

(continued)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Murphy signs bill establishing Growth Zone around AC airport," NJPZ, October 4, 2018

"Governor passes Atlantic City airport 'growth zone' law," Associated Press State Wire: New Jersey, October 4, 2018

"Murphy approves airport tax zone - Gov. Murphy signs growth zone bill for Atlantic City airport," The Press of Atlantic City, October 4, 2018

RH/CL

P.L. 2018, CHAPTER 120, *approved October 3, 2018*
Assembly, No. 3676 (Third Reprint)

1 AN ACT concerning ¹a¹ Garden State Growth ¹**[Zones]** Zone¹ and
2 amending various parts of the statutory law.

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

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

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

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

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

28 "Aviation district" means all areas within the boundaries of the
29 "Atlantic City International Airport," established pursuant to section
30 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
31 Administration William J. Hughes Technical Center and the area
32 within a one-mile radius of the outermost boundary of the "Atlantic
33 City International [Airport," established pursuant to section 24 of
34 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
35 Administration William J. Hughes Technical Center.

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ACE committee amendments adopted May 7, 2018.

²Assembly ABU committee amendments adopted June 18, 2018.

³Assembly amendments adopted in accordance with Governor's
recommendations August 27, 2018.

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

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

6 a partnership;

7 an S corporation;

8 a limited liability company; or

9 a non-profit corporation.

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

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

20 "Capital investment" in a qualified business facility means
21 expenses by a business or any affiliate of the business incurred after
22 application for:

23 a. site preparation and construction, repair, renovation,
24 improvement, equipping, or furnishing on real property or of a
25 building, structure, facility, or improvement to real property;

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

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

35 d. any of the foregoing.

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

45 In addition to the foregoing, if a business acquires or leases a
46 qualified business facility, the capital investment made or acquired
47 by the seller or owner, as the case may be, if pertaining primarily to
48 the premises of the qualified business facility, shall be considered a

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

16 "College or university" means a county college, an independent
17 institution of higher education, a public research university, or a
18 State college.

19 "Commitment period" means the period of time that is 1.5 times
20 the eligibility period.

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

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

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

41 "Distressed municipality" means a municipality that is qualified
42 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
43 municipality under the supervision of the Local Finance Board
44 pursuant to the provisions of the "Local Government Supervision
45 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality
46 identified by the Director of the Division of Local Government
47 Services in the Department of Community Affairs to be facing

1 serious fiscal distress, a SDA municipality, or a municipality in
2 which a major rail station is located.

3 "Doctoral university" means a university located within New
4 Jersey that is classified as a doctoral university under the Carnegie
5 Classification of Institutions of Higher Education's Basic
6 Classification methodology on the effective date of P.L.2017, c.221.

7 "Eligibility period" means the period in which a business may
8 claim a tax credit under the Grow New Jersey Assistance Program,
9 beginning with the tax period in which the authority accepts
10 certification of the business that it has met the capital investment
11 and employment requirements of the Grow New Jersey Assistance
12 Program and extending thereafter for a term of not more than 10
13 years, with the term to be determined solely at the discretion of the
14 applicant.

15 "Eligible position" or "full-time job" means a full-time position
16 in a business in this State which the business has filled with a full-
17 time employee.

18 "Full-time employee" means a person:

19 a. who is employed by a business for consideration for at least
20 35 hours a week, or who renders any other standard of service
21 generally accepted by custom or practice as full-time employment;
22 or

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

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

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

44 With respect to a logistics, manufacturing, energy, defense,
45 aviation, or maritime business, excluding primarily warehouse or
46 distribution operations, located in a port district having a container
47 terminal:

1 the requirement that employee health benefits are to be provided
2 shall be deemed to be satisfied if the benefits are provided in
3 accordance with industry practice by a third party obligated to
4 provide such benefits pursuant to a collective bargaining agreement;
5 full-time employment shall include, but not be limited to,
6 employees that have been hired by way of a labor union hiring hall
7 or its equivalent;

8 35 hours of employment per week at a qualified business facility
9 shall constitute one "full-time employee," regardless of whether or
10 not the hours of work were performed by one or more persons.

11 For any project located in a Garden State Growth Zone which
12 qualifies under the "Municipal Rehabilitation and Economic
13 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
14 project located in the Atlantic City Tourism District as established
15 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
16 by the Casino Reinvestment Development Authority, and which
17 will include a retail facility of at least 150,000 square feet, of which
18 at least 50 percent will be occupied by either a full-service
19 supermarket or grocery store, 30 hours of employment per week at a
20 qualified business facility shall constitute one "full-time employee,"
21 regardless of whether the hours of work were performed by one or
22 more persons, and the requirement that employee health benefits are
23 to be provided shall be deemed to be satisfied if the employees of
24 the business are covered by a collective bargaining agreement.

25 "Full-time employee" shall not include any person who works as
26 an independent contractor or on a consulting basis for the business
27 ³1, except that, for any project located in an aviation district, any
28 person working as an independent contractor for the business shall
29 be deemed a full-time employee if the business demonstrates to the
30 authority that:

31 (1) the person working as an independent contractor for the
32 business provides critical capabilities to the business in engineering,
33 software development, technology services, or advanced
34 manufacturing supply chain disciplines under a contractual or
35 partnering relationship for a term of no less than three years;

36 (2) the person working as an independent contractor for the
37 business:

38 (a) works at least 80 percent of the person's work time at a
39 qualified business facility;

40 (b) works for at least 35 hours a week, or renders any other
41 standard service generally accepted by custom or practice as full-
42 time employment; and

43 (c) is provided with employee health benefits under a health
44 benefits plan authorized pursuant to State or federal law; and

45 (3) the person working as an independent contractor for the
46 business shall not be included in the business's Statewide workforce
47 total if that person is simultaneously receiving a State economic

1 incentive benefit for job creation or retention under any other
2 program.

3 A business with at least 15 persons working as independent
4 contractors for the business who meet the conditions established
5 pursuant to paragraphs (1) and (2) of this subsection may claim
6 each of those persons as eight-tenths of a full-time employee for the
7 purposes of meeting the minimum Statewide workforce total
8 required under the program. Persons working as independent
9 contractors for the business shall be considered full-time employees
10 solely for the purposes of being counted towards the minimum
11 number of eligible positions required under the program.
12 Compliance period obligations of those persons following the
13 receipt of an economic incentive benefit shall not disqualify
14 inclusion of those persons as part of the business's Statewide
15 workforce total. The inclusion of persons working as independent
16 contractors for the business as part of the business's Statewide
17 workforce total may be applied starting on January 1, 2017 for all
18 previously awarded and future tax credits awarded under the
19 program established pursuant to section 3 of P.L.2011, c.149
20 (C.34:1B-244).

21 A business that includes persons working as independent
22 contractors for the business as part of the business's Statewide
23 workforce total shall provide to the authority an annual report that
24 identifies the number of persons working as independent contractors
25 for the business and their contractual or partnering relationship with
26 the business¹³.

27 Full-time employee shall also not include any person who at the
28 time of project application works in New Jersey for consideration
29 for at least 35 hours per week, or who renders any other standard of
30 service generally accepted by custom or practice as full-time
31 employment but who prior to project application was not provided,
32 by the business, with employee health benefits under a health
33 benefits plan authorized pursuant to State or federal law.

34 "Garden State Create Zone" means the campus of a doctoral
35 university, and the area within a three-mile radius of the outermost
36 boundary of the campus of a doctoral university, according to a map
37 appearing in the doctoral university's official catalog or other
38 official publication on the effective date of P.L.2017, c.221.

39 "Garden State Growth Zone" or "growth zone" means the four
40 New Jersey cities with the lowest median family income based on
41 the 2009 American Community Survey from the US Census, (Table
42 708. Household, Family, and Per Capita Income and Individuals,
43 and Families Below Poverty Level by City: 2009); **【or】** a
44 municipality which contains a 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; or an aviation
47 district.

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

7 "Incentive agreement" means the contract between the business
8 and the authority, which sets forth the terms and conditions under
9 which the business shall be eligible to receive the incentives
10 authorized pursuant to the program.

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

15 "Independent institution of higher education" means a college or
16 university incorporated and located in New Jersey, which by virtue
17 of law or character or license is a nonprofit educational institution
18 authorized to grant academic degrees and which provides a level of
19 education which is equivalent to the education provided by the
20 State's public institutions of higher education, as attested by the
21 receipt of and continuation of regional accreditation by the Middle
22 States Association of Colleges and Schools, and which is eligible to
23 receive State aid under the provisions of the Constitution of the
24 United States and the Constitution of the State of New Jersey, but
25 does not include any educational institution dedicated primarily to
26 the education or training of ministers, priests, rabbis or other
27 professional persons in the field of religion.

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

32 "Mega project" means:

33 a. a qualified business facility located in a port district housing
34 a business in the logistics, manufacturing, energy, defense, or
35 maritime industries, either:

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

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

41 b. a qualified business facility located in an aviation district
42 housing a business in the aviation industry, in a Garden State
43 Growth Zone, or in a priority area housing the United States
44 headquarters and related facilities of an automobile manufacturer,
45 either:

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

- 1 (2) at which more than 1,000 full-time employees of the
2 business are created or retained;
- 3 c. a qualified business facility located in an urban transit hub
4 housing a business of any kind, having a capital investment in
5 excess of \$50,000,000, and at which more than 250 full-time
6 employees of the business are created or retained;
- 7 d. a project located in an area designated in need of
8 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
9 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
10 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
11 Ocean, or Salem counties having a capital investment in excess of
12 \$20,000,000, and at which more than 150 full-time employees of
13 the business are created or retained; or
- 14 e. a qualified business facility primarily used by a business
15 principally engaged in research, development, or manufacture of a
16 drug or device, as defined in R.S.24:1-1, or primarily used by a
17 business licensed to conduct a clinical laboratory and business
18 facility pursuant to the "New Jersey Clinical Laboratory
19 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:
- 20 (1) having a capital investment in excess of \$20,000,000, and at
21 which more than 250 full-time employees of the business are
22 created or retained, or
- 23 (2) at which more than 1,000 full-time employees of the
24 business are created or retained.
- 25 "Minimum environmental and sustainability standards" means
26 standards established by the authority in accordance with the green
27 building manual prepared by the Commissioner of Community
28 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
29 regarding the use of renewable energy, energy-efficient technology,
30 and non-renewable resources in order to reduce environmental
31 degradation and encourage long-term cost reduction.
- 32 "Moderate-income housing" means housing affordable,
33 according to United States Department of Housing and Urban
34 Development or other recognized standards for home ownership
35 and rental costs, and occupied or reserved for occupancy by
36 households with a gross household income equal to more than 50
37 percent but less than 80 percent of the median gross household
38 income for households of the same size within the housing region in
39 which the housing is located.
- 40 "Municipal Revitalization Index" means the 2007 index by the
41 Office for Planning Advocacy within the Department of State
42 measuring or ranking municipal distress.
- 43 "New full-time job" means an eligible position created by the
44 business at the qualified business facility that did not previously
45 exist in this State. For the purposes of determining a number of
46 new full-time jobs, the eligible positions of an affiliate shall be
47 considered eligible positions of the business.

1 "Other eligible area" means the portions of the qualified
2 incentive area that are not located within a distressed municipality,
3 or the priority area.

4 "Partnership" means an entity classified as a partnership for
5 federal income tax purposes.

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

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

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

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

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

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

29 c. are the proposed site of a disaster recovery project, a
30 qualified incubator facility, a highlands development credit
31 receiving area or redevelopment area, a tourism destination project,
32 or transit oriented development; or

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

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

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

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

46 "Qualified business facility" means any building, complex of
47 buildings or structural components of buildings, and all machinery
48 and equipment located within a qualified incentive area, used in

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

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

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

13 "Qualified incentive area" means:

14 a. an aviation district;

15 b. a port district;

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

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

19 (a) Planning Area 1 (Metropolitan);

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

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

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

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

33 (4) located within a regional growth area, rural development
34 area zoned for industrial use as of the effective date of P.L.2016,
35 c.75, town, village, or a military and federal installation area
36 designated in the comprehensive management plan prepared and
37 adopted by the Pinelands Commission pursuant to the "Pinelands
38 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);

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

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

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

45 (8) located only within the following portions of the areas
46 designated pursuant to the "State Planning Act," P.L.1985, c.398
47 (C.52:18A-196 et [al.] seq.), as Planning Area 4A (Rural Planning
48 Area), Planning Area 4B (Rural/Environmentally Sensitive) or

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

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

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

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

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

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

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

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

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

36 "Retained full-time job" means an eligible position that currently
37 exists in New Jersey and is filled by a full-time employee but
38 which, because of a potential relocation by the business, is at risk of
39 being lost to another state or country, or eliminated. For the
40 purposes of determining a number of retained full-time jobs, the
41 eligible positions of an affiliate shall be considered eligible
42 positions of the business. For the purposes of the certifications and
43 annual reports required in the incentive agreement pursuant to
44 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
45 extent an eligible position that was the basis of the award no longer
46 exists, a business shall include as a retained full-time job a new
47 eligible position that is filled by a full-time employee provided that
48 the position is included in the order of date of hire and is not the

1 basis for any other incentive award. For a project located in a
2 Garden State Growth Zone which qualified for the "Municipal
3 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
4 (C.52:27BBB-1 et al.), retained full-time job shall include any
5 employee previously employed in New Jersey and transferred to the
6 new location in the Garden State Growth Zone which qualified for
7 the "Municipal Rehabilitation and Economic Recovery Act,"
8 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

11 "SDA municipality" means a municipality in which an SDA
12 district is situate.

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

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

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

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

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

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

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

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

6 (cf: P.L.2017, c.221, s.1)

7

8 2. Section 3 of P.L.2011, c.149 (C.34:1B-244) is amended to
9 read as follows:

10 3. a. The Grow New Jersey Assistance Program is hereby
11 established as a program under the jurisdiction of the New Jersey
12 Economic Development Authority and shall be administered by the
13 authority. The purpose of the program is to encourage economic
14 development and job creation and to preserve jobs that currently
15 exist in New Jersey but which are in danger of being relocated
16 outside of the State. To implement this purpose, the program may
17 provide tax credits to eligible businesses for an eligibility period not
18 to exceed 10 years.

19 To be eligible for any tax credits pursuant to P.L.2011, c.149
20 (C.34:1B-242 et al.), a business's chief executive officer or
21 equivalent officer shall demonstrate to the authority, at the time of
22 application, that:

23 (1) the business, expressly including its landlord or seller, will
24 make, acquire, or lease a capital investment equal to, or greater
25 than, the applicable amount set forth in subsection b. of this section
26 at a qualified business facility at which it will:

27 (a) retain full-time jobs in an amount equal to or greater than the
28 applicable number set forth in subsection c. of this section;

29 (b) create new full-time jobs in an amount equal to or greater
30 than the applicable number set forth in subsection c. of this section;
31 or

32 (c) in combination, retain full-time jobs and create new full-time
33 jobs in an amount equal to or greater than the applicable number set
34 forth in subsection c. of this section;

35 (2) the qualified business facility shall be constructed in
36 accordance with the minimum environmental and sustainability
37 standards;

38 (3) the capital investment resultant from the award of tax credits
39 and the resultant retention and creation of full-time jobs will yield a
40 net positive benefit to the State equaling at least 110 percent of the
41 requested tax credit allocation amount, which determination is
42 calculated prior to taking into account the value of the requested tax
43 credit and shall be based on the benefits generated during the first
44 20 years following the completion of the project, except that:

45 (a) for a mega project or a project located in a Garden State
46 Growth Zone, the determination shall be based on the benefits
47 generated during a period of up to 30 years following the
48 completion of the project, as determined by the authority, and

1 (b) for a project located in a Garden State Growth Zone which
2 qualified for the "Municipal Rehabilitation and Economic Recovery
3 Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), the net positive benefit
4 determination shall be based on the benefits generated during a
5 period of up to 35 years following completion of the project, as
6 determined by the authority, and shall equal at least 100 percent of
7 the requested tax credit allocation amount and may utilize the value
8 of those property taxes subject to the provisions of section 24 of
9 P.L.2013 c.161 (C.52:27D-489s), or the value of those property
10 taxes that would have been assessed on the new construction,
11 improvements, or substantial rehabilitation of structures on real
12 property if the structures were not exempt because they are on real
13 property owned by a public entity, and incremental sales and excise
14 taxes that are derived from activities within the area and which are
15 rebated or retained by the municipality pursuant to the "New Jersey
16 Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et
17 seq.) or any other law providing for such rebate or retention; and

18 (4) except as provided in subsection f. of this section, the award
19 of tax credits will be a material factor in the business's decision to
20 create or retain the minimum number of new or retained full-time
21 jobs for eligibility under the program.

22 With respect to the provisions of paragraph (3) of this
23 subsection, in the case of a project located in a Garden State
24 Growth Zone, the authority, in its discretion, may award bonuses in
25 its net positive benefit calculation.

26 b. For all projects approved after the effective date of
27 P.L.2013, c.161, the minimum capital investment required to be
28 eligible under this program shall be as follows:

29 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
30 existing industrial, warehousing, logistics, or research and
31 development premises for continued similar use by the business in
32 at least 51 percent of the gross leasable area of the premises, a
33 minimum investment of \$20 per square foot of gross leasable area;

34 (2) for the new construction of an industrial, warehousing,
35 logistics, or research and development premises for similar use by
36 the business in at least 51 percent of the gross leasable area of the
37 premises, a minimum investment of \$60 per square foot of gross
38 leasable area;

39 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
40 existing premises that does not qualify pursuant to paragraph (1) or
41 (2) of this subsection, a minimum investment of \$40 per square foot
42 of gross leasable area; and

43 (4) for the new construction of a premises that does not qualify
44 pursuant to paragraph (1) or (2) of this subsection, a minimum
45 investment of \$120 per square foot of gross leasable area.

46 The minimum capital investment required by this subsection
47 shall be reduced by one-third for projects located in a Garden State
48 Growth Zone or projects located within Atlantic, Burlington,

1 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
2 counties.

3 c. The minimum number of new or retained full-time jobs
4 required to be eligible under this program shall be as follows:

5 (1) for a business that is a technology startup company or a
6 manufacturing company, a minimum of 10 new or 25 retained full-
7 time jobs;

8 (2) for a business engaged primarily in a targeted industry other
9 than a technology startup company or a manufacturing company, a
10 minimum of 25 new or 35 retained full-time jobs; and

11 (3) for any other business, a minimum of 35 new or 50 retained
12 full-time jobs.

13 The minimum number of new or retained full-time jobs required
14 by this subsection shall be reduced by one-quarter for projects
15 located in a Garden State Growth Zone or projects located within
16 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
17 Ocean, or Salem counties.

