time
23 jobs at that project but not greater than \$3,000,000 per year over the
24 grant term of ten years;

25 (c) for a project which creates 100 or more full-time jobs new to
26 the municipality and makes a capital investment of at least
27 \$15,000,000, the total tax credit amount per full-time job shall be
28 the greater of: (i) the total tax credit amount for a qualifying project
29 in a Garden State Growth Zone as calculated pursuant to
30 subsections a. through f. of this section; or (ii) the total capital
31 investment of the project divided by the total number of full-time
32 jobs at that project but not greater than \$4,000,000 per year over the
33 grant term of ten years;

34 (d) for a project which creates 150 or more full-time jobs new to
35 the municipality and makes a capital investment of at least
36 \$20,000,000, the total tax credit amount per full-time job shall be
37 the greater of: (i) the total tax credit amount for a qualifying project
38 in a Garden State Growth Zone as calculated pursuant to
39 subsections a. through f. of this section; or (ii) the total capital
40 investment of the project divided by the total number of full-time
41 jobs at that project but not greater than \$5,000,000 per year over the
42 grant term of ten years; or

43 (e) for a project which creates 250 or more full-time jobs new to
44 the municipality and makes a capital investment of at least
45 \$30,000,000, the total tax credit amount per full-time job shall be
46 the greater of: (i) the total tax credit amount for a qualifying project
47 in a Garden State Growth Zone as calculated pursuant to
48 subsections a. through f. of this section; or (ii) the total capital

1 investment of the project divided by the total number of full-time
2 jobs as defined herein at that project divided by the ten-year grant
3 term.

4 e. After the determination by the authority of the gross amount
5 of tax credits for which a business is eligible pursuant to subsection
6 d. of this section, the final total tax credit amount shall be
7 calculated as follows: (1) for each new full-time job, the business
8 shall be allowed tax credits equaling 100 percent of the gross
9 amount of tax credits for each new full-time job; and (2) for each
10 retained full-time job, the business shall be allowed tax credits
11 equaling the lesser of 50 percent of the gross amount of tax credits
12 for each retained full-time job, or one-tenth of the capital
13 investment divided by the number of retained and new full-time
14 jobs per year over the grant term of ten years, unless the jobs are
15 part of a mega project which is the United States headquarters of an
16 automobile manufacturer located within a priority area or in a
17 Garden State Growth Zone, in which case the business shall be
18 entitled to tax credits equaling 100 percent of the gross amount of
19 tax credits for each retained full-time job, or unless the new
20 qualified business facility would replace a facility that has been
21 wholly or substantially damaged as a result of a federally-declared
22 disaster, in which case the business shall be entitled to tax credits
23 equaling 100 percent of the gross amount of tax credits for each
24 retained full-time job.

25 f. Notwithstanding the provisions of subsections a. through e.
26 of this section, for each application approved by the authority's
27 board, the amount of tax credits available to be applied by the
28 business annually shall not exceed:

29 (1) \$35,000,000 and provides a net benefit to the State as
30 provided herein with respect to a qualified business facility in a
31 Garden State Growth Zone which qualifies under the "Municipal
32 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
33 (C.52:27BBB-1 et al.), or which contains a Tourism District as
34 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
35 regulated by the Casino Reinvestment Development Authority;

36 (2) \$30,000,000 and provides a net benefit to the State as
37 provided herein with respect to a mega project or a qualified
38 business facility in a Garden State Growth Zone;

39 (3) \$10,000,000 and provides a net benefit to the State as
40 provided herein with respect to a qualified business facility in an
41 urban transit hub municipality or a Garden State Create Zone;

42 (4) \$8,000,000 and provides a net benefit to the State as
43 provided herein with respect to a qualified business facility in a
44 distressed municipality;

45 (5) \$4,000,000 and provides a net benefit to the State as
46 provided herein with respect to a qualified business facility in other
47 priority areas, but not more than 90 percent of the withholdings of
48 the business from the qualified business facility; and

1 (6) \$2,500,000 and provides a net benefit to the State as
2 provided herein with respect to a qualified business facility in other
3 eligible areas, but not more than 90 percent of the withholdings of
4 the business from the qualified business facility.