18 d. To assist the authority in determining whether a proposed
19 capital investment will yield a net positive benefit, the business's
20 chief executive officer, or equivalent officer, shall submit a
21 certification to the authority indicating: (1) that any existing full-
22 time jobs are at risk of leaving the State or being eliminated; (2)
23 that any projected creation or retention, as applicable, of new full-
24 time jobs would not occur but for the provision of tax credits under
25 the program; and (3) that the business's chief executive officer, or
26 equivalent officer, has reviewed the information submitted to the
27 authority and that the representations contained therein are accurate,
28 provided however, that in satisfaction of the provisions of
29 paragraphs (1) and (2) of this subsection, the certification with
30 respect to a project in a Garden State Growth Zone that qualifies
31 under the "Municipal Rehabilitation and Economic Recovery Act,"
32 P.L.2002, c.43 (C.52:27BBB-1 et al.), or a project located in a
33 Garden State Growth Zone 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, shall
36 indicate that the provision of tax credits under the program is a
37 material factor in the business decision to make a capital investment
38 and locate in a Garden State Growth Zone that qualifies under the
39 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
40 c.43 (C.52:27BBB-1 et al.), or a Garden State Growth Zone which
41 contains a Tourism District as established pursuant to section 5 of
42 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
43 Reinvestment Development Authority. In the event that this
44 certification by the business's chief executive officer, or equivalent
45 officer, is found to be willfully false, the authority may revoke any
46 award of tax credits in their entirety, which revocation shall be in
47 addition to any other criminal or civil penalties that the business
48 and the officer may be subject to. When considering an application

1 involving intra-State job transfers, the authority shall require the
2 business to submit the following information as part of its
3 application: a full economic analysis of all locations under
4 consideration by the business; all lease agreements, ownership
5 documents, or substantially similar documentation for the business's
6 current in-State locations; and all lease agreements, ownership
7 documents, or substantially similar documentation for the potential
8 out-of-State location alternatives, to the extent they exist. Based on
9 this information, and any other information deemed relevant by the
10 authority, the authority shall independently verify and confirm, by
11 way of making a factual finding by separate vote of the authority's
12 board, the business's assertion that the jobs are actually at risk of
13 leaving the State, and as to the date or dates at which the authority
14 expects that those jobs would actually leave the State, or, with
15 respect to projects located in a Garden State Growth Zone that
16 qualifies under the "Municipal Rehabilitation and Economic
17 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or projects
18 located in a Garden State Growth Zone which contains a Tourism
19 District as established pursuant to section 5 of P.L.2011, c.18
20 (C.5:12-219) and regulated by the Casino Reinvestment
21 Development Authority, the business's assertion that the provision
22 of tax credits under the program is a material factor in the business's
23 decision to make a capital investment and locate in a Garden State
24 Growth Zone that qualifies under the "Municipal Rehabilitation and
25 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
26 in a Garden State Growth Zone which contains a Tourism District
27 as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219)
28 and regulated by the Casino Reinvestment Development Authority,
29 before a business may be awarded any tax credits under this section.

30 e. A project that consists solely of point-of-final-purchase
31 retail facilities shall not be eligible for a grant of tax credits. If a
32 project consists of both point-of-final-purchase retail facilities and
33 non-retail facilities, only the portion of the project consisting of
34 non-retail facilities shall be eligible for a grant of tax credits. For a
35 qualified business facility that is a mixed-use project that includes
36 retail facilities and that is located in a Garden State Growth Zone or
37 the Atlantic City Tourism District as established pursuant to section
38 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
39 Reinvestment Development Authority, retail facilities in an amount
40 up to 7.5 percent of the mixed-use project may be included in the
41 mixed-use project application for a grant of tax credits along with
42 the non-retail facilities, and that application may include in the
43 aggregate the pro-rata number of full-time employees employed by
44 any number of tenants or other occupants of the included retail
45 facilities. If a warehouse facility is part of a point-of-final-purchase
46 retail facility and supplies only that facility, the warehouse facility
47 shall not be eligible for a grant of tax credits. For the purposes of
48 this section, a retail facility of at least 150,000 square feet, of which

1 at least 50 percent is occupied by a full-service supermarket or
2 grocery store, located in a Garden State Growth Zone which
3 qualified under the "Municipal Rehabilitation and Economic
4 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
5 destination project in the Atlantic City Tourism District as
6 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
7 catalog distribution centers shall not be considered point-of-final-
8 purchase retail facilities.

9 f. The authority may determine as eligible for tax credits under
10 the program any business that is required to respond to a request for
11 proposals and to fulfill a contract with the federal government
12 although the business's chief executive officer or equivalent officer
13 has not demonstrated to the authority that the award of tax credits
14 will be a material factor in the business's decision to retain the
15 minimum number of retained full-time jobs, as otherwise required
16 by this section. The authority may, in its discretion, consider the
17 economic benefit of the retained jobs servicing the contract in
18 conducting a net benefit analysis required by paragraph (4) of
19 subsection a. of this section. For the purposes of this subsection,
20 "retained full-time jobs" includes jobs that are at risk of being
21 eliminated. Applications to the authority for eligibility under the
22 program pursuant to the criteria set forth in this subsection shall be
23 completed by December 31, 2013. Submission of a proposal to the
24 federal government prior to authority approval shall not disqualify a
25 business from the program.

26 g. Nothing shall preclude a business from applying for tax
27 credits under the program for more than one project pursuant to one
28 or more applications.

29 h. A business shall not be required to purchase pinelands
30 development credits under the "Pinelands Protection Act,"
31 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
32 management plan, or any other rule or regulation adopted pursuant
33 to that act in connection with any approval or relief obtained related
34 to a qualified business facility located in an aviation district on or
35 after the effective date of P.L. , c. (C.) (pending before the
36 Legislature as this bill) ³, except if seeking to develop in
37 permanently protected open space pursuant to the Pinelands
38 Protection Act³.

39 (cf: P.L.2014, c.63, s.3)

40

41 3. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to
42 read as follows:

43 6. a. (1) The combined value of all credits approved by the
44 authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
45 P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
46 shall not exceed \$1,750,000,000, except as may be increased by the
47 authority as set forth in paragraph (5) of subsection a. of section 35
48 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the

1 "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
2 (C.52:27D-489p et al.), there shall be no monetary cap on the value
3 of credits approved by the authority attributable to the program
4 pursuant to the "New Jersey Economic Opportunity Act of 2013,"
5 P.L.2013, c.161 (C.52:27D-489p et al.).

6 (2) (Deleted by amendment, P.L.2013, c.161)

7 (3) (Deleted by amendment, P.L.2013, c.161)

8 (4) (Deleted by amendment, P.L.2013, c.161)

9 (5) (Deleted by amendment, P.L.2013, c.161)

10 b. (1) A business shall submit an application for tax credits
11 prior to July 1, 2019. The authority shall not approve an application
12 for tax credits unless the application was submitted prior to July 1,
13 2019. ³For a business located within a Garden State Growth Zone
14 that is an aviation district, the business shall submit an application
15 for tax credits prior to July 1, 2022. The authority shall not approve
16 an application for tax credits for a business located within a Garden
17 State Growth Zone that is an aviation district unless the application
18 was submitted prior to July 1, 2022.³

19 (2) (a) A business shall submit its documentation indicating
20 that it has met the capital investment and employment requirements
21 specified in the incentive agreement for certification of its tax credit
22 amount within three years following the date of approval of its
23 application by the authority. The authority shall have the discretion
24 to grant two six-month extensions of this deadline. Except as
25 provided in subparagraph (b) of this paragraph, in no event shall the
26 incentive effective date occur later than four years following the
27 date of approval of an application by the authority.

28 (b) As of the effective date of P.L.2017, c.314, a business which
29 applied for the tax credit prior to July 1, 2014 under P.L.2011,
30 c.149 (C.34:1B-242 et al.), shall submit its documentation to the
31 authority no later than July 28, 2019, indicating that it has met the
32 capital investment and employment requirements specified in the
33 incentive agreement for certification of its tax credit amount.

34 (3) Full-time employment for an accounting or privilege period
35 shall be determined as the average of the monthly full-time
36 employment for the period.

37 (4) A business seeking a credit for a mega project shall apply for
38 the credit within four years after the effective date of the "New
39 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
40 (C.52:27D-489p et al.).

41 c. (1) In conducting its annual review, the authority may
42 require a business to submit any information determined by the
43 authority to be necessary and relevant to its review.

44 The credit amount for any tax period for which the
45 documentation of a business's credit amount remains uncertified as
46 of a date three years after the closing date of that period shall be
47 forfeited, although credit amounts for the remainder of the years of
48 the eligibility period shall remain available to it.

1 The credit amount may be taken by the tax certificate holder for
2 the tax period for which it was issued or may be carried forward for
3 use by the tax certificate holder in any of the next 20 successive tax
4 periods, and shall expire thereafter. The tax certificate holder may
5 transfer the tax credit amount on or after the date of issuance or at
6 any time within three years of the date of issuance for use by the
7 transferee in the tax period for which it was issued or in any of the
8 next 20 successive tax periods. Notwithstanding the foregoing, no
9 more than the amount of tax credits equal to the total credit amount
10 divided by the duration of the eligibility period in years may be
11 taken in any tax period.

12 (2) Credits granted to a partnership shall be passed through to
13 the partners, members, or owners, respectively, pro-rata or pursuant
14 to an executed agreement among the partners, members, or owners
15 documenting an alternate distribution method provided to the
16 Director of the Division of Taxation in the Department of the
17 Treasury accompanied by any additional information as the director
18 may require.

19 (3) The amount of credit allowed may be applied against the tax
20 liability otherwise due pursuant to section 5 of P.L.1945, c.162
21 (C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
22 (C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
23 c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

24 d. (1) If, in any tax period, the business reduces the total
25 number of full-time employees in its Statewide workforce by more
26 than 20 percent from the number of full-time employees in its
27 Statewide workforce in the last tax period prior to the credit amount
28 approval under section 3 of P.L.2011, c.149 (C.34:1B-244), then the
29 business shall forfeit its credit amount for that tax period and each
30 subsequent tax period, until the first tax period for which
31 documentation demonstrating the restoration of the business's
32 Statewide workforce to the threshold levels required by the
33 incentive agreement has been reviewed and approved by the
34 authority, for which tax period and each subsequent tax period the
35 full amount of the credit shall be allowed.

36 (2) If, in any tax period, the number of full-time employees
37 employed by the business at the qualified business facility located
38 within a qualified incentive area drops below 80 percent of the
39 number of new and retained full-time jobs specified in the incentive
40 agreement, then the business shall forfeit its credit amount for that
41 tax period and each subsequent tax period, until the first tax period
42 for which documentation demonstrating the restoration of the
43 number of full-time employees employed by the business at the
44 qualified business facility to 80 percent of the number of jobs
45 specified in the incentive agreement.

46 (3) (a) If the qualified business facility is sold by the owner in
47 whole or in part during the eligibility period, the new owner shall
48 not acquire the capital investment of the seller and the seller shall

1 forfeit all credits for the tax period in which the sale occurs and all
2 subsequent tax periods, provided however that any credits of the
3 business shall remain unaffected.

4 (b) In connection with a regional distribution facility of
5 foodstuffs, the business entity or entities which own or lease the
6 facility shall qualify as a business regardless of: (i) the type of the
7 business entity or entities which own or lease the facility; (ii) the
8 ownership or leasing of the facility by more than one business
9 entity; or (iii) the ownership of the business entity or entities which
10 own or lease the facility. The ownership or leasing, whether by
11 members, shareholders, partners, or other owners of the business
12 entity or entities, shall be treated as ownership or leasing by
13 affiliates. The members, shareholders, partners, or other ownership
14 or leasing participants and others that are tenants in the facility shall
15 be treated as affiliates for the purpose of counting the full-time
16 employees and capital investments in the facility. The business
17 entity or entities may distribute credits to members, shareholders,
18 partners, or other ownership or leasing participants in accordance
19 with their respective interests. If the business entity or entities or
20 their members, shareholders, partners, or other ownership or leasing
21 participants lease space in the facility to members, shareholders,
22 partners, or other ownership or leasing participants or others as
23 tenants in the facility, the leases shall be treated as a lease to an
24 affiliate, and the business entity or entities shall not be subject to
25 forfeiture of the credits. For the purposes of this section, leasing
26 shall include subleasing and tenants shall include subtenants.

27 (4) (a) For a project located within a Garden State Growth
28 Zone, if, in any tax period, the number of full-time employees
29 employed by the business at the qualified business facility located
30 within a qualified incentive area increases above the number of full-
31 time employees specified in the incentive agreement, then the
32 business shall be entitled to an increased base credit amount for that
33 tax period and each subsequent tax period, for each additional full-
34 time employee added above the number of full-time employees
35 specified in the incentive agreement, until the first tax period for
36 which documentation demonstrating a reduction of the number of
37 full-time employees employed by the business at the qualified
38 business facility, at which time the tax credit amount will be
39 adjusted accordingly pursuant to this section.

40 (b) For a project located within a Garden State Growth Zone
41 which qualifies under the "Municipal Rehabilitation and Economic
42 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
43 contains a Tourism District as established pursuant to section 5 of
44 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
45 Reinvestment Development Authority, and which qualifies for a tax
46 credit pursuant to subsubparagraph (ii) of subparagraphs (a) through
47 (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
48 (C.34:1B-246), if, in any tax period the number of full-time

1 employees employed by the business at the qualified business
2 facility located within a qualified incentive area increases above the
3 number of full-time employees specified in the incentive agreement
4 such that the business shall then meet the minimum number of
5 employees required in subparagraph (b), (c), (d), or (e) of paragraph
6 (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
7 then the authority shall recalculate the total tax credit amount per
8 full-time job by using the certified capital investment of the project
9 allowable under the applicable subparagraph and the number of
10 full-time jobs certified on the date of the recalculation and applying
11 those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
12 of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
13 until the first tax period for which documentation demonstrating a
14 reduction of the number of full-time employees employed by the
15 business at the qualified business facility, at which time the tax
16 credit amount shall be adjusted accordingly pursuant to this section.

17 e. The authority shall not enter into an incentive agreement
18 with a business that has previously received incentives pursuant to
19 the "Business Retention and Relocation Assistance Act," P.L.1996,
20 c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
21 Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
22 program administered by the authority unless:

23 (1) the business has satisfied all of its obligations underlying the
24 previous award of incentives or is compliant with section 4 of
25 P.L.2011, c.149 (C.34:1B-245); or

26 (2) the capital investment incurred and new or retained full-time
27 jobs pledged by the business in the new incentive agreement are
28 separate and apart from any capital investment or jobs underlying
29 the previous award of incentives.

30 f. A business which has already applied for a tax credit
31 incentive award prior to the effective date of the "New Jersey
32 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-
33 489p et al.), but who has not yet been approved for the tax credits,
34 or has not executed an agreement with the authority, may proceed
35 under that application or seek to amend the application or reapply
36 for a tax credit incentive award for the same project or any part
37 thereof for the purpose of availing itself of any more favorable
38 provisions of the program.

39 (cf: P.L.2017, c.314, s.4)

40

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

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

45 "Applicant" means a developer proposing to enter into a
46 redevelopment incentive grant agreement.

47 "Ancillary infrastructure project" means structures or
48 improvements that are located within the incentive area but outside

1 the project area of a redevelopment project, including, but not
2 limited to, docks, bulkheads, parking garages, freight rail spurs,
3 roadway overpasses, and train station platforms, provided a
4 developer or municipal redeveloper has demonstrated that the
5 redevelopment project would not be economically viable or
6 promote the use of public transportation without such
7 improvements, as approved by the State Treasurer.

8 "Authority" means the New Jersey Economic Development
9 Authority established under section 4 of P.L.1974, c.80 (C.34:1B-
10 4).

11 "Aviation district" means all areas within the boundaries of the
12 "Atlantic City International Airport," established pursuant to section
13 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
14 Administration William J. Hughes Technical Center and the area
15 within a one-mile radius of the outermost boundary of the "Atlantic
16 City International [Airport," established pursuant to section 24 of
17 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
18 Administration William J. Hughes Technical Center.

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

24 "Developer" means any person who enters or proposes to enter
25 into a redevelopment incentive grant agreement pursuant to the
26 provisions of section 9 of P.L.2009, c.90 (C.52:27D-489i), or its
27 successors or assignees, including but not limited to a lender that
28 completes a redevelopment project, operates a redevelopment
29 project, or completes and operates a redevelopment project. A
30 developer also may be a municipal redeveloper as defined herein or
31 Rutgers, the State University of New Jersey.

32 "Director" means the Director of the Division of Taxation in the
33 Department of the Treasury.

34 "Disaster recovery project" means a redevelopment project
35 located on property that has been wholly or substantially damaged
36 or destroyed as a result of a federally-declared disaster, and which
37 is located within the incentive area and has been determined by the
38 authority to be in an area appropriate for development and in need
39 of economic development incentive assistance.

40 "Distressed municipality" means a municipality that is qualified
41 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
42 municipality under the supervision of the Local Finance Board
43 pursuant to the provisions of the "Local Government Supervision
44 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality
45 identified by the Director of the Division of Local Government
46 Services in the Department of Community Affairs to be facing
47 serious fiscal distress, a SDA municipality, or a municipality in
48 which a major rail station is located.

1 "Eligibility period" means the period of time specified in a
2 redevelopment incentive grant agreement for the payment of
3 reimbursements to a developer, which period shall not exceed 20
4 years, with the term to be determined solely at the discretion of the
5 applicant.

6 "Eligible revenue" means the property tax increment and any
7 other incremental revenues set forth in section 11 of P.L.2009, c.90
8 (C.52:27D-489k), except in the case of a Garden State Growth
9 Zone, in which the property tax increment and any other
10 incremental revenues are calculated as those incremental revenues
11 that would have existed notwithstanding the provisions of the "New
12 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
13 (C.52:27D-489p et al.).

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

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

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

33 "Infrastructure improvements in the public right-of-way" mean
34 public structures or improvements located in the public right-of-
35 way that are located within a project area or that constitute an
36 ancillary infrastructure project, either of which are dedicated to or
37 owned by a governmental body or agency upon completion, or any
38 required payment in lieu of the structures, improvements or
39 projects, or any costs of remediation associated with the structures,
40 improvements or projects, and that are determined by the authority,
41 in consultation with applicable State agencies, to be consistent with
42 and in furtherance of State public infrastructure objectives and
43 initiatives.

44 "Low-income housing" means housing affordable according to
45 federal Department of Housing and Urban Development or other
46 recognized standards for home ownership and rental costs and
47 occupied or reserved for occupancy by households with a gross
48 household income equal to 50 percent or less of the median gross

1 household income for households of the same size within the
2 housing region in which the housing is located.

3 "Major rail station" means a railroad station located within a
4 qualified incentive area which provides access to the public to a
5 minimum of six rail passenger service lines operated by the New
6 Jersey Transit Corporation.

7 "Mixed use parking project" means a redevelopment project, the
8 parking component of which shall constitute 51 percent or more of
9 any of the following:

10 a. the total square footage of the entire mixed use parking
11 project;

12 b. the estimated revenues of the entire mixed use parking
13 project; or

14 c. the total construction cost of the entire mixed use parking
15 project.

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

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

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

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

33 "Municipal Revitalization Index" means the 2007 index by the
34 Office for Planning Advocacy within the Department of State
35 measuring or ranking municipal distress.

36 "Non-parking component" means that portion of a mixed use
37 parking project not used for parking, together with the portion of
38 the costs of the mixed use parking project, including but not limited
39 to the footings, foundations, site work, infrastructure, and soft costs
40 that are allocable to the non-parking use.

41 "Parking component" means that portion of a mixed use parking
42 project used for parking, together with the portion of the costs of
43 the mixed use parking project, including but not limited to the
44 footings, foundations, site work, infrastructure, and soft costs that
45 are allocable to the parking use.

46 "Project area" means land or lands located within the incentive
47 area under common ownership or control including through a
48 redevelopment agreement with a municipality, or as otherwise

1 established by a municipality or a redevelopment agreement
2 executed by a State entity to implement a redevelopment project.

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

25 "Project financing gap" means:

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

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

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

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

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

46 b. multiplying that product by a fraction having a numerator
47 equal to the taxable value of all the property assessed within the
48 project area, minus the property tax increment base, and having a

1 denominator equal to the taxable value of all property assessed
2 within the project area.

3 For the purpose of this definition, "property tax increment base"
4 means the aggregate taxable value of all property assessed which is
5 located within the redevelopment project area as of October 1st of
6 the year proceeding the year in which the redevelopment incentive
7 grant agreement is authorized.

8 "Qualified incubator facility" means a commercial building
9 located within an incentive area: which contains 100,000 or more
10 square feet of office, laboratory, or industrial space; which is
11 located near, and presents opportunities for collaboration with, a
12 research institution, teaching hospital, college, or university; and
13 within which, at least 75 percent of the gross leasable area is
14 restricted for use by one or more technology startup companies
15 during the commitment period.

16 "Qualified residential project" means a redevelopment project
17 that is predominantly residential and includes multi-family
18 residential units for purchase or lease, or dormitory units for
19 purchase or lease, having a total project cost of at least
20 \$17,500,000, if the project is located in any municipality with a
21 population greater than 200,000 according to the latest federal
22 decennial census, or having a total project cost of at least
23 \$10,000,000 if the project is located in any municipality with a
24 population less than 200,000 according to the latest federal
25 decennial census, or is a disaster recovery project, or having a total
26 project cost of \$5,000,000 if the project is in a Garden State Growth
27 Zone.

28 "Qualifying economic redevelopment and growth grant incentive
29 area" or "incentive area" means:

30 a. an aviation district;
31 b. a port district;
32 c. a distressed municipality; or
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, rural development
2 area zoned for industrial use as of the effective date of P.L.2016,
3 c.75, town, village, or a military and federal installation area
4 designated in the comprehensive management plan prepared and
5 adopted by the Pinelands Commission pursuant to the "Pinelands
6 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
- 7 (5) located within the planning area of the Highlands Region as
8 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or in a
9 highlands development credit receiving area or redevelopment area;
- 10 (6) located within a Garden State Growth Zone;
- 11 (7) located within land approved for closure under any federal
12 Base Closure and Realignment Commission action; or
- 13 (8) located only within the following portions of the areas
14 designated pursuant to the "State Planning Act," P.L.1985, c.398
15 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
16 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
17 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural
18 Planning Area), Planning Area 4B (Rural/Environmentally
19 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
20 located within:
- 21 (a) a designated center under the State Development and
22 Redevelopment Plan;
- 23 (b) a designated growth center in an endorsed plan until the
24 State Planning Commission revises and readopts New Jersey's State
25 Strategic Plan and adopts regulations to revise this definition as it
26 pertains to Statewide planning areas;
- 27 (c) any area determined to be in need of redevelopment pursuant
28 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
29 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
30 P.L.1992, c.79 (C.40A:12A-14);
- 31 (d) any area on which a structure exists or previously existed
32 including any desired expansion of the footprint of the existing or
33 previously existing structure provided the expansion otherwise
34 complies with all applicable federal, State, county, and local
35 permits and approvals;
- 36 (e) the planning area of the Highlands Region as defined in
37 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
38 development credit receiving area or redevelopment area; or
- 39 (f) any area on which an existing tourism destination project is
40 located.
- 41 "Qualifying economic redevelopment and growth grant incentive
42 area" or "incentive area" shall not include any property located
43 within the preservation area of the Highlands Region as defined in
44 the "Highlands Water Protection and Planning Act," P.L.2004,
45 c.120 (C.13:20-1 et al.).
- 46 "Redevelopment incentive grant agreement" means an agreement
47 between:

1 a. the State and the New Jersey Economic Development
2 Authority and a developer; or

3 b. a municipality and a developer, or a municipal ordinance
4 authorizing a project to be undertaken by a municipal redeveloper,
5 under which, in exchange for the proceeds of an incentive grant, the
6 developer agrees to perform any work or undertaking necessary for
7 a redevelopment project, including the clearance, development or
8 redevelopment, construction, or rehabilitation of any structure or
9 improvement of commercial, industrial, residential, or public
10 structures or improvements within a qualifying economic
11 redevelopment and growth grant incentive area or a transit village.

12 "Redevelopment project" means a specific construction project
13 or improvement, including lands, buildings, improvements, real and
14 personal property or any interest therein, including lands under
15 water, riparian rights, space rights and air rights, acquired, owned,
16 leased, developed or redeveloped, constructed, reconstructed,
17 rehabilitated or improved, undertaken by a developer, owner or
18 tenant, or both, within a project area and any ancillary infrastructure
19 project including infrastructure improvements in the public [right
20 of way] right-of-way, as set forth in an application to be made to
21 the authority. The use of the term "redevelopment project" in
22 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.) shall
23 not be limited to only redevelopment projects located in areas
24 determined to be in need of redevelopment pursuant to sections 5
25 and 6 of P.L.1992, c.79 (C.40A:12A-5 and C.40A:12A-6) but shall
26 also include, but not be limited to, any work or undertaking in
27 accordance with the "Redevelopment Area Bond Financing Law,"
28 sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or
29 other applicable law, pursuant to a redevelopment plan adopted by a
30 State entity, or as described in the resolution adopted by a public
31 entity created by State law with the power to adopt a redevelopment
32 plan or otherwise determine the location, type and character of a
33 redevelopment project or part of a redevelopment project on land
34 owned or controlled by it or within its jurisdiction, including but
35 not limited to, the New Jersey Meadowlands Commission
36 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the
37 New Jersey Sports and Exposition Authority established pursuant to
38 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth
39 Economic Revitalization Authority created pursuant to P.L.2010,
40 c.51 (C.52:27I-18 et seq.).

41 "Redevelopment utility" means a self-liquidating fund created by
42 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-
43 489l) to account for revenues collected and incentive grants paid
44 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other
45 revenues dedicated to a redevelopment project.

46 "Revenue increment base" means the amounts of all eligible
47 revenues from sources within the redevelopment project area in the
48 calendar year proceeding the year in which the redevelopment

1 incentive grant agreement is executed, as certified by the State
2 Treasurer for State revenues, and the chief financial officer of the
3 municipality for municipal revenues.

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

6 "SDA municipality" means a municipality in which an SDA
7 district is situated.

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

13 "Tourism destination project" means a redevelopment project
14 that will be among the most visited privately owned or operated
15 tourism or recreation sites in the State, and which is located within
16 the incentive area and has been determined by the authority to be in
17 an area appropriate for development and in need of economic
18 development incentive assistance.

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

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

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

31 a. buildings and structures, such as academic buildings,
32 recreation centers, indoor athletic facilities, public works garages,
33 and water and sewer treatment and pumping facilities;

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

36 c. transportation facilities, such as bus shelters and parking
37 facilities.

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

46 "Vacant commercial building" means any commercial building
47 or complex of commercial buildings having over 400,000 square
48 feet of office, laboratory, or industrial space that is more than 70

1 percent unoccupied at the time of application to the authority or is
2 negatively impacted by the approval of a "qualified business
3 facility," as defined pursuant to section 2 of P.L.2007, c.346
4 (C.34:1B-208), or any vacant commercial building in a Garden
5 State Growth Zone having over 35,000 square feet of office,
6 laboratory, or industrial space, or over 200,000 square feet of
7 office, laboratory, or industrial space in Atlantic, Burlington,
8 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
9 counties available for occupancy for a period of over one year.

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

16 (cf: P.L.2016, c.75, s.2)

17

18 5. Section 4 of P.L.2009, c.90 (C.52:27D-489d) is amended to
19 read as follows:

20 4. a. The governing body of a municipality wherein is located
21 a qualifying economic redevelopment and growth grant incentive
22 area may adopt an ordinance to establish a local Economic
23 Redevelopment and Growth Grant program for the purpose of
24 encouraging redevelopment projects in that area through the
25 provision of incentive grants to reimburse developers for all or a
26 portion of the project financing gap for such projects. No local
27 Economic Redevelopment and Growth Grant program shall take
28 effect until the Local Finance Board approves the ordinance.

29 b. A developer shall submit an application for a local incentive
30 grant prior to July 1, 2019. ³For a redevelopment project located
31 within a Garden State Growth Zone that is an aviation district, the
32 developer shall submit an application for a local incentive grant
33 prior to July 1, 2022.]³ A developer that submits an application for
34 a local incentive grant shall indicate on the application whether it is
35 also applying for a State incentive grant. An application by a
36 developer applying for a local incentive grant only shall not require
37 approval by the authority. A municipal redeveloper may only apply
38 for local incentive grants for the construction of: (1) infrastructure
39 improvements in the public right-of-way, or (2) publicly owned
40 facilities.

41 c. No local incentive grant shall be finally approved by a
42 municipality until approved by the Local Finance Board. The Local
43 Finance Board shall not approve a local incentive grant unless the
44 application was submitted prior to July 1, 2019. ³The Local
45 Finance Board shall not approve a local incentive grant for a
46 redevelopment project located within a Garden State Growth Zone
47 that is an aviation district unless the application was submitted prior
48 to July 1, 2022.]³

1 d. In deciding whether or not to approve a local incentive grant
2 agreement the Local Finance Board shall consider the following
3 factors:

- 4 (1) the economic feasibility of the redevelopment project;
5 (2) the extent of economic and related social distress in the
6 municipality and the area to be affected by the redevelopment
7 project;
8 (3) the degree to which the redevelopment project will advance
9 State, regional, and local development and planning strategies;
10 (4) the likelihood that the redevelopment project shall, upon
11 completion, be capable of generating new tax revenue in an amount
12 in excess of the amount necessary to reimburse the developer for
13 project costs incurred as provided in the redevelopment incentive
14 grant agreement;
15 (5) the relationship of the redevelopment project to a
16 comprehensive local development strategy, including other major
17 projects undertaken within the municipality;
18 (6) the need for the redevelopment incentive grant agreement to
19 the viability of the redevelopment project;
20 (7) compliance with the provisions of P.L.2009, c.90
21 (C.52:27D-489a et al.); and
22 (8) the degree to which the redevelopment project enhances and
23 promotes job creation and economic development.

24 e. A developer shall not be required to purchase pinelands
25 development credits under the “ Pinelands Protection Act,”
26 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
27 management plan, or any other rule or regulation adopted pursuant
28 to that act in connection with any approval or relief obtained related
29 to a redevelopment project located in an aviation district on or after
30 the effective date of P.L. , c. (C.) (pending before the
31 Legislature as this bill) ³, except if seeking to develop in
32 permanently protected open space pursuant to the Pinelands
33 Protection Act³. ²The provisions of this subsection shall not apply
34 to a developer of a qualified residential project.²

35 (cf: P.L.2013, c.161, s.15)

36

37 6. Section 5 of P.L.2009, c.90 (C.52:27D-489e) is amended to
38 read as follows:

39 5. a. The New Jersey Economic Development Authority, in
40 consultation with the State Treasurer, shall establish an Economic
41 Redevelopment and Growth Grant program for the purpose of
42 encouraging redevelopment projects in qualifying economic
43 redevelopment and growth grant incentive areas that do not qualify
44 as such areas solely by virtue of being a transit village, through the
45 provision of incentive grants to reimburse developers for certain
46 project financing gap costs.

47 b. (1) A developer shall submit an application for a State
48 incentive grant prior to July 1, 2019. ³For a redevelopment project

1 located within a Garden State Growth Zone that is an aviation
 2 district, the developer shall submit an application for a State
 3 incentive grant prior to July 1, 2022.]³ A developer that submits an

4 application for a State incentive grant shall indicate on the
 5 application whether it is also applying for a local incentive grant.
 6 (2) When an applicant indicates it is also applying for a local
 7 incentive grant, the authority shall forward a copy of the application
 8 to the municipality wherein the redevelopment project is to be
 9 located for approval by municipal ordinance.

10 c. An application for a State incentive grant shall be reviewed
 11 and approved by the authority. The authority shall not approve an
 12 application for a State incentive grant unless the application was
 13 submitted prior to July 1, 2019. ³[The authority shall not approve
 14 an application for a State incentive grant for a redevelopment
 15 project located within a Garden State Growth Zone that is an
 16 aviation district unless the application was submitted prior to July 1,
 17 2022.]³

18 d. A developer shall not be required to purchase pinelands
 19 development credits under the “ Pinelands Protection Act,”
 20 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
 21 management plan, or any other rule or regulation adopted pursuant
 22 to that act in connection with any approval or relief obtained related
 23 to a redevelopment project located in an aviation district on or after
 24 the effective date of P.L. , c. (C.) (pending before the
 25 Legislature as this bill) ³, except if seeking to develop in
 26 permanently protected open space pursuant to the Pinelands
 27 Protection Act³. ²The provisions of this subsection shall not apply
 28 to a developer of a qualified residential project.²
 29 (cf: P.L.2013, c.161, s.16)

30
 31 7. Section 23 of P.L.2013, c.161 (C.52:27D-489r) is amended
 32 to read as follows:

33 23. As used in section 24 of P.L.2013, c.161 (C.52:27D-489s):
 34 "Aviation district" means all areas within the boundaries of the
 35 "Atlantic City International Airport," established pursuant to section
 36 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
 37 Administration William J. Hughes Technical Center and the area
 38 within a one-mile radius of the outermost boundary of the "Atlantic
 39 City International Airport" and the Federal Aviation Administration
 40 William J. Hughes Technical Center.

41 "Director" means the Director of the Division of Taxation.

42 "Division of Codes and Standards" means the Division of Codes
 43 and Standards located in the Department of Community Affairs.

44 "Eligible person" means any individual purchasing or renting an
 45 eligible residential residence within a growth zone after the
 46 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). For the
 47 purpose of this definition, an eligible person is limited to those who

1 establish a permanent residency at the eligible residential residence,
2 are subject to the "New Jersey Gross Income Tax Act,"
3 N.J.S.54A:1-1 et seq., and are current with all State and local tax
4 obligations.

5 "Eligible property" means any residential, commercial,
6 industrial, or other business property, located in a Garden State
7 Growth Zone, that receives a Certificate of Occupancy or is
8 transferred in a legal sale on or after July 1, 2013. Purchasers of
9 newly constructed homes are not the applicant.

10 "Exemption" means that portion of the assessor's full and true
11 value of any improvement, conversion, alteration, redevelopment,
12 rehabilitation, or construction not regarded as increasing the taxable
13 value of a property pursuant to P.L.2013, c.161 (C.52:27D-489p et
14 al.) for the purposes of encouraging the construction, conversion,
15 improvement, and redevelopment of real property conducted by
16 eligible businesses or residents within a growth zone pursuant to
17 P.L.2013, c.161 (C.52:27D-489p et al.).

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

26 "Garden State Growth Zone Development Entity" means a
27 private corporation incorporated pursuant to Title 14A of the New
28 Jersey Statutes, or established pursuant to Title 42 of the Revised
29 Statutes, for which the profits of the entity are limited as follows.
30 The allowable net profits of the entity shall be determined by
31 applying the allowable profit rate to the total project cost, and all
32 capital costs, determined in accordance with generally accepted
33 accounting principles, of any other entity whose revenue is included
34 in the computation of excess profits, for the period commencing on
35 the date on which the construction of the project is completed, and
36 terminating at the close of the fiscal year of the entity preceding the
37 date on which the computation is made, where:

38 "Allowable profit rate" means the greater of 12 percent or the
39 percentage per annum arrived at by adding one and 1/4 percent to
40 the annual interest percentage rate payable on the entity's initial
41 permanent mortgage financing. If the initial permanent mortgage is
42 insured or guaranteed by a governmental agency, the mortgage
43 insurance premium or similar charge, if payable on a per annum
44 basis, shall be considered as interest for this purpose. If there is no
45 permanent mortgage financing the allowable profit rate shall be the
46 greater of 12 percent or the percentage per annum arrived at by
47 adding one and 1/4 percent per annum to the interest rate per annum

1 which the municipality determines to be the prevailing rate on
2 mortgage financing on comparable improvements in the county.

3 "Improvements" means any repair, construction, or
4 reconstruction, including alterations and additions, having the effect
5 of rehabilitating a deteriorated property so that it becomes habitable
6 or attains higher standards of safety, health, economic use or
7 amenity, or is brought into compliance with laws, ordinances or
8 regulations governing such standards. Ordinary upkeep and
9 maintenance shall not be deemed an improvement.
10 (cf: P.L.2013, c.161, s.23)

11

12 8. Section 24 of P.L.2013, c.161 (C. 52:27D-489s) is amended
13 to read as follows:

14 24. a. A Garden State Growth Zone Development Entity is
15 authorized to undertake clearance, re-planning, development, or
16 redevelopment of property within a Garden State Growth Zone.

17 b. Notwithstanding any other law to the contrary, every Garden
18 State Growth Zone Development Entity that owns real property, or
19 leases real property for a period of not less than 30 years, within a
20 Garden State Growth Zone and that undertakes the clearance, re-
21 planning, development, or redevelopment of such property is hereby
22 granted an exemption on improvements to such eligible property for
23 any new construction, improvements, or substantial rehabilitation of
24 structures on real property for a period of 20 years from receiving a
25 final Certificate of Occupancy, provided however, that a
26 municipality located within the Garden State Growth Zone shall, by
27 ordinance, opt-in to such program within 90 calendar days of the
28 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). The
29 exemption allowed by this subsection shall be dependent upon: (1)
30 the owner, or lessee, of the real property making improvements to
31 the real property after the enactment of P.L.2013, c.161 (C.52:27D-
32 489p et al.); and (2) the Division of Codes and Standards, in
33 consultation with the eligible municipality, issuing a final
34 Certificate of Occupancy within 10 years of the date of enactment
35 of P.L.2013, c.161 (C.52:27D-489p et al.). For purposes of this
36 section, a lessee of real property shall include a Garden State
37 Growth Zone Development Entity that is a lessee that is subject to a
38 statutory obligation to make a payment in lieu of taxes on the
39 improvements equal to the taxes on real and personal property.

40 c. The exemption granted by subsection b. of this section shall
41 be for a period of 20 years. For the first 10 years immediately
42 subsequent to the issuance of a Certificate of Occupancy, the
43 Garden State Growth Zone Development Entity shall be exempt
44 from the payment of taxes on the improvements to the eligible
45 property. Thereafter, the Garden State Growth Zone Development
46 Entity shall pay to the municipality in lieu of full property tax
47 payments an amount equal to a percentage of taxes otherwise due,
48 according to the following schedule:

- 1 (1) In the eleventh year after completion, 10 percent of taxes
2 otherwise due;
 - 3 (2) In the twelfth year after completion, 20 percent of taxes
4 otherwise due;
 - 5 (3) In the thirteenth year after completion, 30 percent of taxes
6 otherwise due;
 - 7 (4) In the fourteenth year after completion, 40 percent of taxes
8 otherwise due;
 - 9 (5) In the fifteenth year after completion, 50 percent of taxes
10 otherwise due;
 - 11 (6) In the sixteenth year after completion, 60 percent of taxes
12 otherwise due;
 - 13 (7) In the seventeenth year after completion, 70 percent of taxes
14 otherwise due;
 - 15 (8) In the eighteenth year after completion, 80 percent of taxes
16 otherwise due;
 - 17 (9) In the nineteenth full year after completion, 90 percent of
18 taxes otherwise due;
 - 19 (10) In the twentieth year after completion, and each year
20 thereafter, 100 percent of taxes.
- 21 An amount not less than five percent of all payments pursuant to
22 this subsection shall be paid to the county in which the municipality
23 is located.
- 24 d. Upon the termination of the exemption granted pursuant to
25 subsection c. of this section, the project, all affected parcels, land,
26 and all improvements made thereto shall be assessed and subject to
27 taxation as are other taxable properties in the municipality. After
28 the date of termination, all restrictions and limitations upon the
29 Garden State Growth Zone Development Entity shall terminate and
30 be at an end upon the entity's rendering its final accounting to and
31 with the municipality.
- 32 e. Notwithstanding subsection b. of this section, the owner of
33 any property located within a Garden State Growth Zone, that does
34 not qualify as a Garden State Growth Zone Development Entity,
35 that performs any new construction, improvements, or substantial
36 rehabilitation improvements to property, shall be entitled to an
37 exemption from taxation regarding such improvements as provided
38 herein. For purposes of such exemption, the municipality shall
39 consider the assessor's full and true value of the improvements as
40 not increasing the value of the property for a period of five years,
41 notwithstanding that the value of the property to which the
42 improvements are made is increased thereby.
- 43 f. Any exemption obtained under this section shall be fully
44 transferable upon the sale of real property, as long as the new owner
45 meets all requirements for exemption set forth pursuant to this
46 section, or, for the sale of a residential unit, as long as the new
47 owner occupies the unit as a primary residence.