5 Under paragraphs (1) through (6) of this subsection, with the
6 exception of a project located within a Garden State Growth Zone
7 which qualifies for the "Municipal Rehabilitation and Economic
8 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
9 contains a Tourism District as established pursuant to section 5 of
10 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
11 Reinvestment Development Authority, that divides the total capital
12 investment of the project by the total number of full-time jobs at
13 that project, for each application for tax credits in excess of
14 \$4,000,000 annually, the amount of tax credits available to be
15 applied by the business annually shall be the lesser of the maximum
16 amount under the applicable subsection or an amount determined by
17 the authority necessary to complete the project, with such
18 determination made by the authority's utilization of a full economic
19 analysis of all locations under consideration by the business; all
20 lease agreements, ownership documents, or substantially similar
21 documentation for the business's current in-State locations, as
22 applicable; and all lease agreements, ownership documents, or
23 substantially similar documentation for the potential out-of-State
24 location alternatives, to the extent they exist. Based on this
25 information, and any other information deemed relevant by the
26 authority, the authority shall independently verify and confirm the
27 amount necessary to complete the project.

28 (cf: P.L.2014, c.63, s.4)

29
30 3. This act shall take effect immediately.

31
32
33 STATEMENT

34
35 The bill allows a business located within a three-mile geographic
36 area surrounding the campus of a New Jersey public research
37 university and having a collaborative research relationship with the
38 university, designated under the bill as a "Garden State Create
39 Zone," to receive base and bonus tax credits for job creation and
40 retention activity under the Grow New Jersey Assistance (Grow NJ)
41 Program. Additionally, the bill allows a business within a three-
42 mile geographic area surrounding the campus of a State college or
43 university, a county college, or an independent institution of higher
44 education and having a collaborative research relationship with
45 these entities, to receive bonus tax credits under the Grow NJ
46 Program.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2841**

STATE OF NEW JERSEY

DATED: JUNE 29, 2017

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2841.

This substitute bill amends the “Grow New Jersey Assistance Act” to encourage businesses to enter into collaborative research relationships with New Jersey colleges and universities.

Under the substitute, a business may qualify for the highest base tax credit amount under the Grow NJ Program (i.e. \$5,000 per job, per year) if the business locates a qualified business facility at or within three miles of a New Jersey doctoral university, and the facility is used by the business in a targeted industry to conduct a collaborative research relationship with that university. This \$5,000 base amount is the highest base amount authorized under the Grow NJ Program, which amount is currently applicable to qualified business facilities within an urban transit hub municipality or Garden State Growth Zone, or which are mega projects. The substitute uses the Carnegie Classification of Institutions of Higher Education’s Basic Methodology to define New Jersey doctoral universities, which are: Montclair State University, New Jersey Institute of Technology, Princeton University, Rowan University, Rutgers University-New Brunswick, Rutgers University-Newark, Seton Hall University, and Stevens Institute of Technology.

The substitute also establishes a new bonus category that potentially increases the amount of a Grow NJ tax credit by \$1,000 per job, per year, if the business: is in a targeted industry; locates a qualified business facility on, or within three miles of, the campus of a college or university other than a doctoral university; and the facility is used by the business to conduct a collaborative research relationship with the college or university. This bonus category applies to collaborative research relationships entered into with the following colleges and universities: Atlantic Cape Community College, Bergen Community College, Bloomfield College, Brookdale Community College, Caldwell University, Camden County College, Centenary College, College of Saint Elizabeth, County College of Morris, Cumberland County College, Drew University, Essex County College, Fairleigh Dickinson University-College at Florham, Fairleigh Dickinson University-Metropolitan Campus, Felician University,

Georgian Court University, Hudson County Community College, Kean University, Mercer County Community College, Middlesex County College, Monmouth University, New Jersey City University, Ocean County College, Passaic County Community College, Pillar College, Ramapo College of New Jersey, Raritan Valley Community College, Rider University, Rowan College at Burlington County, Rowan College at Gloucester County, Rutgers University-Camden, Saint Peter's University, Salem Community College, Stockton University, Sussex County Community College, The College of New Jersey, Thomas Edison State University, Union County College, Warren County Community College, and William Paterson University of New Jersey.