1 g. A Garden State Growth Zone Development Entity shall not
2 be required to purchase pinelands development credits under the
3 “Pinelands Protection Act,” P.L.1979, c.111 (C.13:18A-1 et seq.),
4 the pinelands comprehensive management plan, or any other rule or
5 regulation adopted pursuant to that act, in connection with any
6 approval or relief obtained related to property located in an aviation
7 district on or after the effective date of P.L. _____, c. _____ (C. _____)
8 (pending before the Legislature as this bill) ³, except if seeking to
9 develop in permanently protected open space pursuant to the
10 Pinelands Protection Act³. ²The provisions of this subsection shall
11 not apply to an eligible property that is residential property.²
12 (cf: P.L.2014, c.63, s.9)

13

14 9. This act shall take effect immediately and shall only apply to
15 new Grow New Jersey Assistance Program and Economic
16 Redevelopment and Growth Grant Program applications submitted to
17 the Economic Development Authority on or after the date of
18 enactment.

19

20

21

22

23 Creates Garden State Growth Zone at Atlantic City International
24 Airport and surrounding area; adjusts full-time employee
25 designation requirements.

ASSEMBLY, No. 3676

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 13, 2018

Sponsored by:

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman JOHN ARMATO

District 2 (Atlantic)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

SYNOPSIS

Creates Garden State Growth Zone at Atlantic City International Airport and surrounding area.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning Garden State Growth Zones and amending
2 various parts of the statutory law.

3

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

6

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

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

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

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

28 "Aviation district" means all areas within the boundaries of the
29 "Atlantic City International Airport," established pursuant to section
30 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
31 Administration William J. Hughes Technical Center and the area
32 within a one-mile radius of the outermost boundary of the "Atlantic
33 City International [Airport," established pursuant to section 24 of
34 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
35 Administration William J. Hughes Technical Center.

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

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

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

43 a partnership;

44 an S corporation;

45 a limited liability company; or

**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 a non-profit corporation.

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

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

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

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

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

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

27 d. any of the foregoing.

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

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

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

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

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

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

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

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

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

42 "Doctoral university" means a university located within New
43 Jersey that is classified as a doctoral university under the Carnegie
44 Classification of Institutions of Higher Education's Basic
45 Classification methodology on the effective date of P.L.2017, c.221.

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

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

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

9 "Full-time employee" means a person:

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

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

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

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

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

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

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

46 35 hours of employment per week at a qualified business facility
47 shall constitute one "full-time employee," regardless of whether or
48 not the hours of work were performed by one or more persons.

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

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

24 "Garden State Create Zone" means the campus of a doctoral
25 university, and the area within a three-mile radius of the outermost
26 boundary of the campus of a doctoral university, according to a map
27 appearing in the doctoral university's official catalog or other
28 official publication on the effective date of P.L.2017, c.221.

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

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

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

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

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

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

22 "Mega project" means:

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

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

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

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

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

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

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

45 d. a project located in an area designated in need of
46 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
47 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
48 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,

1 Ocean, or Salem counties having a capital investment in excess of
2 \$20,000,000, and at which more than 150 full-time employees of
3 the business are created or retained; or

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

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

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

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

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

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

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

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

41 "Partnership" means an entity classified as a partnership for
42 federal income tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 b. a tourism destination project located in the Atlantic City
2 Tourism District as established pursuant to section 5 of P.L.2011,
3 c.18 (C.5:12-219).
- 4 "Qualified incentive area" means:
- 5 a. an aviation district;
- 6 b. a port district;
- 7 c. a distressed municipality or urban transit hub municipality;
- 8 d. an area (1) designated pursuant to the "State Planning Act,"
9 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
- 10 (a) Planning Area 1 (Metropolitan);
- 11 (b) Planning Area 2 (Suburban); or
- 12 (c) Planning Area 3 (Fringe Planning Area);
- 13 (2) located within a smart growth area and planning area
14 designated in a master plan adopted by the New Jersey
15 Meadowlands Commission pursuant to subsection (i) of section 6 of
16 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
17 adopted by the New Jersey Meadowlands Commission pursuant to
18 section 20 of P.L.1968, c.404 (C.13:17-21);
- 19 (3) located within any land owned by the New Jersey Sports and
20 Exposition Authority, established pursuant to P.L.1971, c.137
21 (C.5:10-1 et seq.), within the boundaries of the Hackensack
22 Meadowlands District as delineated in section 4 of P.L.1968, c.404
23 (C.13:17-4);
- 24 (4) located within a regional growth area, rural development
25 area zoned for industrial use as of the effective date of P.L.2016,
26 c.75, town, village, or a military and federal installation area
27 designated in the comprehensive management plan prepared and
28 adopted by the Pinelands Commission pursuant to the "Pinelands
29 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
- 30 (5) located within the planning area of the Highlands Region as
31 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
32 development credit receiving area or redevelopment area;
- 33 (6) located within a Garden State Growth Zone;
- 34 (7) located within land approved for closure under any federal
35 Commission on Base Realignment and Closure action; or
- 36 (8) located only within the following portions of the areas
37 designated pursuant to the "State Planning Act," P.L.1985, c.398
38 (C.52:18A-196 et **[al.]** seq.), as Planning Area 4A (Rural Planning
39 Area), Planning Area 4B (Rural/Environmentally Sensitive) or
40 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
41 (Rural Planning Area), Planning Area 4B (Rural/Environmentally
42 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
43 located within:
- 44 (a) a designated center under the State Development and
45 Redevelopment Plan;
- 46 (b) a designated growth center in an endorsed plan until the
47 State Planning Commission revises and readopts New Jersey's State

1 Strategic Plan and adopts regulations to revise this definition as it
2 pertains to Statewide planning areas;

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

7 (d) any area on which a structure exists or previously existed
8 including any desired expansion of the footprint of the existing or
9 previously existing structure provided the expansion otherwise
10 complies with all applicable federal, State, county, and local
11 permits and approvals;

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

15 (f) any area on which an existing tourism destination project is
16 located.

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

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

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

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

3 "SDA municipality" means a municipality in which an SDA
4 district is situate.

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

7 "Targeted industry" means any industry identified from time to
8 time by the authority including initially, a transportation,
9 manufacturing, defense, energy, logistics, life sciences, technology,
10 health, and finance business, but excluding a primarily warehouse
11 or distribution business.

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

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

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

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

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

46 (cf: P.L.2017, c.221, s.1)

1 2. Section 3 of P.L.2011, c.149 (C.34:1B-244) is amended to
2 read as follows:

3 3. a. The Grow New Jersey Assistance Program is hereby
4 established as a program under the jurisdiction of the New Jersey
5 Economic Development Authority and shall be administered by the
6 authority. The purpose of the program is to encourage economic
7 development and job creation and to preserve jobs that currently
8 exist in New Jersey but which are in danger of being relocated
9 outside of the State. To implement this purpose, the program may
10 provide tax credits to eligible businesses for an eligibility period not
11 to exceed 10 years.

12 To be eligible for any tax credits pursuant to P.L.2011, c.149
13 (C.34:1B-242 et al.), a business's chief executive officer or
14 equivalent officer shall demonstrate to the authority, at the time of
15 application, that:

16 (1) the business, expressly including its landlord or seller, will
17 make, acquire, or lease a capital investment equal to, or greater
18 than, the applicable amount set forth in subsection b. of this section
19 at a qualified business facility at which it will:

20 (a) retain full-time jobs in an amount equal to or greater than the
21 applicable number set forth in subsection c. of this section;

22 (b) create new full-time jobs in an amount equal to or greater
23 than the applicable number set forth in subsection c. of this section;

24 or

25 (c) in combination, retain full-time jobs and create new full-time
26 jobs in an amount equal to or greater than the applicable number set
27 forth in subsection c. of this section;

28 (2) the qualified business facility shall be constructed in
29 accordance with the minimum environmental and sustainability
30 standards;

31 (3) the capital investment resultant from the award of tax credits
32 and the resultant retention and creation of full-time jobs will yield a
33 net positive benefit to the State equaling at least 110 percent of the
34 requested tax credit allocation amount, which determination is
35 calculated prior to taking into account the value of the requested tax
36 credit and shall be based on the benefits generated during the first
37 20 years following the completion of the project, except that:

38 (a) for a mega project or a project located in a Garden State
39 Growth Zone, the determination shall be based on the benefits
40 generated during a period of up to 30 years following the
41 completion of the project, as determined by the authority, and

42 (b) for a project located in a Garden State Growth Zone which
43 qualified for the "Municipal Rehabilitation and Economic Recovery
44 Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), the net positive benefit
45 determination shall be based on the benefits generated during a
46 period of up to 35 years following completion of the project, as
47 determined by the authority, and shall equal at least 100 percent of
48 the requested tax credit allocation amount and may utilize the value

1 of those property taxes subject to the provisions of section 24 of
2 P.L.2013 c.161 (C.52:27D-489s), or the value of those property
3 taxes that would have been assessed on the new construction,
4 improvements, or substantial rehabilitation of structures on real
5 property if the structures were not exempt because they are on real
6 property owned by a public entity, and incremental sales and excise
7 taxes that are derived from activities within the area and which are
8 rebated or retained by the municipality pursuant to the "New Jersey
9 Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et
10 seq.) or any other law providing for such rebate or retention; and

11 (4) except as provided in subsection f. of this section, the award
12 of tax credits will be a material factor in the business's decision to
13 create or retain the minimum number of new or retained full-time
14 jobs for eligibility under the program.

15 With respect to the provisions of paragraph (3) of this
16 subsection, in the case of a project located in a Garden State
17 Growth Zone, the authority, in its discretion, may award bonuses in
18 its net positive benefit calculation.

19 b. For all projects approved after the effective date of
20 P.L.2013, c.161, the minimum capital investment required to be
21 eligible under this program shall be as follows:

22 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
23 existing industrial, warehousing, logistics, or research and
24 development premises for continued similar use by the business in
25 at least 51 percent of the gross leasable area of the premises, a
26 minimum investment of \$20 per square foot of gross leasable area;

27 (2) for the new construction of an industrial, warehousing,
28 logistics, or research and development premises for similar use by
29 the business in at least 51 percent of the gross leasable area of the
30 premises, a minimum investment of \$60 per square foot of gross
31 leasable area;

32 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
33 existing premises that does not qualify pursuant to paragraph (1) or
34 (2) of this subsection, a minimum investment of \$40 per square foot
35 of gross leasable area; and

36 (4) for the new construction of a premises that does not qualify
37 pursuant to paragraph (1) or (2) of this subsection, a minimum
38 investment of \$120 per square foot of gross leasable area.

39 The minimum capital investment required by this subsection
40 shall be reduced by one-third for projects located in a Garden State
41 Growth Zone or projects located within Atlantic, Burlington,
42 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
43 counties.

44 c. The minimum number of new or retained full-time jobs
45 required to be eligible under this program shall be as follows:

46 (1) for a business that is a technology startup company or a
47 manufacturing company, a minimum of 10 new or 25 retained full-
48 time jobs;

1 (2) for a business engaged primarily in a targeted industry other
2 than a technology startup company or a manufacturing company, a
3 minimum of 25 new or 35 retained full-time jobs; and

4 (3) for any other business, a minimum of 35 new or 50 retained
5 full-time jobs.

6 The minimum number of new or retained full-time jobs required
7 by this subsection shall be reduced by one-quarter for projects
8 located in a Garden State Growth Zone or projects located within
9 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
10 Ocean, or Salem counties.

11 d. To assist the authority in determining whether a proposed
12 capital investment will yield a net positive benefit, the business's
13 chief executive officer, or equivalent officer, shall submit a
14 certification to the authority indicating: (1) that any existing full-
15 time jobs are at risk of leaving the State or being eliminated; (2)
16 that any projected creation or retention, as applicable, of new full-
17 time jobs would not occur but for the provision of tax credits under
18 the program; and (3) that the business's chief executive officer, or
19 equivalent officer, has reviewed the information submitted to the
20 authority and that the representations contained therein are accurate,
21 provided however, that in satisfaction of the provisions of
22 paragraphs (1) and (2) of this subsection, the certification with
23 respect to a project in a Garden State Growth Zone that qualifies
24 under the "Municipal Rehabilitation and Economic Recovery Act,"
25 P.L.2002, c.43 (C.52:27BBB-1 et al.), or a project located in a
26 Garden State Growth Zone which contains a Tourism District as
27 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
28 regulated by the Casino Reinvestment Development Authority, shall
29 indicate that the provision of tax credits under the program is a
30 material factor in the business decision to make a capital investment
31 and locate in a Garden State Growth Zone that qualifies under the
32 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
33 c.43 (C.52:27BBB-1 et al.), or a Garden State Growth Zone which
34 contains a Tourism District as established pursuant to section 5 of
35 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
36 Reinvestment Development Authority. In the event that this
37 certification by the business's chief executive officer, or equivalent
38 officer, is found to be willfully false, the authority may revoke any
39 award of tax credits in their entirety, which revocation shall be in
40 addition to any other criminal or civil penalties that the business
41 and the officer may be subject to. When considering an application
42 involving intra-State job transfers, the authority shall require the
43 business to submit the following information as part of its
44 application: a full economic analysis of all locations under
45 consideration by the business; all lease agreements, ownership
46 documents, or substantially similar documentation for the business's
47 current in-State locations; and all lease agreements, ownership
48 documents, or substantially similar documentation for the potential

1 out-of-State location alternatives, to the extent they exist. Based on
2 this information, and any other information deemed relevant by the
3 authority, the authority shall independently verify and confirm, by
4 way of making a factual finding by separate vote of the authority's
5 board, the business's assertion that the jobs are actually at risk of
6 leaving the State, and as to the date or dates at which the authority
7 expects that those jobs would actually leave the State, or, with
8 respect to projects located in a Garden State Growth Zone that
9 qualifies under the "Municipal Rehabilitation and Economic
10 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or projects
11 located in a Garden State Growth Zone which contains a Tourism
12 District as established pursuant to section 5 of P.L.2011, c.18
13 (C.5:12-219) and regulated by the Casino Reinvestment
14 Development Authority, the business's assertion that the provision
15 of tax credits under the program is a material factor in the business's
16 decision to make a capital investment and locate in a Garden State
17 Growth Zone that qualifies under the "Municipal Rehabilitation and
18 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
19 in a Garden State Growth Zone which contains a Tourism District
20 as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219)
21 and regulated by the Casino Reinvestment Development Authority,
22 before a business may be awarded any tax credits under this section.

23 e. A project that consists solely of point-of-final-purchase
24 retail facilities shall not be eligible for a grant of tax credits. If a
25 project consists of both point-of-final-purchase retail facilities and
26 non-retail facilities, only the portion of the project consisting of
27 non-retail facilities shall be eligible for a grant of tax credits. For a
28 qualified business facility that is a mixed-use project that includes
29 retail facilities and that is located in a Garden State Growth Zone or
30 the Atlantic City Tourism District as established pursuant to section
31 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
32 Reinvestment Development Authority, retail facilities in an amount
33 up to 7.5 percent of the mixed-use project may be included in the
34 mixed-use project application for a grant of tax credits along with
35 the non-retail facilities, and that application may include in the
36 aggregate the pro-rata number of full-time employees employed by
37 any number of tenants or other occupants of the included retail
38 facilities. If a warehouse facility is part of a point-of-final-purchase
39 retail facility and supplies only that facility, the warehouse facility
40 shall not be eligible for a grant of tax credits. For the purposes of
41 this section, a retail facility of at least 150,000 square feet, of which
42 at least 50 percent is occupied by a full-service supermarket or
43 grocery store, located in a Garden State Growth Zone which
44 qualified under the "Municipal Rehabilitation and Economic
45 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
46 destination project in the Atlantic City Tourism District as
47 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or

1 catalog distribution centers shall not be considered point-of-final-
2 purchase retail facilities.

3 f. The authority may determine as eligible for tax credits under
4 the program any business that is required to respond to a request for
5 proposals and to fulfill a contract with the federal government
6 although the business's chief executive officer or equivalent officer
7 has not demonstrated to the authority that the award of tax credits
8 will be a material factor in the business's decision to retain the
9 minimum number of retained full-time jobs, as otherwise required
10 by this section. The authority may, in its discretion, consider the
11 economic benefit of the retained jobs servicing the contract in
12 conducting a net benefit analysis required by paragraph (4) of
13 subsection a. of this section. For the purposes of this subsection,
14 "retained full-time jobs" includes jobs that are at risk of being
15 eliminated. Applications to the authority for eligibility under the
16 program pursuant to the criteria set forth in this subsection shall be
17 completed by December 31, 2013. Submission of a proposal to the
18 federal government prior to authority approval shall not disqualify a
19 business from the program.

20 g. Nothing shall preclude a business from applying for tax
21 credits under the program for more than one project pursuant to one
22 or more applications.

23 h. A business shall not be required to purchase pinelands
24 development credits under the "Pinelands Protection Act,"
25 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
26 management plan, or any other rule or regulation adopted pursuant
27 to that act in connection with any approval or relief obtained related
28 to a qualified business facility located in an aviation district on or
29 after the effective date of P.L. , c. (C.) (pending before the
30 Legislature as this bill).

31 (cf: P.L.2014, c.63, s.3)

32

33 3. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to read
34 as follows:

35 6. a. (1) The combined value of all credits approved by the
36 authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
37 P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
38 shall not exceed \$1,750,000,000, except as may be increased by the
39 authority as set forth in paragraph (5) of subsection a. of section 35
40 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the
41 "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
42 (C.52:27D-489p et al.), there shall be no monetary cap on the value
43 of credits approved by the authority attributable to the program
44 pursuant to the "New Jersey Economic Opportunity Act of 2013,"
45 P.L.2013, c.161 (C.52:27D-489p et al.).

46 (2) (Deleted by amendment, P.L.2013, c.161)

47 (3) (Deleted by amendment, P.L.2013, c.161)

48 (4) (Deleted by amendment, P.L.2013, c.161)

1 (5) (Deleted by amendment, P.L.2013, c.161)

2 b. (1) A business shall submit an application for tax credits prior
3 to July 1, 2019. The authority shall not approve an application for
4 tax credits unless the application was submitted prior to July 1,
5 2019. For a business located within a Garden State Growth Zone that
6 is an aviation district, the business shall submit an application for tax
7 credits prior to July 1, 2022. The authority shall not approve an
8 application for tax credits for a business located within a Garden State
9 Growth Zone that is an aviation district unless the application was
10 submitted prior to July 1, 2022.

11 (2) (a) A business shall submit its documentation indicating that
12 it has met the capital investment and employment requirements
13 specified in the incentive agreement for certification of its tax credit
14 amount within three years following the date of approval of its
15 application by the authority. The authority shall have the discretion
16 to grant two six-month extensions of this deadline. Except as
17 provided in subparagraph (b) of this paragraph, in no event shall the
18 incentive effective date occur later than four years following the
19 date of approval of an application by the authority.

20 (b) As of the effective date of P.L.2017, c.314, a business which
21 applied for the tax credit prior to July 1, 2014 under P.L.2011,
22 c.149 (C.34:1B-242 et al.), shall submit its documentation to the
23 authority no later than July 28, 2019, indicating that it has met the
24 capital investment and employment requirements specified in the
25 incentive agreement for certification of its tax credit amount.

26 (3) Full-time employment for an accounting or privilege period
27 shall be determined as the average of the monthly full-time
28 employment for the period.

29 (4) A business seeking a credit for a mega project shall apply for
30 the credit within four years after the effective date of the "New
31 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
32 (C.52:27D-489p et al.).

33 c. (1) In conducting its annual review, the authority may
34 require a business to submit any information determined by the
35 authority to be necessary and relevant to its review.

36 The credit amount for any tax period for which the
37 documentation of a business's credit amount remains uncertified as
38 of a date three years after the closing date of that period shall be
39 forfeited, although credit amounts for the remainder of the years of
40 the eligibility period shall remain available to it.