The substitute requires the Economic Development Authority, through regulation and in consultation with the Secretary of Higher Education, to establish standards for collaborative research relationships between businesses in targeted industries and colleges and universities necessary to qualify a business for an enhanced base or bonus tax credit amount under the substitute.

The “Grow New Jersey Assistance Act” currently defines the term “targeted industry” as any industry identified from time to time by the authority including initially, a transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance business, but excluding a primarily warehouse or distribution business.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine if the substitute will have a positive or negative fiscal net impact on the State. The inability to determine the direction and magnitude of the fiscal net impact of the substitute is due to insufficient information on the number and attributes of projects that, under the substitute, might newly qualify for or earn larger tax credits than otherwise would have been allowed absent the change. The OLS notes that the State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another), and subtracting from that sum the indeterminate indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2841
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: JULY 13, 2017

SUMMARY

- Synopsis:** Provides increased tax credit amounts under Grow New Jersey Assistance Program for certain businesses that have collaborative research relationships with colleges or universities.
- Type of Impact:** Possible decrease in State revenue
- Agencies Affected:** New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue	Indeterminate Decrease – See comments below.		

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate decrease in State revenue as a result of increased tax credits for businesses that receive Grow New Jersey Assistance (GROW) Program tax credit awards. The number of businesses eligible for the increased tax credit amounts that will actually receive GROW awards under the program is not subject to accurate qualification.
- This decrease in revenue is likely to be offset to some degree by an indeterminate increase in revenue realized through an increase in business activity incentivized by the GROW Program award. The EDA administers a net benefits test that is intended to ensure that over a 20 to 30 year period of time, the business activity will generate an amount of tax revenue at least 110 percent greater than the amount granted in the form of tax credits over 10 years.

BILL DESCRIPTION

The Senate Committee Substitute for Senate Bill No. 2841 of 2016, amends the "Grow New Jersey Assistance Act," P.L.2011, c.149 (C.34:1B-242 et seq.), to encourage businesses to enter into collaborative research relationships with New Jersey colleges and universities.

Under the bill, a business may qualify for the highest base tax credit amount under the GROW Program, \$5,000 per job, per year, if the business locates a qualified business facility at or within three miles of a New Jersey doctoral university, and the facility is used by the business in a targeted industry to conduct a collaborative research relationship with that university. The bill uses the Carnegie Classification of Institutions of Higher Education's Basic Methodology to define New Jersey doctoral universities, which are: Montclair State University, New Jersey Institute of Technology, Princeton University, Rowan University, Rutgers, the State University New Brunswick and Newark campuses, Seton Hall University, and Stevens Institute of Technology.

Additionally, the bill would establish a new bonus category that would potentially increase the amount of a GROW Program tax credit by \$1,000 per job, per year, if the business: is in a targeted industry, locates a qualified business facility on, or within three miles of, the campus of a college or university, other than a doctoral university, and the facility is used by the business to conduct a collaborative research relationship with the college or university. This bonus category would apply to collaborative research relationships entered into with the following colleges and universities: Atlantic Cape Community College, Bergen Community College, Bloomfield College, Brookdale Community College, Caldwell University, Camden County College, Centenary University, College of Saint Elizabeth, County College of Morris, Cumberland County College, Drew University, Essex County College, Fairleigh Dickinson University-College at Florham, Fairleigh Dickinson University-Metropolitan Campus, Felician University, Georgian Court University, Hudson County Community College, Kean University, Mercer County Community College, Middlesex County College, Monmouth University, New Jersey City University, Ocean County College, Passaic County Community College, Pillar College, Ramapo College of New Jersey, Raritan Valley Community College, Rider University, Rowan College at Burlington County, Rowan College at Gloucester County, Rutgers, the State University Camden campus, Saint Peter's University, Salem Community College, Stockton University, Sussex County Community College, The College of New Jersey, Thomas Edison State University, Union County College, Warren County Community College, and William Paterson University of New Jersey.

The bill would require the Economic Development Authority (EDA), through regulation and in consultation with the Secretary of Higher Education, to establish standards for collaborative research relationships between businesses in targeted industries and colleges and universities necessary to qualify a business for an enhanced base or bonus tax credit amount under the bill.

The "Grow New Jersey Assistance Act" currently defines the term "targeted industry" as an industry identified as such by the EDA, and specifically names the following industries: transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate decrease in State revenue as a result of increased tax credits for businesses that receive GROW Program tax credit awards. The

bill does not change the fundamental eligibility for the receipt of a tax credit under the GROW Program, so it is unlikely to impact whether a business does or does not receive an award from the EDA. The increase in the size of awards near certain colleges and universities for certain research relationships with those colleges and universities has the potential to attract new businesses to the State in these areas that would not have otherwise located in the State, due to these incentives. To the extent that new businesses are recruited to the State as a result of these incentives, the changes to the program could result in additional companies applying for and receiving GROW awards. Similarly, the size of the incentives could encourage certain existing businesses to execute expansion plans in the State or move their business within the three-mile radius of a college or university campus in order to obtain the increased tax credit levels under the bill.

The magnitude of the decrease in State revenue resulting from increased tax credit awards cannot be determined because it is not clear how many businesses eligible for the increased tax credit amounts will actually receive GROW Program awards. There are potentially a large number of businesses in the State that are both located within the required proximity and have a relationship to eligible colleges and universities. It is not clear how many of those businesses have relocation plans or the ability to expand their business in a way that would make them eligible for an award under the GROW program. Further, until the EDA establishes standards for collaborative research relationship, it is not possible to project which subset of business relationships with colleges and universities will qualify.

The revenue impact of the bill would be attributable to the following: 1) the full tax credit amount from applications that would not have occurred if not for the increased award amount; and 2) of the applications that would have occurred absent the bill, the marginal increase in tax credit amount attributable to the increased per employee tax credits over the amounts in existing law.

This decrease in revenue is likely to be offset to some degree by an indeterminate increase in tax revenues realized through an increase in business activity incentivized by the GROW Program award. It cannot be known at this time how much additional revenue will be generated by the new business activity. It is possible that there are some businesses that will apply for a GROW Program award under the existing GROW Program, and any increase in tax credit amounts to these businesses would need to be decreased from the revenue increase from the business activity, because existing law would have been sufficient to incentivize that increase in business activity. For businesses that do have their business location or expansion decisions impacted by the provisions of this bill, the amount of tax revenue they generate, less the cost of the tax credits represents a direct revenue benefit.

These direct revenue benefits are mitigated to some degree by an indirect negative revenue impact that occurs because to the extent the businesses receiving GROW Program benefits are competing with existing State businesses that are not receiving tax credits, any cannibalization of existing State business activity is generating activity that would have already happened at a lower effective tax rate. Also, some portion of the employees and land involved in this newly incentivized business activity presumably would have been involved in some level of lesser activity that would have generated some level of tax revenue. This indirect increment is not considered by the EDA when calculating the net benefit to the State.