41 The credit amount may be taken by the tax certificate holder for
42 the tax period for which it was issued or may be carried forward for
43 use by the tax certificate holder in any of the next 20 successive tax
44 periods, and shall expire thereafter. The tax certificate holder may
45 transfer the tax credit amount on or after the date of issuance or at
46 any time within three years of the date of issuance for use by the
47 transferee in the tax period for which it was issued or in any of the
48 next 20 successive tax periods. Notwithstanding the foregoing, no

1 more than the amount of tax credits equal to the total credit amount
2 divided by the duration of the eligibility period in years may be
3 taken in any tax period.

4 (2) Credits granted to a partnership shall be passed through to
5 the partners, members, or owners, respectively, pro-rata or pursuant
6 to an executed agreement among the partners, members, or owners
7 documenting an alternate distribution method provided to the
8 Director of the Division of Taxation in the Department of the
9 Treasury accompanied by any additional information as the director
10 may require.

11 (3) The amount of credit allowed may be applied against the tax
12 liability otherwise due pursuant to section 5 of P.L.1945, c.162
13 (C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
14 (C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
15 c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

16 d. (1) If, in any tax period, the business reduces the total number
17 of full-time employees in its Statewide workforce by more than 20
18 percent from the number of full-time employees in its Statewide
19 workforce in the last tax period prior to the credit amount approval
20 under section 3 of P.L.2011, c.149 (C.34:1B-244), then the business
21 shall forfeit its credit amount for that tax period and each
22 subsequent tax period, until the first tax period for which
23 documentation demonstrating the restoration of the business's
24 Statewide workforce to the threshold levels required by the
25 incentive agreement has been reviewed and approved by the
26 authority, for which tax period and each subsequent tax period the
27 full amount of the credit shall be allowed.

28 (2) If, in any tax period, the number of full-time employees
29 employed by the business at the qualified business facility located
30 within a qualified incentive area drops below 80 percent of the
31 number of new and retained full-time jobs specified in the incentive
32 agreement, then the business shall forfeit its credit amount for that
33 tax period and each subsequent tax period, until the first tax period
34 for which documentation demonstrating the restoration of the
35 number of full-time employees employed by the business at the
36 qualified business facility to 80 percent of the number of jobs
37 specified in the incentive agreement.

38 (3) (a) If the qualified business facility is sold by the owner in
39 whole or in part during the eligibility period, the new owner shall
40 not acquire the capital investment of the seller and the seller shall
41 forfeit all credits for the tax period in which the sale occurs and all
42 subsequent tax periods, provided however that any credits of the
43 business shall remain unaffected.

44 (b) In connection with a regional distribution facility of
45 foodstuffs, the business entity or entities which own or lease the
46 facility shall qualify as a business regardless of: (i) the type of the
47 business entity or entities which own or lease the facility; (ii) the
48 ownership or leasing of the facility by more than one business

1 entity; or (iii) the ownership of the business entity or entities which
2 own or lease the facility. The ownership or leasing, whether by
3 members, shareholders, partners, or other owners of the business
4 entity or entities, shall be treated as ownership or leasing by
5 affiliates. The members, shareholders, partners, or other ownership
6 or leasing participants and others that are tenants in the facility shall
7 be treated as affiliates for the purpose of counting the full-time
8 employees and capital investments in the facility. The business
9 entity or entities may distribute credits to members, shareholders,
10 partners, or other ownership or leasing participants in accordance
11 with their respective interests. If the business entity or entities or
12 their members, shareholders, partners, or other ownership or leasing
13 participants lease space in the facility to members, shareholders,
14 partners, or other ownership or leasing participants or others as
15 tenants in the facility, the leases shall be treated as a lease to an
16 affiliate, and the business entity or entities shall not be subject to
17 forfeiture of the credits. For the purposes of this section, leasing
18 shall include subleasing and tenants shall include subtenants.

19 (4) (a) For a project located within a Garden State Growth Zone,
20 if, in any tax period, the number of full-time employees employed
21 by the business at the qualified business facility located within a
22 qualified incentive area increases above the number of full-time
23 employees specified in the incentive agreement, then the business
24 shall be entitled to an increased base credit amount for that tax
25 period and each subsequent tax period, for each additional full-time
26 employee added above the number of full-time employees specified
27 in the incentive agreement, until the first tax period for which
28 documentation demonstrating a reduction of the number of full-time
29 employees employed by the business at the qualified business
30 facility, at which time the tax credit amount will be adjusted
31 accordingly pursuant to this section.

32 (b) For a project located within a Garden State Growth Zone
33 which qualifies under the "Municipal Rehabilitation and Economic
34 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
35 contains a Tourism District as established pursuant to section 5 of
36 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
37 Reinvestment Development Authority, and which qualifies for a tax
38 credit pursuant to subsubparagraph (ii) of subparagraphs (a) through
39 (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
40 (C.34:1B-246), if, in any tax period the number of full-time
41 employees employed by the business at the qualified business
42 facility located within a qualified incentive area increases above the
43 number of full-time employees specified in the incentive agreement
44 such that the business shall then meet the minimum number of
45 employees required in subparagraph (b), (c), (d), or (e) of paragraph
46 (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
47 then the authority shall recalculate the total tax credit amount per
48 full-time job by using the certified capital investment of the project

1 allowable under the applicable subsubparagraph and the number of
2 full-time jobs certified on the date of the recalculation and applying
3 those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
4 of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
5 until the first tax period for which documentation demonstrating a
6 reduction of the number of full-time employees employed by the
7 business at the qualified business facility, at which time the tax
8 credit amount shall be adjusted accordingly pursuant to this section.

9 e. The authority shall not enter into an incentive agreement
10 with a business that has previously received incentives pursuant to
11 the "Business Retention and Relocation Assistance Act," P.L.1996,
12 c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
13 Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
14 program administered by the authority unless:

15 (1) the business has satisfied all of its obligations underlying the
16 previous award of incentives or is compliant with section 4 of
17 P.L.2011, c.149 (C.34:1B-245); or

18 (2) the capital investment incurred and new or retained full-time
19 jobs pledged by the business in the new incentive agreement are
20 separate and apart from any capital investment or jobs underlying
21 the previous award of incentives.

22 f. A business which has already applied for a tax credit
23 incentive award prior to the effective date of the "New Jersey
24 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-
25 489p et al.), but who has not yet been approved for the tax credits,
26 or has not executed an agreement with the authority, may proceed
27 under that application or seek to amend the application or reapply
28 for a tax credit incentive award for the same project or any part
29 thereof for the purpose of availing itself of any more favorable
30 provisions of the program.

31 (cf: P.L.2017, c.314, s.4)

32

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

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

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

39 "Ancillary infrastructure project" means structures or
40 improvements that are located within the incentive area but outside
41 the project area of a redevelopment project, including, but not
42 limited to, docks, bulkheads, parking garages, freight rail spurs,
43 roadway overpasses, and train station platforms, provided a
44 developer or municipal redeveloper has demonstrated that the
45 redevelopment project would not be economically viable or
46 promote the use of public transportation without such
47 improvements, as approved by the State Treasurer.

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

4 "Aviation district" means all areas within the boundaries of the
5 "Atlantic City International Airport," established pursuant to section
6 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
7 Administration William J. Hughes Technical Center and the area
8 within a one-mile radius of the outermost boundary of the "Atlantic
9 City International [Airport," established pursuant to section 24 of
10 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
11 Administration William J. Hughes Technical Center.

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

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

25 "Director" means the Director of the Division of Taxation in the
26 Department of the Treasury.

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

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

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

47 "Eligible revenue" means the property tax increment and any
48 other incremental revenues set forth in section 11 of P.L.2009, c.90

1 (C.52:27D-489k), except in the case of a Garden State Growth
2 Zone, in which the property tax increment and any other
3 incremental revenues are calculated as those incremental revenues
4 that would have existed notwithstanding the provisions of the "New
5 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
6 (C.52:27D-489p et al.).

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

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

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

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

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

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

1 "Mixed use parking project" means a redevelopment project, the
2 parking component of which shall constitute 51 percent or more of
3 any of the following:

- 4 a. the total square footage of the entire mixed use parking
5 project;
- 6 b. the estimated revenues of the entire mixed use parking
7 project; or
- 8 c. the total construction cost of the entire mixed use parking
9 project.

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

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

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

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

30 "Non-parking component" means that portion of a mixed use
31 parking project not used for parking, together with the portion of
32 the costs of the mixed use parking project, including but not limited
33 to the footings, foundations, site work, infrastructure, and soft costs
34 that are allocable to the non-parking use.

35 "Parking component" means that portion of a mixed use parking
36 project used for parking, together with the portion of the costs of
37 the mixed use parking project, including but not limited to the
38 footings, foundations, site work, infrastructure, and soft costs that
39 are allocable to the parking use.

40 "Project area" means land or lands located within the incentive
41 area under common ownership or control including through a
42 redevelopment agreement with a municipality, or as otherwise
43 established by a municipality or a redevelopment agreement
44 executed by a State entity to implement a redevelopment project.

45 "Project cost" means the costs incurred in connection with the
46 redevelopment project by the developer until the issuance of a
47 permanent certificate of occupancy, or until such other time
48 specified by the authority, for a specific investment or

1 improvement, including the costs relating to receiving Highlands
2 Development Credits under the Highlands Transfer Development
3 Rights Program authorized pursuant to section 13 of P.L.2004,
4 c.120 (C.13:20-13), lands, buildings, improvements, real or
5 personal property, or any interest therein, including leases
6 discounted to present value, including lands under water, riparian
7 rights, space rights and air rights acquired, owned, developed or
8 redeveloped, constructed, reconstructed, rehabilitated or improved,
9 any environmental remediation costs, plus costs not directly related
10 to construction, of an amount not to exceed 20 percent of the total
11 costs, capitalized interest paid to third parties, and the cost of
12 infrastructure improvements, including ancillary infrastructure
13 projects, and, for projects located in a Garden State Growth Zone
14 only, the cost of infrastructure improvements including any
15 ancillary infrastructure project and the amount by which total
16 project cost exceeds the cost of an alternative location for the
17 redevelopment project, but excluding any particular costs for which
18 the project has received federal, State, or local funding.

19 "Project financing gap" means:

20 a. the part of the total project cost, including return on
21 investment, that remains to be financed after all other sources of
22 capital have been accounted for, including, but not limited to,
23 developer-contributed capital, which shall not be less than 20
24 percent of the total project cost, which may include the value of any
25 existing land and improvements in the project area owned or
26 controlled by the developer, and the cost of infrastructure
27 improvements in the public right-of-way, subject to review by the
28 State Treasurer, and investor or financial entity capital or loans for
29 which the developer, after making all good faith efforts to raise
30 additional capital, certifies that additional capital cannot be raised
31 from other sources on a non-recourse basis; and

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

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

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

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

40 b. multiplying that product by a fraction having a numerator
41 equal to the taxable value of all the property assessed within the
42 project area, minus the property tax increment base, and having a
43 denominator equal to the taxable value of all property assessed
44 within the project area.

45 For the purpose of this definition, "property tax increment base"
46 means the aggregate taxable value of all property assessed which is
47 located within the redevelopment project area as of October 1st of

1 the year proceeding the year in which the redevelopment incentive
2 grant agreement is authorized.

3 "Qualified incubator facility" means a commercial building
4 located within an incentive area: which contains 100,000 or more
5 square feet of office, laboratory, or industrial space; which is
6 located near, and presents opportunities for collaboration with, a
7 research institution, teaching hospital, college, or university; and
8 within which, at least 75 percent of the gross leasable area is
9 restricted for use by one or more technology startup companies
10 during the commitment period.

11 "Qualified residential project" means a redevelopment project
12 that is predominantly residential and includes multi-family
13 residential units for purchase or lease, or dormitory units for
14 purchase or lease, having a total project cost of at least
15 \$17,500,000, if the project is located in any municipality with a
16 population greater than 200,000 according to the latest federal
17 decennial census, or having a total project cost of at least
18 \$10,000,000 if the project is located in any municipality with a
19 population less than 200,000 according to the latest federal
20 decennial census, or is a disaster recovery project, or having a total
21 project cost of \$5,000,000 if the project is in a Garden State Growth
22 Zone.

23 "Qualifying economic redevelopment and growth grant incentive
24 area" or "incentive area" means:

- 25 a. an aviation district;
- 26 b. a port district;
- 27 c. a distressed municipality; or
- 28 d. an area (1) designated pursuant to the "State Planning Act,"

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

- 30 (a) Planning Area 1 (Metropolitan);
- 31 (b) Planning Area 2 (Suburban); or
- 32 (c) Planning Area 3 (Fringe Planning Area);

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

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

44 (4) located within a regional growth area, rural development
45 area zoned for industrial use as of the effective date of P.L.2016,
46 c.75, town, village, or a military and federal installation area
47 designated in the comprehensive management plan prepared and

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

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

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

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

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

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

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

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

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

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

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

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

42 "Redevelopment incentive grant agreement" means an agreement
43 between:

44 a. the State and the New Jersey Economic Development
45 Authority and a developer; or

46 b. a municipality and a developer, or a municipal ordinance
47 authorizing a project to be undertaken by a municipal redeveloper,
48 under which, in exchange for the proceeds of an incentive grant, the

1 developer agrees to perform any work or undertaking necessary for
2 a redevelopment project, including the clearance, development or
3 redevelopment, construction, or rehabilitation of any structure or
4 improvement of commercial, industrial, residential, or public
5 structures or improvements within a qualifying economic
6 redevelopment and growth grant incentive area or a transit village.

7 "Redevelopment project" means a specific construction project
8 or improvement, including lands, buildings, improvements, real and
9 personal property or any interest therein, including lands under
10 water, riparian rights, space rights and air rights, acquired, owned,
11 leased, developed or redeveloped, constructed, reconstructed,
12 rehabilitated or improved, undertaken by a developer, owner or
13 tenant, or both, within a project area and any ancillary infrastructure
14 project including infrastructure improvements in the public [right
15 of way] right-of-way, as set forth in an application to be made to
16 the authority. The use of the term "redevelopment project" in
17 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.) shall
18 not be limited to only redevelopment projects located in areas
19 determined to be in need of redevelopment pursuant to sections 5
20 and 6 of P.L.1992, c.79 (C.40A:12A-5 and C.40A:12A-6) but shall
21 also include, but not be limited to, any work or undertaking in
22 accordance with the "Redevelopment Area Bond Financing Law,"
23 sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or
24 other applicable law, pursuant to a redevelopment plan adopted by a
25 State entity, or as described in the resolution adopted by a public
26 entity created by State law with the power to adopt a redevelopment
27 plan or otherwise determine the location, type and character of a
28 redevelopment project or part of a redevelopment project on land
29 owned or controlled by it or within its jurisdiction, including but
30 not limited to, the New Jersey Meadowlands Commission
31 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the
32 New Jersey Sports and Exposition Authority established pursuant to
33 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth
34 Economic Revitalization Authority created pursuant to P.L.2010,
35 c.51 (C.52:27I-18 et seq.).

36 "Redevelopment utility" means a self-liquidating fund created by
37 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-
38 489l) to account for revenues collected and incentive grants paid
39 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other
40 revenues dedicated to a redevelopment project.

41 "Revenue increment base" means the amounts of all eligible
42 revenues from sources within the redevelopment project area in the
43 calendar year proceeding the year in which the redevelopment
44 incentive grant agreement is executed, as certified by the State
45 Treasurer for State revenues, and the chief financial officer of the
46 municipality for municipal revenues.

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

1 "SDA municipality" means a municipality in which an SDA
2 district is situated.

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

8 "Tourism destination project" means a redevelopment project
9 that will be among the most visited privately owned or operated
10 tourism or recreation sites in the State, and which is located within
11 the incentive area and has been determined by the authority to be in
12 an area appropriate for development and in need of economic
13 development incentive assistance.

14 "Transit project" means a redevelopment project located within a
15 1/2-mile radius, or one-mile radius for projects located in a Garden
16 State Growth Zone, surrounding the mid-point of a New Jersey
17 Transit Corporation, Port Authority Transit Corporation, or Port
18 Authority Trans-Hudson Corporation rail, bus, or ferry station
19 platform area, including all light rail stations.

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

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

26 a. buildings and structures, such as academic buildings,
27 recreation centers, indoor athletic facilities, public works garages,
28 and water and sewer treatment and pumping facilities;

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

31 c. transportation facilities, such as bus shelters and parking
32 facilities.

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

41 "Vacant commercial building" means any commercial building
42 or complex of commercial buildings having over 400,000 square
43 feet of office, laboratory, or industrial space that is more than 70
44 percent unoccupied at the time of application to the authority or is
45 negatively impacted by the approval of a "qualified business
46 facility," as defined pursuant to section 2 of P.L.2007, c.346
47 (C.34:1B-208), or any vacant commercial building in a Garden
48 State Growth Zone having over 35,000 square feet of office,

1 laboratory, or industrial space, or over 200,000 square feet of
2 office, laboratory, or industrial space in Atlantic, Burlington,
3 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
4 counties available for occupancy for a period of over one year.

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

11 (cf: P.L.2016, c.75, s.2)

12

13 5. Section 4 of P.L.2009, c.90 (C.52:27D-489d) is amended to
14 read as follows:

15 4. a. The governing body of a municipality wherein is located
16 a qualifying economic redevelopment and growth grant incentive
17 area may adopt an ordinance to establish a local Economic
18 Redevelopment and Growth Grant program for the purpose of
19 encouraging redevelopment projects in that area through the
20 provision of incentive grants to reimburse developers for all or a
21 portion of the project financing gap for such projects. No local
22 Economic Redevelopment and Growth Grant program shall take
23 effect until the Local Finance Board approves the ordinance.

24 b. A developer shall submit an application for a local incentive
25 grant prior to July 1, 2019. For a redevelopment project located
26 within a Garden State Growth Zone that is an aviation district, the
27 developer shall submit an application for a local incentive grant prior
28 to July 1, 2022. A developer that submits an application for a local
29 incentive grant shall indicate on the application whether it is also
30 applying for a State incentive grant. An application by a developer
31 applying for a local incentive grant only shall not require approval
32 by the authority. A municipal redeveloper may only apply for local
33 incentive grants for the construction of: (1) infrastructure
34 improvements in the public right-of-way, or (2) publicly owned
35 facilities.

36 c. No local incentive grant shall be finally approved by a
37 municipality until approved by the Local Finance Board. The Local
38 Finance Board shall not approve a local incentive grant unless the
39 application was submitted prior to July 1, 2019. The Local Finance
40 Board shall not approve a local incentive grant for a redevelopment
41 project located within a Garden State Growth Zone that is an aviation
42 district unless the application was submitted prior to July 1, 2022.

43 d. In deciding whether or not to approve a local incentive grant
44 agreement the Local Finance Board shall consider the following
45 factors:

46 (1) the economic feasibility of the redevelopment project;

1 (2) the extent of economic and related social distress in the
2 municipality and the area to be affected by the redevelopment
3 project;

4 (3) the degree to which the redevelopment project will advance
5 State, regional, and local development and planning strategies;

6 (4) the likelihood that the redevelopment project shall, upon
7 completion, be capable of generating new tax revenue in an amount
8 in excess of the amount necessary to reimburse the developer for
9 project costs incurred as provided in the redevelopment incentive
10 grant agreement;

11 (5) the relationship of the redevelopment project to a
12 comprehensive local development strategy, including other major
13 projects undertaken within the municipality;

14 (6) the need for the redevelopment incentive grant agreement to
15 the viability of the redevelopment project;

16 (7) compliance with the provisions of P.L.2009, c.90
17 (C.52:27D-489a et al.); and

18 (8) the degree to which the redevelopment project enhances and
19 promotes job creation and economic development.

20 e. A developer shall not be required to purchase pinelands
21 development credits under the "Pinelands Protection Act,"
22 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
23 management plan, or any other rule or regulation adopted pursuant
24 to that act in connection with any approval or relief obtained related
25 to a redevelopment project located in an aviation district on or after
26 the effective date of P.L. , c. (C.) (pending before the
27 Legislature as this bill).