The net benefits test administered by the EDA is intended to ensure that over a 20 to 30 year period of time, the business activity will generate an amount of tax revenue at least 110 percent greater than the amount granted in the form of tax credits over 10 years. While this test does not include the indirect impacts noted above that represent revenues realized “if not for” the GROW Program awards, due to differences between the time in which tax credits are awarded and the time over which benefits are calculated creates the possibility that 1) a business could fully

acquire its tax credits and then leave the State prior to the completion of the net benefit calculation period; and 2) on a per year basis, the net benefit could be sharply negative in the first 10 years, with the final 10 or 20 years being relied upon to generate large positive revenues to make up for those negative net revenues in the first 10 years.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

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

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

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

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Governor Christie Takes Action On Pending Legislation

Monday, August 7, 2017

Tags: [Bill Action](#)

Trenton, NJ - Governor Chris Christie today announced that he has taken action on the following pending legislation:

BILL SIGNINGS:

S-169/A-4329 (Bateman/McKeon, Zwicker) - Allows certain emergency squad volunteers holding municipal elective office to vote on emergency squad concerns

S-452/A-838 (Sacco, Greenstein/Jimenez, Moriarty) - Requires waiver of dealer obligation regarding necessary repairs impacting vehicle inspection to include description of known defects

S-678/A-4967 (Rice/Watson, Tucker, Caputo) - Requires local government units to certify compliance with certain federal hiring requirements when filing annual budgets

S-726/A-4460 (Cruz-Perez, Oroho/Jones, Mosquera, Downey, Johnson) – Extends full protection of Law Against Discrimination to persons having liability for service in Armed Forces of United States; guarantees equal employment opportunity in State contracting to all veterans

S-996wGR/A-1378 (Rice, Van Drew, Turner/Muoio, Benson, Pintor Marin, Quijano, Schaer) – Requires report on status of lead-safe program in DCA

S-1219/A-936 (Holzapfel, Allen/Wolfe, McGuckin, Oliver, Giblin, Wimberly) - Requires reporting of suspected abuse of institutionalized elderly to police and that facility employees receive notice of reporting requirement annually; designated as "Peggy's Law"

S-1359/A-4096 (A.R. Bucco, Stack/A.M. Bucco, Vainieri Huttie, McKnight, Mazzeo) - Guarantees full and equal access to all housing to disabled persons who retain their retired service or guide dog as a pet, and who also obtain a new service or guide dog

S-1497/A-3225 (A.R. Bucco, Pennacchio/Dancer, Clifton, Munoz, A.M. Bucco) - Designates Killed in Action flag as an official State flag; mandates it be displayed at certain public buildings

SCS for S-1640, 1642, 1013/AS AS ACS for A-3152, 3154, 2426 (Van Drew, Holzapfel, Singer, Turner/Andrzejczak, McGuckin, Land, Wolfe, Vainieri Huttie, Taliaferro, Benson) - Establishes requirements concerning necessary care of dogs, domestic companion animals, and service animals, and for tethering of dogs

S-1660/A-770 (Van Drew, Cruz-Perez/Andrzejczak, Land, Houghtaling, DeAngelo, Johnson) - Provides for voluntary contributions by taxpayers on gross income tax returns for maintenance of certain State memorials honoring war veterans

S-1731/A-2368 (Gordon, Allen/Vainieri Huttie) - Permits municipality to establish civil penalty for smoking in public places

S-1739/A-2167 (Turner, Diegnan/Johnson, Vainieri Huttie, Wimberly) - Establishes sexual assault training requirements for law enforcement officers

S-1750/A-2729 (Madden, Cruz-Perez/A.M. Bucco, DeAngelo, Space, Mosquera, Wisniewski, DeCroce, Mukherji, Jones) - Establishes special motorcycle license plates for veterans

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S-1808/A-3342 (Van Drew, Diegnan/Karabinchak) - Designates striped bass as NJ State Saltwater Fish; redesignates brook trout as NJ Freshwater Fish

S-2153/A-3520 (Gordon/Eustace, Sumter, Wimberly, Vainieri Huttie, Johnson) – Requires NJTA to study impact of constructing rail stations at certain park and ride facilities

S-2369/A-4152 (Whelan, Van Drew, Connors/Andrzejczak, Mazzeo, Land, Burzichelli) - Limits application of DEP shellfish habitat rules for certain dredging activities

S-2457/A-3999 (Van Drew, Oroho/Houghtaling, Andrzejczak, Mazzeo, Space, Downey) - Enables collection of voluntary contributions for Jersey Fresh Program through gross income tax returns

S-2578/A-4239 (Cunningham, Pou, Gordon/Sumter, Jasey, Benson, Muoio, Downey, Mukherji) - Revises New Jersey College Loans to Assist State Students Loan Program to require applicants first exhaust federal student loans, require income verification, and limit total student loan amounts

S-2884/A-4484 (Whelan, Greenstein/Eustace, Quijano, Chiaravalloti, Caride) - Declares that deed restrictions or agreements that prevent raising or constructing of a structure to certain flood elevation standards are unenforceable

S-2892/A-5042 (Sweeney/Giblin) - Exempts certain real estate brokers, broker-salespersons and salespersons from continuing education requirement

S-3074/A-4586 (Lesniak, Turner/Johnson, Oliver, Holley, Chiaravalloti) - Establishes gubernatorial veto power over Waterfront Commission of New York Harbor's meeting minutes; expands gubernatorial oversight powers over commission

S-3244/A-4854 (Sweeney, Allen/Singleton, Burzichelli, Taliaferro) - Designates portion of Interstate Highway Route 295 in West Deptford Township as "State Trooper Sean E. Cullen Memorial Highway"

A-445/S-1661 (Mazzeo, Pinkin, DeAngelo, Chiaravalloti/Van Drew, A.R. Bucco) - Provides for voluntary contributions by taxpayers on gross income tax returns for the NJ World War II Veterans' Memorial Fund

A-1185/S-2771 (Mosquera, Holley, Moriarty, Quijano/Cruz-Perez, Van Drew) - Requires State Comptroller to report findings of audit compliance reviews

A-1199/S-1326 (Mosquera, Moriarty, Lagana, Zwicker, Downey/Turner, Oroho) - Permits a victim or witness of any age to testify by closed circuit television under certain circumstances in prosecutions for domestic violence, sexual assault, and certain other crimes

ACS for A-1690/SCS SCS for S-660, 2002 (Dancer, Singleton, Andrzejczak, Land, Benson, Moriarty, Houghtaling/Turner, Beach, Van Drew) - Allows fire district elections to be moved to November; eliminates certain fire district budget referenda; and eliminates certain fire district capital purchase referenda

A-1953/S-2448 (Coughlin, Lagana, Muoio, Benson, Houghtaling, Danielsen, Mukherji/Vitale, Whelan) - Allows installment payments for senior and disabled property taxpayers to repay overpayments of homestead credits and homestead property tax reimbursements

A-1955/SCS for S-1795 (Jones, Lampitt, Phoebus, Space/A.R. Bucco, Oroho) - Provides for voluntary discharge of personal representatives overseeing administration of estates by application to the Surrogate's Court

A-2176/S-156 (Taliaferro, Eustace, Benson, Mazzeo, Chiaravalloti/Madden, Ruiz) - Criminalizes possession and sale of alpha-pyrrolidinopentophenone (alpha-PVP), commonly known as "flakka" or "flocka"

A-3056/SCS for S-2360, 3030 (Taliaferro, Dancer, Houghtaling, Space, Andrzejczak, Webber/Allen, Greenstein, Bateman, Smith, Wimberly) – Requires DEP to establish voluntary guidelines for K-12 schools and institutions of higher education to reduce, recover, and recycle food waste; extends "Food Bank Good Samaritan Act" immunity protections to public and nonpublic schools.

A-3058/S-2366 (Space, Taliaferro, Dancer, Houghtaling, Andrzejczak/Oroho, Ruiz) - Establishes Farm to School Coordinating Council

A-3381 (McKnight, Holley, Vainieri Huttie, Houghtaling, Chiaravalloti, Quijano, Gordon) – Authorizes municipal volunteer programs for free removal of snow from certain residential properties occupied by seniors or disabled persons.