28 (cf: P.L.2013, c.161, s.15)

29

30 6. Section 5 of P.L.2009, c.90 (C.52:27D-489e) is amended to
31 read as follows:

32 5. a. The New Jersey Economic Development Authority, in
33 consultation with the State Treasurer, shall establish an Economic
34 Redevelopment and Growth Grant program for the purpose of
35 encouraging redevelopment projects in qualifying economic
36 redevelopment and growth grant incentive areas that do not qualify
37 as such areas solely by virtue of being a transit village, through the
38 provision of incentive grants to reimburse developers for certain
39 project financing gap costs.

40 b. (1) A developer shall submit an application for a State
41 incentive grant prior to July 1, 2019. For a redevelopment project
42 located within a Garden State Growth Zone that is an aviation district,
43 the developer shall submit an application for a State incentive grant
44 prior to July 1, 2022. A developer that submits an application for a
45 State incentive grant shall indicate on the application whether it is
46 also applying for a local incentive grant.

47 (2) When an applicant indicates it is also applying for a local
48 incentive grant, the authority shall forward a copy of the application

1 to the municipality wherein the redevelopment project is to be
2 located for approval by municipal ordinance.

3 c. An application for a State incentive grant shall be reviewed
4 and approved by the authority. The authority shall not approve an
5 application for a State incentive grant unless the application was
6 submitted prior to July 1, 2019. The authority shall not approve an
7 application for a State incentive grant for a redevelopment project
8 located within a Garden State Growth Zone that is an aviation district
9 unless the application was submitted prior to July 1, 2022.

10 d. A developer shall not be required to purchase pinelands
11 development credits under the "Pinelands Protection Act,"
12 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
13 management plan, or any other rule or regulation adopted pursuant
14 to that act in connection with any approval or relief obtained related
15 to a redevelopment project located in an aviation district on or after
16 the effective date of P.L. , c. (C.) (pending before the
17 Legislature as this bill).

18 (cf: P.L.2013, c.161, s.16)

19

20 7. Section 23 of P.L.2013, c.161 (C.52:27D-489r) is amended
21 to read as follows:

22 23. As used in section 24 of P.L.2013, c.161 (C.52:27D-489s):

23 "Aviation district" means all areas within the boundaries of the
24 "Atlantic City International Airport," established pursuant to section
25 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
26 Administration William J. Hughes Technical Center and the area
27 within a one-mile radius of the outermost boundary of the "Atlantic
28 City International Airport" and the Federal Aviation Administration
29 William J. Hughes Technical Center.

30 "Director" means the Director of the Division of Taxation.

31 "Division of Codes and Standards" means the Division of Codes
32 and Standards located in the Department of Community Affairs.

33 "Eligible person" means any individual purchasing or renting an
34 eligible residential residence within a growth zone after the
35 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). For the
36 purpose of this definition, an eligible person is limited to those who
37 establish a permanent residency at the eligible residential residence,
38 are subject to the "New Jersey Gross Income Tax Act,"
39 N.J.S.54A:1-1 et seq., and are current with all State and local tax
40 obligations.

41 "Eligible property" means any residential, commercial,
42 industrial, or other business property, located in a Garden State
43 Growth Zone, that receives a Certificate of Occupancy or is
44 transferred in a legal sale on or after July 1, 2013. Purchasers of
45 newly constructed homes are not the applicant.

46 "Exemption" means that portion of the assessor's full and true
47 value of any improvement, conversion, alteration, redevelopment,
48 rehabilitation, or construction not regarded as increasing the taxable

1 value of a property pursuant to P.L.2013, c.161 (C.52:27D-489p et
2 al.) for the purposes of encouraging the construction, conversion,
3 improvement, and redevelopment of real property conducted by
4 eligible businesses or residents within a growth zone pursuant to
5 P.L.2013, c.161 (C.52:27D-489p et al.).

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

14 "Garden State Growth Zone Development Entity" means a
15 private corporation incorporated pursuant to Title 14A of the New
16 Jersey Statutes, or established pursuant to Title 42 of the Revised
17 Statutes, for which the profits of the entity are limited as follows.
18 The allowable net profits of the entity shall be determined by
19 applying the allowable profit rate to the total project cost, and all
20 capital costs, determined in accordance with generally accepted
21 accounting principles, of any other entity whose revenue is included
22 in the computation of excess profits, for the period commencing on
23 the date on which the construction of the project is completed, and
24 terminating at the close of the fiscal year of the entity preceding the
25 date on which the computation is made, where:

26 "Allowable profit rate" means the greater of 12 percent or the
27 percentage per annum arrived at by adding one and 1/4 percent to
28 the annual interest percentage rate payable on the entity's initial
29 permanent mortgage financing. If the initial permanent mortgage is
30 insured or guaranteed by a governmental agency, the mortgage
31 insurance premium or similar charge, if payable on a per annum
32 basis, shall be considered as interest for this purpose. If there is no
33 permanent mortgage financing the allowable profit rate shall be the
34 greater of 12 percent or the percentage per annum arrived at by
35 adding one and 1/4 percent per annum to the interest rate per annum
36 which the municipality determines to be the prevailing rate on
37 mortgage financing on comparable improvements in the county.

38 "Improvements" means any repair, construction, or
39 reconstruction, including alterations and additions, having the effect
40 of rehabilitating a deteriorated property so that it becomes habitable
41 or attains higher standards of safety, health, economic use or
42 amenity, or is brought into compliance with laws, ordinances or
43 regulations governing such standards. Ordinary upkeep and
44 maintenance shall not be deemed an improvement.

45 (cf: P.L.2013, c.161, s.23)

46

47 8. Section 24 of P.L.2013, c.161 (C. 52:27D-489s) is amended to
48 read as follows:

1 24. a. A Garden State Growth Zone Development Entity is
2 authorized to undertake clearance, re-planning, development, or
3 redevelopment of property within a Garden State Growth Zone.

4 b. Notwithstanding any other law to the contrary, every Garden
5 State Growth Zone Development Entity that owns real property, or
6 leases real property for a period of not less than 30 years, within a
7 Garden State Growth Zone and that undertakes the clearance, re-
8 planning, development, or redevelopment of such property is hereby
9 granted an exemption on improvements to such eligible property for
10 any new construction, improvements, or substantial rehabilitation of
11 structures on real property for a period of 20 years from receiving a
12 final Certificate of Occupancy, provided however, that a
13 municipality located within the Garden State Growth Zone shall, by
14 ordinance, opt-in to such program within 90 calendar days of the
15 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). The
16 exemption allowed by this subsection shall be dependent upon: (1)
17 the owner, or lessee, of the real property making improvements to
18 the real property after the enactment of P.L.2013, c.161 (C.52:27D-
19 489p et al.); and (2) the Division of Codes and Standards, in
20 consultation with the eligible municipality, issuing a final
21 Certificate of Occupancy within 10 years of the date of enactment
22 of P.L.2013, c.161 (C.52:27D-489p et al.). For purposes of this
23 section, a lessee of real property shall include a Garden State
24 Growth Zone Development Entity that is a lessee that is subject to a
25 statutory obligation to make a payment in lieu of taxes on the
26 improvements equal to the taxes on real and personal property.

27 c. The exemption granted by subsection b. of this section shall
28 be for a period of 20 years. For the first 10 years immediately
29 subsequent to the issuance of a Certificate of Occupancy, the
30 Garden State Growth Zone Development Entity shall be exempt
31 from the payment of taxes on the improvements to the eligible
32 property. Thereafter, the Garden State Growth Zone Development
33 Entity shall pay to the municipality in lieu of full property tax
34 payments an amount equal to a percentage of taxes otherwise due,
35 according to the following schedule:

36 (1) In the eleventh year after completion, 10 percent of taxes
37 otherwise due;

38 (2) In the twelfth year after completion, 20 percent of taxes
39 otherwise due;

40 (3) In the thirteenth year after completion, 30 percent of taxes
41 otherwise due;

42 (4) In the fourteenth year after completion, 40 percent of taxes
43 otherwise due;

44 (5) In the fifteenth year after completion, 50 percent of taxes
45 otherwise due;

46 (6) In the sixteenth year after completion, 60 percent of taxes
47 otherwise due;

1 (7) In the seventeenth year after completion, 70 percent of taxes
2 otherwise due;

3 (8) In the eighteenth year after completion, 80 percent of taxes
4 otherwise due;

5 (9) In the nineteenth full year after completion, 90 percent of
6 taxes otherwise due;

7 (10) In the twentieth year after completion, and each year
8 thereafter, 100 percent of taxes.

9 An amount not less than five percent of all payments pursuant to
10 this subsection shall be paid to the county in which the municipality
11 is located.

12 d. Upon the termination of the exemption granted pursuant to
13 subsection c. of this section, the project, all affected parcels, land,
14 and all improvements made thereto shall be assessed and subject to
15 taxation as are other taxable properties in the municipality. After
16 the date of termination, all restrictions and limitations upon the
17 Garden State Growth Zone Development Entity shall terminate and
18 be at an end upon the entity's rendering its final accounting to and
19 with the municipality.

20 e. Notwithstanding subsection b. of this section, the owner of
21 any property located within a Garden State Growth Zone, that does
22 not qualify as a Garden State Growth Zone Development Entity,
23 that performs any new construction, improvements, or substantial
24 rehabilitation improvements to property, shall be entitled to an
25 exemption from taxation regarding such improvements as provided
26 herein. For purposes of such exemption, the municipality shall
27 consider the assessor's full and true value of the improvements as
28 not increasing the value of the property for a period of five years,
29 notwithstanding that the value of the property to which the
30 improvements are made is increased thereby.

31 f. Any exemption obtained under this section shall be fully
32 transferable upon the sale of real property, as long as the new owner
33 meets all requirements for exemption set forth pursuant to this
34 section, or, for the sale of a residential unit, as long as the new
35 owner occupies the unit as a primary residence.

36 g. A Garden State Growth Zone Development Entity shall not
37 be required to purchase pinelands development credits under the
38 “Pinelands Protection Act,” P.L.1979, c.111 (C.13:18A-1 et seq.),
39 the pinelands comprehensive management plan, or any other rule or
40 regulation adopted pursuant to that act, in connection with any
41 approval or relief obtained related to property located in an aviation
42 district on or after the effective date of P.L. , c. (C.)
43 (pending before the Legislature as this bill).

44 (cf: P.L.2014, c.63, s.9)

45

46 9. This act shall take effect immediately and shall only apply to
47 new Grow New Jersey Assistance Program and Economic
48 Redevelopment and Growth Grant Program applications submitted to

1 the Economic Development Authority on or after the date of
2 enactment.

3

4

5

STATEMENT

6

7 This bill creates a new Garden State Growth Zone (GSGZ)
8 within an “aviation district,” which is defined to mean all areas
9 within the boundaries of the Atlantic City International Airport and
10 the Federal Aviation Administration William J. Hughes Technical
11 Center, and the area within a one-mile radius of the outermost
12 boundary of that airport and technical center. Under the Grow New
13 Jersey Assistance Program and the Economic Redevelopment and
14 Growth Grant Program, qualified businesses located in a GSGZ
15 qualify for enhanced incentives offered only to businesses located
16 in GSGZs such as those located in Atlantic City, Camden, Passaic,
17 Paterson, and Trenton. In order to provide maximum flexibility,
18 encourage a wide variety of uses, and avoid cost generating
19 mechanisms, the bill exempts qualified businesses undertaking
20 projects in an aviation district that are approved after the effective
21 date of the bill from purchasing pinelands development credits
22 under the “Pinelands Protection Act,” the pinelands comprehensive
23 management plan, or any other rule or regulation adopted pursuant
24 to that act in connection with any approval or relief obtained related
25 to those projects. Further, the bill delays by three years, from July
26 1, 2019 to July 1, 2022, the deadline for businesses in an aviation
27 district to apply for the enhanced incentives.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3676

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 7, 2018

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 3676.

As amended and reported, this bill creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to mean all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center.

Under the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant Program, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs such as those located in Atlantic City, Camden, Passaic, Paterson, and Trenton. The amended bill would extend these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the amended bill. The amended bill also exempts these businesses from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The amended bill delays the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

Lastly, the amended bill provides that, in the case of a project located in an aviation district, persons working as an independent contractor for the business who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the program.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that, in the case of a project located in an aviation district, a business with at least 15 persons working as independent contractors who meet certain requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the program. The business is also required to provide a report to the authority that identifies the company's number of independent contractors and their contractual or partnering relationship with the business.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3676

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Assembly Budget Committee reports favorably Assembly Bill No. 3676, with committee amendments.

This bill, as amended, creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to mean all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center.

Under the Grow New Jersey Assistance (Grow) Program and the Economic Redevelopment and Growth Grant Program, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs such as those located in Atlantic City, Camden, Passaic, Paterson, and Trenton. The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill. The bill also exempts these businesses from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The bill delays the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

The bill provides that, in the case of a project located in an aviation district, persons working as an independent contractor for the business who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the Grow Program.

COMMITTEE AMENDMENTS:

The committee amendments clarify that, while developers and Garden State Growth Zone Entities are not required to purchase pineland development credits, this provision does not apply to developers of a qualified residential project and eligible properties that are residential properties, respectively.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability to determine the direction and magnitude of the fiscal impact is rooted in imperfect information on the number and attributes of projects that, under the bill, might qualify for Grow New Jersey Assistance Program (Grow NJ) tax credits and Economic Redevelopment and Growth Program (ERG) grants and tax credits. The State fiscal impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State foregoes as spending is redirected from one economic opportunity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3676

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 13, 2018

SUMMARY

- Synopsis:** Creates Garden State Growth Zone at Atlantic City International Airport and surrounding area; adjusts full-time employee designation requirements.
- Type of Impact:** Indeterminate fiscal net impact on State General Fund and Property Tax Relief Fund; potential revenue increase to affected local governments.
- Agencies Affected:** Department of the Treasury;
New Jersey Economic Development Authority; and
Certain local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Multi-Year Lifespan of Incentive Awards</u>
Direct <u>State</u> Revenue Loss	Indeterminate
Indirect <u>State</u> Revenue Gain	Indeterminate
<u>State</u> Opportunity Cost	Indeterminate
Indirect <u>Local</u> Revenue Gain	Indeterminate

- The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability to determine the direction and magnitude of the fiscal impact is rooted in imperfect information on the number and attributes of projects that, under the bill, might qualify for Grow New Jersey Assistance Program (Grow NJ) tax credits and Economic Redevelopment and Growth Program (ERG) grants and tax credits.
- The State fiscal impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

- The direct revenue loss to the State from additional Grow NJ tax credits and ERG grants and tax credits awarded as a result of the bill cannot be quantified. Any revenue loss related to the additional incentive amounts, however, will be limited by several factors, such as geographical restrictions, application deadlines, and eligibility requirements. Any additional incentive award, however, will add to the total amount of incentive awards that the New Jersey Economic Development Authority has already approved: \$4.738 billion in Grow NJ tax credits awards, as of April 10, 2018, and \$989.3 million in ERG grant and tax credit awards, also as of April 10, 2018, both since the enactment of “The New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161.
- The bill might accrue an indeterminate revenue gain to affected local governments if the bill results in the EDA extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.

BILL DESCRIPTION

The bill creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to include all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center. Under current law, Atlantic City, Camden, Passaic, Paterson, and Trenton qualify as GSGZs

Under Grow NJ and ERG, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs. The bill extends the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill. The bill also exempts these businesses from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The bill also provides that, in the case of a project located in an aviation district, persons working as independent contractors who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the Grow New Jersey Assistance Program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may produce an indeterminate revenue gain to the municipalities which Atlantic City International Airport (Egg Harbor Township) and the William J. Hughes Technical Center (Galloway Township) are located, and any municipalities within a one-mile radius of those facilities, if the legislation results in the EDA extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.

On the other hand, it is unclear whether the bill will have a positive or negative fiscal net impact on the State. The inability to determine the direction and the magnitude of the fiscal net impact is rooted in imperfect information on the number and attributes of projects that might qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Conceptually, the State fiscal net impact is calculated by adding the direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

Direct State Revenue Loss: The OLS cannot quantify that direct revenue loss the bill will impose on the State because of imperfect information on the number and attributes of projects that, under the bill, might either newly qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Any additional incentive award, however, will add to the total amount of incentive awards that the EDA has already approved: \$4.74 billion in Grow NJ tax credit awards, as of April 10, 2018, and \$989.3 million in ERG grant and tax credit awards, also as of April 10, 2018, both since the enactment of “The New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161.

Any revenue loss will be: a) temporally limited, since the EDA will only consider applications received prior to July 1, 2022 and the bill applies only to new Grow NJ and ERG applications submitted to the EDA on or after the effective date; and b) spread out over several years, for Grow NJ and ERG incentive awards are only to be used up in 10 annual installments and 20 annual installments, respectively, following project completion.

The bill revises the definition of “Garden State Growth Zone” under Grow NJ and ERG, to include businesses located within an “aviation district.” The term “aviation district,” as revised by this bill, means all areas within a one-mile radius of, and including within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center. Given that the bill’s change to “aviation district” is targeted, the OLS expects only a limited number of projects to newly qualify for Grow NJ tax credits and ERG grants and tax credits.

Indirect State and Local Revenue Gain: The OLS cannot quantify the legislation’s indirect revenue gain to the State and local governments because of imperfect information on the number and attributes of creditable GSGZ projects. As a result, it is equally unclear whether the bill’s indirect State fiscal benefits will exceed its direct State revenue loss.

Analytical Framework: Like any government expenditure, economic development incentive awards inject new spending into the economy. Once businesses and individuals receive payments they would not receive absent the incentive awards, at least a portion of these payments will newly circulate in New Jersey’s economy and produce so-called “multiplier effects.” As the additional financial resources flow through the economy, they generate, as a byproduct, additional State and local revenue collections – the indirect revenue gain discussed in this section. Examples are enhanced local property tax collections accruing when an incentive recipient invests the incentive amount in facility improvements, which then appreciate the

property's value; or additional State sales and use tax collections from construction workers employed in the facility improvement spending their resultant income on taxable goods and services.

Indirect State fiscal effects offset the State's direct cost of awarding incentives in part or potentially even in whole. Fiscal "multiplier effects" tend to be maximized whenever an incentive award serves the indispensable impetus for additional spending by the incentive recipient that would not otherwise occur. In this case, the incentive recipient magnifies the positive economic and fiscal impacts of the State's economic outlay. Depending on the project and incentive attributes, the induced project may even yield indirect fiscal State benefits exceeding the cost of the subsidy. The larger the proportion of the public assistance relative to the financial outlay by the subsidized party, however, the lower the probability that the subsidized activity will generate positive net returns to the State.

In contrast, the State's return on investment is negative whenever the State subsidizes a project that a taxpayer would have undertaken with or without public assistance. Because the financial inducement has not caused the project's realization, none of its economic and fiscal feedback effects are attributable to the incentive, and therefore must be excluded from the tabulation of the incentive's indirect fiscal benefits.

Nevertheless, even if the State provides financial assistance to a project that would be realized anyway, some, albeit comparatively small, indirect fiscal benefits may still accrue to the State. These would occur whenever the subsidy beneficiary spends the incentive award in New Jersey on goods and services that the beneficiary would otherwise not have procured. In that event the incentive award still represents an injection of additional cash into New Jersey's economy whose ripple effects include the accumulation of indirect fiscal State benefits.

Lastly, given the high degree of integration of New Jersey's economy with the national and global economies, an addition of spending in New Jersey will eventually leak into other jurisdictions and cease to circulate within the State. Consequently, any tabulation of a subsidy payment's New Jersey feedback effects must disregard feedback effects that other jurisdictions will absorb.

Bill's State Indirect Fiscal Effects: It is unclear whether the bill's indirect fiscal State benefits will exceed its direct State revenue loss.