A-3386/S-2711 (Schaer, Vainieri Huttie, Chiaravalloti, Caride, Mukherji, Wimberly/Vitale, Rice) - Provides protections for children under the age of 18 with developmental disabilities and individuals with developmental disabilities ages 18-21 receiving services from Division of Children's System of Care

A-3437/S-1076 (DeAngelo, Gusciora, Land, Andrzejczak/Turner) - Designates "Garden State" as State Slogan

A-3896/S-2790 (Sumter, Mukherji, Pintor Marin/Scutari, Turner) - Concerns sale of certain tires

A-3908/S-3021 (Mazzeo, DeAngelo, Mukherji, Houghtaling, Quijano/Whelan, T. Kean) - Establishes 9/11 Memorial Registry

A-3911/S-2863 (Wisniewski, Vainieri Huttie, Mukherji/Cardinale, Pennacchio) - Provides that motor vehicle registration expires on registrant's numerical calendar day of birth

A-4164/S-2588 (Houghtaling, Downey, Holley, Muoio, Webber/Van Drew, Cruz-Perez) - Requires State Auditor to annually report on unspent State account balances

A-4206/S-2676 (Karabinchak, Prieto, Webber, Holley/Diegnan, A.R. Bucco) - Requires candidates for election to school board to file with their nominating petitions specific affirmation that they have not been convicted of crimes that would disqualify them from office

A-4230/S-3141 (Conaway, O'Scanlon, Mukherji, Pintor Marin/Codey) - Requires health insurance carriers; SHBP, and SEHBP to inform covered persons about organ and tissue donation

ACS for A-4432/SCS for S-2841 (Schaer, Lampitt, Benson, Singleton, Chiaravalloti, Wimberly/Cunningham) - Provides increased tax credit amounts under Grow New Jersey Assistance Program for certain businesses that have collaborative research relationships with colleges or universities

A-4542/S-2986 (Mazzeo, Johnson, Land, Andrzejczak, DeCrocce/Van Drew) - Designates portion of State Highway Route 55 as "State Trooper Frankie L. Williams Memorial Highway"

A-4580/S-2989 (Taliaferro, Burzichelli, Quijano, Houghtaling/Lesniak, Oroho) - Appropriates \$2,900,000 from "2009 Farmland Preservation Fund" for grants to certain nonprofit organizations for farmland preservation purposes

A-4581/S-2987 (Houghtaling, Andrzejczak, Singleton, Downey/Cruz-Perez, Oroho) - Appropriates \$22,385,743 to State Agriculture Development Committee for farmland preservation purposes

A-4582/S-2990 (Andrzejczak, Mazzeo, Taliaferro, Zwicker, Houghtaling/Whelan, Van Drew) - Appropriates \$32.5 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for county planning incentive grants

A-4584/S-2988 (Zwicker, Taliaferro, Burzichelli, Houghtaling/Sweeney) - Appropriates \$7,500,000 from constitutionally dedicated CBT revenues for planning incentive grants to municipalities for farmland preservation purposes

A-4630/S-1938 (Jones/Cruz-Perez) - Repeals law regulating charges assessed by a miller for grinding grain

A-4673/S-3095 (Houghtaling, Downey/Van Drew) - Concerns assessment of buildings or structures on real property located in certain counties following material depreciation thereof

A-4713/S-3235 (Burzichelli, Prieto, Gusciora, DeAngelo, Benson/Kyrillos, Whelan) - Designates building where NJEDA is located in memory of Caren Franzini to commemorate her outstanding service to State

A-4895/S-3056 (Egan, Sumter, Pinkin/Cunningham) - Eliminates UI exemption for interns employed by hospitals

BILL VETOED:

S-2214/A-3847 (Turner, Cunningham/Lampitt, Mukherji, Johnson, Eustace) - CONDITIONAL - Requires institutions of higher education and proprietary degree-granting institutions to improve transparency of tuition and fees

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