The bill may generate additional indirect fiscal benefit to the State in excess of the direct State revenue loss from awarding additional Grow NJ tax credits and ERG grants and tax credits. This is so because under the program the financial assistance must be a material factor in a project's realization and the project must pass the EDA's net benefit test. The multiplier-based net benefit test calculation for GSGZ projects is intended to ensure that the EDA will award incentives only to capital projects that are estimate to generate indirect State revenue equal to at least 100 percent of an inducement's direct State revenue loss. Therefore, to the extent that the bill allows for Grow NJ tax credits and ERG grants and tax credits to projects that otherwise would be ineligible to receive the incentive award needed for project realization, the bill will yield fiscal net benefits to the State.

Irrespective of the magnitude of the bill's indirect fiscal benefits, the analysis of its full impact on State finances is incomplete without considering the bill's opportunity costs.

State Opportunity Costs: Given the State's finite resources and its balanced budget requirement, the decision to award additional Grow NJ tax credits and ERG grants and tax credits to eligible GSGZ projects will invariably divert resources from policy alternatives to which they would have been applied absent the inducements. These policy alternatives also produce direct State costs and indirect State revenue collections. The concept of opportunity costs captures the value of these fiscal benefits the State foregoes as it redirects cash flows.

Once opportunity costs are factored into the analysis, it is therefore possible for a bill to produce a net fiscal loss to the State even if its indirect fiscal benefits exceed its direct cost.

For example, if, instead of this legislation, the State invested in road construction, the bill would produce a *net* fiscal effect equal to the difference between the total fiscal impact of the additional Grow NJ and ERG incentive awards to eligible GSGZ projects – or the direct State cost of awarding additional Grow NJ and ERG incentive awards to those projects, minus the incentives’ indirect State fiscal effects – and that of the foregone road construction investment.

Section: Revenue, Finance, and Appropriations

*Analyst: Scott A. Brodsky
Lead Fiscal Analyst*

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

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

LEGISLATIVE FISCAL ESTIMATE

[Third Reprint]

ASSEMBLY, No. 3676

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: OCTOBER 3, 2018

SUMMARY

- Synopsis:** Creates Garden State Growth Zone at Atlantic City International Airport; adjusts full-time employee designation requirements.
- Type of Impact:** Indeterminate fiscal net impact on State General Fund and Property Tax Relief Fund; potential revenue increase to affected local governments.
- Agencies Affected:** Department of the Treasury;
New Jersey Economic Development Authority; and
Certain local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Multi-Year Lifespan of Incentive Awards</u>
Direct <u>State</u> Revenue Loss	Indeterminate
Indirect <u>State</u> Revenue Gain	Indeterminate
<u>State</u> Opportunity Cost	Indeterminate
Indirect <u>Local</u> Revenue Gain	Indeterminate

- The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability to determine the direction and magnitude of the fiscal impact is rooted in imperfect information on the number and attributes of projects that, under the bill, might qualify for Grow New Jersey Assistance Program (Grow NJ) tax credits and Economic Redevelopment and Growth Program (ERG) grants and tax credits.
- The State fiscal impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State foregoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

- The direct revenue loss to the State from additional Grow NJ tax credits and ERG grants and tax credits awarded as a result of the bill cannot be quantified. Any revenue loss related to the additional incentive amounts, however, will be limited by several factors, such as geographical restrictions, application deadlines, and eligibility requirements. Any additional incentive award, however, will add to the total amount of incentive awards that the New Jersey Economic Development Authority has already approved: \$4.772 billion in Grow NJ tax credit awards as of September 13, 2018, and \$762.6 million in ERG grant and tax credit awards, as of August 17, 2018, both since the enactment of “The New Jersey Economic Opportunity Act of 2013,” P.L.2013, 161.
- The bill might accrue an indeterminate revenue gain to affected local governments if the bill results in the EDA extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.

BILL DESCRIPTION

The bill creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to include all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center. Under current law, Atlantic City, Camden, Passaic, Paterson, and Trenton qualify as GSGZs.

Under Grow NJ and ERG, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs. The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill.

The bill also exempts developers of qualified non-residential projects and eligible non-residential properties from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects. This exemption does not apply to developers who seek to develop in open space properties protected pursuant to the “Pinelands Protection Act.”

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may produce an indeterminate revenue gain to the municipalities which Atlantic City International Airport (Egg Harbor Township) and the William J. Hughes Technical Center (Galloway Township) are located, and any municipalities within a one-mile radius of those facilities, if the legislation results in the EDZ extending financial

assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.

On the other hand it is unclear whether the bill 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 is rooted in imperfect information on the number and attributes of projects that might qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Conceptually, the State fiscal net impact is calculated by adding the direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

Direct State Revenue Loss: The OLS cannot quantify the direct revenue loss the bill will impose on the State because of imperfect information on the number and attributes of projects that, under the bill, might either newly qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Any additional incentive award, however, will add to the total amount of incentive awards that the EDA has already approved \$4.77 billion in Grow NJ tax credit awards as of September 13, 2018, and \$762.6 million in ERG grant and tax credit awards, also as of September 13, 2018, both since the enactment of the “New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161.

Any revenue loss will be: a) temporally limited, since the EDA will only consider applications received prior to July 1, 2019 and which applies only to new Grow NJ and ERG applications submitted to the EDA on or after the effective date; and b) spread out over several years, for Grow NJ and ERG incentive awards which will only be used up in 10 annual installments, respectively, following project completion.

The bill revises the definition of “Garden State Growth Zone” under Grow NJ and ERG, to include businesses located within an “aviation district.” The term “aviation district,” as revised by this bill, means all areas within a one-mile radius of, and including within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical center. Given that the bill’s change to “aviation district” is targeted, and the time frame within which applications for tax credits and grants may be submitted, the OLS expects only a limited number of projects to qualify for Grow NJ tax credits and ERG grants and tax credits.

Indirect State and Local Revenue Gain: The OLS cannot quantify the legislation’s indirect revenue gain to the State and local governments because of imperfect information on the number and attributes of creditable GSGZ projects. As a result, it is equally unclear whether the bill’s indirect State fiscal benefits will exceed its direct State revenue loss.

Analytical Framework: Like any government expenditure, economic development incentive awards inject new spending into the economy. Once businesses and individuals receive payments they would not receive absent the incentive awards, at least a portion of these payments will newly circulate in New Jersey’s economy and produce so-called “multiplier effects.” As the additional financial resources flow through the economy, they generate, as a byproduct, additional State and local revenue collections – the indirect revenue gain discussed in this section. Examples are enhanced local property tax collections accruing when an incentive recipient invests the incentive amount in facility improvements, which then appreciate the property’s value; or additional State sales and use tax collections from construction workers employed in the facility improvement, spending their resultant income on taxable goods and services.

Indirect State fiscal effects offset the State's direct cost of awarding incentives in part or potentially even in whole. Fiscal "multiplier effects" tend to be maximized whenever an incentive award serves the indispensable impetus for additional spending by the incentive recipient that would not otherwise occur. In this case, the incentive recipient magnifies the positive economic and fiscal impacts of the State's economic outlay. Depending on the project and incentive attributes, the induced project may even yield indirect fiscal State benefits exceeding the cost of the subsidy. The larger the proportion of the public assistance relative to the financial outlay of the subsidized party, however, the lower the probability that the subsidized activity will generate positive net returns for the State.

In contrast, the State's return on investment is negative whenever the State subsidizes a project that a taxpayer would have undertaken with or without public assistance. Because the financial inducement has not caused the project's realization, none of its economic and fiscal feedback effects are attributable to the incentive, and therefore must be excluded from the tabulation of the incentive's indirect fiscal benefits.

Nevertheless, even if the State provides financial assistance to a project that would be realized anyway, some albeit comparatively small, indirect fiscal benefits may still accrue to the State. These would occur whenever the subsidy beneficiary spends the incentive award in New Jersey on goods and services that the beneficiary would otherwise not have procured. In that event the incentive award still represents an injection of additional cash into New Jersey's economy whose ripple effects include the accumulation of indirect fiscal State benefits.

Lastly, given the high degree of integration of New Jersey's economy with the national and global economies, an addition of spending in New Jersey will eventually leak into other jurisdictions and cease to circulate within the State. Consequently, any tabulation of a subsidy payment's New Jersey feedback effects must disregard feedback effects that other jurisdictions will absorb.

Bill's State Indirect Fiscal Effects: It is unclear whether the bill's indirect fiscal State benefits will exceed its direct State revenue loss.

The bill may generate additional indirect fiscal benefits to the State in excess of the direct State revenue loss from awarding additional Grow NJ tax credits and ERG grants and tax credits. This is so because under the program the financial assistance must be a material factor in a project's realization and the project must pass the EDA's net benefit test. The multiplier-based net benefit test calculation for GSGZ projects is intended to ensure that the EDA will award incentives only to capital projects that are estimated to generate indirect State revenue equal to at least 100 percent of an inducement's direct State revenue loss. Therefore, to the extent that the bill allows for Grow NJ tax credits and ERG grants and tax credits to projects that otherwise would be ineligible to receive the incentive award needed for project realization, the bill will yield fiscal net benefits to the State.

Irrespective of the magnitude of the bill's indirect fiscal benefits, the analysis of its full impact on State finances is incomplete without considering the bill's opportunity costs.

State Opportunity Costs: Given the State's finite resources and its balanced budget requirement, the decision to award additional Grow NJ tax credits and ERG grants and tax credits to eligible GSGZ projects will invariably divert resources from policy alternatives to which they would have been applied absent the inducements. These policy alternatives also produce direct State costs and indirect State revenue collections. The concept of opportunity costs captures the value of these fiscal benefits the State forgoes as it redirects cash flows. Once opportunity costs are factored into the analysis, it is therefore possible for a bill to produce a net fiscal loss to the State even if its indirect fiscal benefits exceed its direct cost.

For example, if, instead of this legislation, the State invested in road construction, the bill would produce a net fiscal effect equal to the difference between the total fiscal impact of the additional Grow NJ and ERG incentive awards to eligible GSGZ projects – or the direct State cost of awarding additional Grow NJ and ERG incentive awards to those projects, minus the incentives indirect State fiscal effects – and that of the foregone road construction investment.

Section: Revenue, Finance, and Appropriations

*Analyst: Scott A. Brodsky
Lead Fiscal Analyst*

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

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

SENATE, No. 2307

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 22, 2018

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator JEFF VAN DREW

District 1 (Atlantic, Cape May and Cumberland)

Senator CHRIS A. BROWN

District 2 (Atlantic)

Co-Sponsored by:

Senators Singleton and Cruz-Perez

SYNOPSIS

Creates Garden State Growth Zone at Atlantic City International Airport and surrounding area.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/15/2018)

1 AN ACT concerning Garden State Growth Zones and amending
2 various parts of the statutory law.

3

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

6

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

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

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

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

28 "Aviation district" means all areas within the boundaries of the
29 "Atlantic City International Airport," established pursuant to section
30 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
31 Administration William J. Hughes Technical Center and the area
32 within a one-mile radius of the outermost boundary of the "Atlantic
33 City International [Airport," established pursuant to section 24 of
34 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
35 Administration William J. Hughes Technical Center.

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

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

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

43 a partnership;

44 an S 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 a limited liability company; or
2 a non-profit corporation.

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

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

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

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

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

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

28 d. any of the foregoing.

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

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

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

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

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

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

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

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

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

43 "Doctoral university" means a university located within New
44 Jersey that is classified as a doctoral university under the Carnegie
45 Classification of Institutions of Higher Education's Basic
46 Classification methodology on the effective date of P.L.2017, c.221.

47 "Eligibility period" means the period in which a business may
48 claim a tax credit under the Grow New Jersey Assistance Program,

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

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

10 "Full-time employee" means a person:

11 a. who is employed by a business for consideration for at least
12 35 hours a week, or who renders any other standard of service
13 generally accepted by custom or practice as full-time employment;
14 or

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

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

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

36 With respect to a logistics, manufacturing, energy, defense,
37 aviation, or maritime business, excluding primarily warehouse or
38 distribution operations, located in a port district having a container
39 terminal:

40 the requirement that employee health benefits are to be provided
41 shall be deemed to be satisfied if the benefits are provided in
42 accordance with industry practice by a third party obligated to
43 provide such benefits pursuant to a collective bargaining agreement;

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

1 35 hours of employment per week at a qualified business facility
2 shall constitute one "full-time employee," regardless of whether or
3 not the hours of work were performed by one or more persons.

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

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

27 "Garden State Create Zone" means the campus of a doctoral
28 university, and the area within a three-mile radius of the outermost
29 boundary of the campus of a doctoral university, according to a map
30 appearing in the doctoral university's official catalog or other
31 official publication on the effective date of P.L.2017, c.221.

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

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

47 "Incentive agreement" means the contract between the business
48 and the authority, which sets forth the terms and conditions under

1 which the business shall be eligible to receive the incentives
2 authorized pursuant to the program.

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

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

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

24 "Mega project" means:

25 a. a qualified business facility located in a port district housing
26 a business in the logistics, manufacturing, energy, defense, or
27 maritime industries, either:

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

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

33 b. a qualified business facility located in an aviation district
34 housing a business in the aviation industry, in a Garden State
35 Growth Zone, or in a priority area housing the United States
36 headquarters and related facilities of an automobile manufacturer,
37 either:

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

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

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

47 d. a project located in an area designated in need of
48 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)

1 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
2 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
3 Ocean, or Salem counties having a capital investment in excess of
4 \$20,000,000, and at which more than 150 full-time employees of
5 the business are created or retained; or

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

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

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

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

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

32 "Municipal Revitalization Index" means the 2007 index by the
33 Office for Planning Advocacy within the Department of State
34 measuring or ranking municipal distress.

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

40 "Other eligible area" means the portions of the qualified
41 incentive area that are not located within a distressed municipality,
42 or the priority area.

43 "Partnership" means an entity classified as a partnership for
44 federal income tax purposes.

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

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

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

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

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

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

22 c. are the proposed site of a disaster recovery project, a
23 qualified incubator facility, a highlands development credit
24 receiving area or redevelopment area, a tourism destination project,
25 or transit oriented development; or

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

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

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

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

39 "Qualified business facility" means any building, complex of
40 buildings or structural components of buildings, and all machinery
41 and equipment located within a qualified incentive area, used in
42 connection with the operation of a business that is not engaged in
43 final point of sale retail business at that location unless the building,
44 complex of buildings or structural components of buildings, and all
45 machinery and equipment located within a qualified incentive area,
46 are used in connection with the operation of:

47 a. a final point of sale retail business located in a Garden State
48 Growth Zone that will include a retail facility of at least 150,000

- 1 square feet, of which at least 50 percent is occupied by either a full-
2 service supermarket or grocery store; or
- 3 b. a tourism destination project located in the Atlantic City
4 Tourism District as established pursuant to section 5 of P.L.2011,
5 c.18 (C.5:12-219).
- 6 "Qualified incentive area" means:
- 7 a. an aviation district;
- 8 b. a port district;
- 9 c. a distressed municipality or urban transit hub municipality;
- 10 d. an area (1) designated pursuant to the "State Planning Act,"
11 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
- 12 (a) Planning Area 1 (Metropolitan);
- 13 (b) Planning Area 2 (Suburban); or
- 14 (c) Planning Area 3 (Fringe Planning Area);
- 15 (2) located within a smart growth area and planning area
16 designated in a master plan adopted by the New Jersey
17 Meadowlands Commission pursuant to subsection (i) of section 6 of
18 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
19 adopted by the New Jersey Meadowlands Commission pursuant to
20 section 20 of P.L.1968, c.404 (C.13:17-21);
- 21 (3) located within any land owned by the New Jersey Sports and
22 Exposition Authority, established pursuant to P.L.1971, c.137
23 (C.5:10-1 et seq.), within the boundaries of the Hackensack
24 Meadowlands District as delineated in section 4 of P.L.1968, c.404
25 (C.13:17-4);
- 26 (4) located within a regional growth area, rural development
27 area zoned for industrial use as of the effective date of P.L.2016,
28 c.75, town, village, or a military and federal installation area
29 designated in the comprehensive management plan prepared and
30 adopted by the Pinelands Commission pursuant to the "Pinelands
31 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
- 32 (5) located within the planning area of the Highlands Region as
33 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
34 development credit receiving area or redevelopment area;
- 35 (6) located within a Garden State Growth Zone;
- 36 (7) located within land approved for closure under any federal
37 Commission on Base Realignment and Closure action; or
- 38 (8) located only within the following portions of the areas
39 designated pursuant to the "State Planning Act," P.L.1985, c.398
40 (C.52:18A-196 et [al.] seq.), as Planning Area 4A (Rural Planning
41 Area), Planning Area 4B (Rural/Environmentally Sensitive) or
42 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
43 (Rural Planning Area), Planning Area 4B (Rural/Environmentally
44 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
45 located within:
- 46 (a) a designated center under the State Development and
47 Redevelopment Plan;

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

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

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

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

17 (f) any area on which an existing tourism destination project is
18 located.

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

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

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

1 the "Municipal Rehabilitation and Economic Recovery Act,"
2 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

5 "SDA municipality" means a municipality in which an SDA
6 district is situate.

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

9 "Targeted industry" means any industry identified from time to
10 time by the authority including initially, a transportation,
11 manufacturing, defense, energy, logistics, life sciences, technology,
12 health, and finance business, but excluding a primarily warehouse
13 or distribution business.

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

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

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

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

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

48 (cf: P.L.2017, c.221, s.1)

1 2. Section 3 of P.L.2011, c.149 (C.34:1B-244) is amended to
2 read as follows:

3 3. a. The Grow New Jersey Assistance Program is hereby
4 established as a program under the jurisdiction of the New Jersey
5 Economic Development Authority and shall be administered by the
6 authority. The purpose of the program is to encourage economic
7 development and job creation and to preserve jobs that currently
8 exist in New Jersey but which are in danger of being relocated
9 outside of the State. To implement this purpose, the program may
10 provide tax credits to eligible businesses for an eligibility period not
11 to exceed 10 years.

12 To be eligible for any tax credits pursuant to P.L.2011, c.149
13 (C.34:1B-242 et al.), a business's chief executive officer or
14 equivalent officer shall demonstrate to the authority, at the time of
15 application, that:

16 (1) the business, expressly including its landlord or seller, will
17 make, acquire, or lease a capital investment equal to, or greater
18 than, the applicable amount set forth in subsection b. of this section
19 at a qualified business facility at which it will:

20 (a) retain full-time jobs in an amount equal to or greater than the
21 applicable number set forth in subsection c. of this section;

22 (b) create new full-time jobs in an amount equal to or greater
23 than the applicable number set forth in subsection c. of this section;

24 or

25 (c) in combination, retain full-time jobs and create new full-time
26 jobs in an amount equal to or greater than the applicable number set
27 forth in subsection c. of this section;

28 (2) the qualified business facility shall be constructed in
29 accordance with the minimum environmental and sustainability
30 standards;

31 (3) the capital investment resultant from the award of tax credits
32 and the resultant retention and creation of full-time jobs will yield a
33 net positive benefit to the State equaling at least 110 percent of the
34 requested tax credit allocation amount, which determination is
35 calculated prior to taking into account the value of the requested tax
36 credit and shall be based on the benefits generated during the first
37 20 years following the completion of the project, except that:

38 (a) for a mega project or a project located in a Garden State
39 Growth Zone, the determination shall be based on the benefits
40 generated during a period of up to 30 years following the
41 completion of the project, as determined by the authority, and

42 (b) for a project located in a Garden State Growth Zone which
43 qualified for the "Municipal Rehabilitation and Economic Recovery
44 Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), the net positive benefit
45 determination shall be based on the benefits generated during a
46 period of up to 35 years following completion of the project, as
47 determined by the authority, and shall equal at least 100 percent of
48 the requested tax credit allocation amount and may utilize the value

1 of those property taxes subject to the provisions of section 24 of
2 P.L.2013 c.161 (C.52:27D-489s), or the value of those property
3 taxes that would have been assessed on the new construction,
4 improvements, or substantial rehabilitation of structures on real
5 property if the structures were not exempt because they are on real
6 property owned by a public entity, and incremental sales and excise
7 taxes that are derived from activities within the area and which are
8 rebated or retained by the municipality pursuant to the "New Jersey
9 Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et
10 seq.) or any other law providing for such rebate or retention; and

11 (4) except as provided in subsection f. of this section, the award
12 of tax credits will be a material factor in the business's decision to
13 create or retain the minimum number of new or retained full-time
14 jobs for eligibility under the program.

15 With respect to the provisions of paragraph (3) of this
16 subsection, in the case of a project located in a Garden State
17 Growth Zone, the authority, in its discretion, may award bonuses in
18 its net positive benefit calculation.

19 b. For all projects approved after the effective date of
20 P.L.2013, c.161, the minimum capital investment required to be
21 eligible under this program shall be as follows:

22 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
23 existing industrial, warehousing, logistics, or research and
24 development premises for continued similar use by the business in
25 at least 51 percent of the gross leasable area of the premises, a
26 minimum investment of \$20 per square foot of gross leasable area;

27 (2) for the new construction of an industrial, warehousing,
28 logistics, or research and development premises for similar use by
29 the business in at least 51 percent of the gross leasable area of the
30 premises, a minimum investment of \$60 per square foot of gross
31 leasable area;

32 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
33 existing premises that does not qualify pursuant to paragraph (1) or
34 (2) of this subsection, a minimum investment of \$40 per square foot
35 of gross leasable area; and

36 (4) for the new construction of a premises that does not qualify
37 pursuant to paragraph (1) or (2) of this subsection, a minimum
38 investment of \$120 per square foot of gross leasable area.

39 The minimum capital investment required by this subsection
40 shall be reduced by one-third for projects located in a Garden State
41 Growth Zone or projects located within Atlantic, Burlington,
42 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
43 counties.

44 c. The minimum number of new or retained full-time jobs
45 required to be eligible under this program shall be as follows:

46 (1) for a business that is a technology startup company or a
47 manufacturing company, a minimum of 10 new or 25 retained full-
48 time jobs;

1 (2) for a business engaged primarily in a targeted industry other
2 than a technology startup company or a manufacturing company, a
3 minimum of 25 new or 35 retained full-time jobs; and

4 (3) for any other business, a minimum of 35 new or 50 retained
5 full-time jobs.

6 The minimum number of new or retained full-time jobs required
7 by this subsection shall be reduced by one-quarter for projects
8 located in a Garden State Growth Zone or projects located within
9 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
10 Ocean, or Salem counties.

11 d. To assist the authority in determining whether a proposed
12 capital investment will yield a net positive benefit, the business's
13 chief executive officer, or equivalent officer, shall submit a
14 certification to the authority indicating: (1) that any existing full-
15 time jobs are at risk of leaving the State or being eliminated; (2)
16 that any projected creation or retention, as applicable, of new full-
17 time jobs would not occur but for the provision of tax credits under
18 the program; and (3) that the business's chief executive officer, or
19 equivalent officer, has reviewed the information submitted to the
20 authority and that the representations contained therein are accurate,
21 provided however, that in satisfaction of the provisions of
22 paragraphs (1) and (2) of this subsection, the certification with
23 respect to a project in a Garden State Growth Zone that qualifies
24 under the "Municipal Rehabilitation and Economic Recovery Act,"
25 P.L.2002, c.43 (C.52:27BBB-1 et al.), or a project located in a
26 Garden State Growth Zone which contains a Tourism District as
27 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
28 regulated by the Casino Reinvestment Development Authority, shall
29 indicate that the provision of tax credits under the program is a
30 material factor in the business decision to make a capital investment
31 and locate in a Garden State Growth Zone that qualifies under the
32 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
33 c.43 (C.52:27BBB-1 et al.), or a Garden State Growth Zone which
34 contains a Tourism District as established pursuant to section 5 of
35 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
36 Reinvestment Development Authority. In the event that this
37 certification by the business's chief executive officer, or equivalent
38 officer, is found to be willfully false, the authority may revoke any
39 award of tax credits in their entirety, which revocation shall be in
40 addition to any other criminal or civil penalties that the business
41 and the officer may be subject to. When considering an application
42 involving intra-State job transfers, the authority shall require the
43 business to submit the following information as part of its
44 application: a full economic analysis of all locations under
45 consideration by the business; all lease agreements, ownership
46 documents, or substantially similar documentation for the business's
47 current in-State locations; and all lease agreements, ownership
48 documents, or substantially similar documentation for the potential

1 out-of-State location alternatives, to the extent they exist. Based on
2 this information, and any other information deemed relevant by the
3 authority, the authority shall independently verify and confirm, by
4 way of making a factual finding by separate vote of the authority's
5 board, the business's assertion that the jobs are actually at risk of
6 leaving the State, and as to the date or dates at which the authority
7 expects that those jobs would actually leave the State, or, with
8 respect to projects located in a Garden State Growth Zone that
9 qualifies under the "Municipal Rehabilitation and Economic
10 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or projects
11 located in a Garden State Growth Zone which contains a Tourism
12 District as established pursuant to section 5 of P.L.2011, c.18
13 (C.5:12-219) and regulated by the Casino Reinvestment
14 Development Authority, the business's assertion that the provision
15 of tax credits under the program is a material factor in the business's
16 decision to make a capital investment and locate in a Garden State
17 Growth Zone that qualifies under the "Municipal Rehabilitation and
18 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
19 in a Garden State Growth Zone which contains a Tourism District
20 as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219)
21 and regulated by the Casino Reinvestment Development Authority,
22 before a business may be awarded any tax credits under this section.

23 e. A project that consists solely of point-of-final-purchase
24 retail facilities shall not be eligible for a grant of tax credits. If a
25 project consists of both point-of-final-purchase retail facilities and
26 non-retail facilities, only the portion of the project consisting of
27 non-retail facilities shall be eligible for a grant of tax credits. For a
28 qualified business facility that is a mixed-use project that includes
29 retail facilities and that is located in a Garden State Growth Zone or
30 the Atlantic City Tourism District as established pursuant to section
31 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
32 Reinvestment Development Authority, retail facilities in an amount
33 up to 7.5 percent of the mixed-use project may be included in the
34 mixed-use project application for a grant of tax credits along with
35 the non-retail facilities, and that application may include in the
36 aggregate the pro-rata number of full-time employees employed by
37 any number of tenants or other occupants of the included retail
38 facilities. If a warehouse facility is part of a point-of-final-purchase
39 retail facility and supplies only that facility, the warehouse facility
40 shall not be eligible for a grant of tax credits. For the purposes of
41 this section, a retail facility of at least 150,000 square feet, of which
42 at least 50 percent is occupied by a full-service supermarket or
43 grocery store, located in a Garden State Growth Zone which
44 qualified under the "Municipal Rehabilitation and Economic
45 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
46 destination project in the Atlantic City Tourism District as
47 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or

1 catalog distribution centers shall not be considered point-of-final-
2 purchase retail facilities.

3 f. The authority may determine as eligible for tax credits under
4 the program any business that is required to respond to a request for
5 proposals and to fulfill a contract with the federal government
6 although the business's chief executive officer or equivalent officer
7 has not demonstrated to the authority that the award of tax credits
8 will be a material factor in the business's decision to retain the
9 minimum number of retained full-time jobs, as otherwise required
10 by this section. The authority may, in its discretion, consider the
11 economic benefit of the retained jobs servicing the contract in
12 conducting a net benefit analysis required by paragraph (4) of
13 subsection a. of this section. For the purposes of this subsection,
14 "retained full-time jobs" includes jobs that are at risk of being
15 eliminated. Applications to the authority for eligibility under the
16 program pursuant to the criteria set forth in this subsection shall be
17 completed by December 31, 2013. Submission of a proposal to the
18 federal government prior to authority approval shall not disqualify a
19 business from the program.

20 g. Nothing shall preclude a business from applying for tax
21 credits under the program for more than one project pursuant to one
22 or more applications.

23 h. A business shall not be required to purchase pinelands
24 development credits under the "Pinelands Protection Act,"
25 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
26 management plan, or any other rule or regulation adopted pursuant
27 to that act in connection with any approval or relief obtained related
28 to a qualified business facility located in an aviation district on or
29 after the effective date of P.L. , c. (C.) (pending before the
30 Legislature as this bill).
31 (cf: P.L.2014, c.63, s.3)

32

33 3. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to read
34 as follows:

35 6. a. (1) The combined value of all credits approved by the
36 authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
37 P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
38 shall not exceed \$1,750,000,000, except as may be increased by the
39 authority as set forth in paragraph (5) of subsection a. of section 35
40 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the
41 "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
42 (C.52:27D-489p et al.), there shall be no monetary cap on the value
43 of credits approved by the authority attributable to the program
44 pursuant to the "New Jersey Economic Opportunity Act of 2013,"
45 P.L.2013, c.161 (C.52:27D-489p et al.).

46 (2) (Deleted by amendment, P.L.2013, c.161)

47 (3) (Deleted by amendment, P.L.2013, c.161)

48 (4) (Deleted by amendment, P.L.2013, c.161)

1 (5) (Deleted by amendment, P.L.2013, c.161)

2 b. (1) A business shall submit an application for tax credits
3 prior to July 1, 2019. The authority shall not approve an application
4 for tax credits unless the application was submitted prior to July 1,
5 2019. For a business located within a Garden State Growth Zone that
6 is an aviation district, the business shall submit an application for tax
7 credits prior to July 1, 2022. The authority shall not approve an
8 application for tax credits for a business located within a Garden State
9 Growth Zone that is an aviation district unless the application was
10 submitted prior to July 1, 2022.

11 (2) (a) A business shall submit its documentation indicating that
12 it has met the capital investment and employment requirements
13 specified in the incentive agreement for certification of its tax credit
14 amount within three years following the date of approval of its
15 application by the authority. The authority shall have the discretion
16 to grant two six-month extensions of this deadline. Except as
17 provided in subparagraph (b) of this paragraph, in no event shall the
18 incentive effective date occur later than four years following the
19 date of approval of an application by the authority.

20 (b) As of the effective date of P.L.2017, c.314, a business which
21 applied for the tax credit prior to July 1, 2014 under P.L.2011,
22 c.149 (C.34:1B-242 et al.), shall submit its documentation to the
23 authority no later than July 28, 2019, indicating that it has met the
24 capital investment and employment requirements specified in the
25 incentive agreement for certification of its tax credit amount.

26 (3) Full-time employment for an accounting or privilege period
27 shall be determined as the average of the monthly full-time
28 employment for the period.

29 (4) A business seeking a credit for a mega project shall apply for
30 the credit within four years after the effective date of the "New
31 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
32 (C.52:27D-489p et al.).

33 c. (1) In conducting its annual review, the authority may
34 require a business to submit any information determined by the
35 authority to be necessary and relevant to its review.

36 The credit amount for any tax period for which the
37 documentation of a business's credit amount remains uncertified as
38 of a date three years after the closing date of that period shall be
39 forfeited, although credit amounts for the remainder of the years of
40 the eligibility period shall remain available to it.

41 The credit amount may be taken by the tax certificate holder for
42 the tax period for which it was issued or may be carried forward for
43 use by the tax certificate holder in any of the next 20 successive tax
44 periods, and shall expire thereafter. The tax certificate holder may
45 transfer the tax credit amount on or after the date of issuance or at
46 any time within three years of the date of issuance for use by the
47 transferee in the tax period for which it was issued or in any of the
48 next 20 successive tax periods. Notwithstanding the foregoing, no

1 more than the amount of tax credits equal to the total credit amount
2 divided by the duration of the eligibility period in years may be
3 taken in any tax period.

4 (2) Credits granted to a partnership shall be passed through to
5 the partners, members, or owners, respectively, pro-rata or pursuant
6 to an executed agreement among the partners, members, or owners
7 documenting an alternate distribution method provided to the
8 Director of the Division of Taxation in the Department of the
9 Treasury accompanied by any additional information as the director
10 may require.

11 (3) The amount of credit allowed may be applied against the tax
12 liability otherwise due pursuant to section 5 of P.L.1945, c.162
13 (C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
14 (C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
15 c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

16 d. (1) If, in any tax period, the business reduces the total
17 number of full-time employees in its Statewide workforce by more
18 than 20 percent from the number of full-time employees in its
19 Statewide workforce in the last tax period prior to the credit amount
20 approval under section 3 of P.L.2011, c.149 (C.34:1B-244), then the
21 business shall forfeit its credit amount for that tax period and each
22 subsequent tax period, until the first tax period for which
23 documentation demonstrating the restoration of the business's
24 Statewide workforce to the threshold levels required by the
25 incentive agreement has been reviewed and approved by the
26 authority, for which tax period and each subsequent tax period the
27 full amount of the credit shall be allowed.

28 (2) If, in any tax period, the number of full-time employees
29 employed by the business at the qualified business facility located
30 within a qualified incentive area drops below 80 percent of the
31 number of new and retained full-time jobs specified in the incentive
32 agreement, then the business shall forfeit its credit amount for that
33 tax period and each subsequent tax period, until the first tax period
34 for which documentation demonstrating the restoration of the
35 number of full-time employees employed by the business at the
36 qualified business facility to 80 percent of the number of jobs
37 specified in the incentive agreement.

38 (3) (a) If the qualified business facility is sold by the owner in
39 whole or in part during the eligibility period, the new owner shall
40 not acquire the capital investment of the seller and the seller shall
41 forfeit all credits for the tax period in which the sale occurs and all
42 subsequent tax periods, provided however that any credits of the
43 business shall remain unaffected.

44 (b) In connection with a regional distribution facility of
45 foodstuffs, the business entity or entities which own or lease the
46 facility shall qualify as a business regardless of: (i) the type of the
47 business entity or entities which own or lease the facility; (ii) the
48 ownership or leasing of the facility by more than one business

1 entity; or (iii) the ownership of the business entity or entities which
2 own or lease the facility. The ownership or leasing, whether by
3 members, shareholders, partners, or other owners of the business
4 entity or entities, shall be treated as ownership or leasing by
5 affiliates. The members, shareholders, partners, or other ownership
6 or leasing participants and others that are tenants in the facility shall
7 be treated as affiliates for the purpose of counting the full-time
8 employees and capital investments in the facility. The business
9 entity or entities may distribute credits to members, shareholders,
10 partners, or other ownership or leasing participants in accordance
11 with their respective interests. If the business entity or entities or
12 their members, shareholders, partners, or other ownership or leasing
13 participants lease space in the facility to members, shareholders,
14 partners, or other ownership or leasing participants or others as
15 tenants in the facility, the leases shall be treated as a lease to an
16 affiliate, and the business entity or entities shall not be subject to
17 forfeiture of the credits. For the purposes of this section, leasing
18 shall include subleasing and tenants shall include subtenants.

19 (4) (a) For a project located within a Garden State Growth Zone,
20 if, in any tax period, the number of full-time employees employed
21 by the business at the qualified business facility located within a
22 qualified incentive area increases above the number of full-time
23 employees specified in the incentive agreement, then the business
24 shall be entitled to an increased base credit amount for that tax
25 period and each subsequent tax period, for each additional full-time
26 employee added above the number of full-time employees specified
27 in the incentive agreement, until the first tax period for which
28 documentation demonstrating a reduction of the number of full-time
29 employees employed by the business at the qualified business
30 facility, at which time the tax credit amount will be adjusted
31 accordingly pursuant to this section.

32 (b) For a project located within a Garden State Growth Zone
33 which qualifies under the "Municipal Rehabilitation and Economic
34 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
35 contains a Tourism District as established pursuant to section 5 of
36 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
37 Reinvestment Development Authority, and which qualifies for a tax
38 credit pursuant to subparagraph (ii) of subparagraphs (a) through
39 (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
40 (C.34:1B-246), if, in any tax period the number of full-time
41 employees employed by the business at the qualified business
42 facility located within a qualified incentive area increases above the
43 number of full-time employees specified in the incentive agreement
44 such that the business shall then meet the minimum number of
45 employees required in subparagraph (b), (c), (d), or (e) of paragraph
46 (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
47 then the authority shall recalculate the total tax credit amount per
48 full-time job by using the certified capital investment of the project

1 allowable under the applicable subsubparagraph and the number of
2 full-time jobs certified on the date of the recalculation and applying
3 those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
4 of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
5 until the first tax period for which documentation demonstrating a
6 reduction of the number of full-time employees employed by the
7 business at the qualified business facility, at which time the tax
8 credit amount shall be adjusted accordingly pursuant to this section.

9 e. The authority shall not enter into an incentive agreement
10 with a business that has previously received incentives pursuant to
11 the "Business Retention and Relocation Assistance Act," P.L.1996,
12 c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
13 Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
14 program administered by the authority unless:

15 (1) the business has satisfied all of its obligations underlying the
16 previous award of incentives or is compliant with section 4 of
17 P.L.2011, c.149 (C.34:1B-245); or

18 (2) the capital investment incurred and new or retained full-time
19 jobs pledged by the business in the new incentive agreement are
20 separate and apart from any capital investment or jobs underlying
21 the previous award of incentives.

22 f. A business which has already applied for a tax credit
23 incentive award prior to the effective date of the "New Jersey
24 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-
25 489p et al.), but who has not yet been approved for the tax credits,
26 or has not executed an agreement with the authority, may proceed
27 under that application or seek to amend the application or reapply
28 for a tax credit incentive award for the same project or any part
29 thereof for the purpose of availing itself of any more favorable
30 provisions of the program.

31 (cf: P.L.2017, c.314, s.4)

32

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

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

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

39 "Ancillary infrastructure project" means structures or
40 improvements that are located within the incentive area but outside
41 the project area of a redevelopment project, including, but not
42 limited to, docks, bulkheads, parking garages, freight rail spurs,
43 roadway overpasses, and train station platforms, provided a
44 developer or municipal redeveloper has demonstrated that the
45 redevelopment project would not be economically viable or
46 promote the use of public transportation without such
47 improvements, as approved by the State Treasurer.

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

4 "Aviation district" means all areas within the boundaries of the
5 "Atlantic City International Airport," established pursuant to section
6 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
7 Administration William J. Hughes Technical Center and the area
8 within a one-mile radius of the outermost boundary of the "Atlantic
9 City International [Airport," established pursuant to section 24 of
10 P.L.1991, c.252 (C.27:25A-24)] Airport" and the Federal Aviation
11 Administration William J. Hughes Technical Center.

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

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

25 "Director" means the Director of the Division of Taxation in the
26 Department of the Treasury.

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

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

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

47 "Eligible revenue" means the property tax increment and any
48 other incremental revenues set forth in section 11 of P.L.2009, c.90

1 (C.52:27D-489k), except in the case of a Garden State Growth
2 Zone, in which the property tax increment and any other
3 incremental revenues are calculated as those incremental revenues
4 that would have existed notwithstanding the provisions of the "New
5 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
6 (C.52:27D-489p et al.).

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

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

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

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

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

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

1 "Mixed use parking project" means a redevelopment project, the
2 parking component of which shall constitute 51 percent or more of
3 any of the following:

- 4 a. the total square footage of the entire mixed use parking
5 project;
- 6 b. the estimated revenues of the entire mixed use parking
7 project; or
- 8 c. the total construction cost of the entire mixed use parking
9 project.

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

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

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

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

30 "Non-parking component" means that portion of a mixed use
31 parking project not used for parking, together with the portion of
32 the costs of the mixed use parking project, including but not limited
33 to the footings, foundations, site work, infrastructure, and soft costs
34 that are allocable to the non-parking use.

35 "Parking component" means that portion of a mixed use parking
36 project used for parking, together with the portion of the costs of
37 the mixed use parking project, including but not limited to the
38 footings, foundations, site work, infrastructure, and soft costs that
39 are allocable to the parking use.

40 "Project area" means land or lands located within the incentive
41 area under common ownership or control including through a
42 redevelopment agreement with a municipality, or as otherwise
43 established by a municipality or a redevelopment agreement
44 executed by a State entity to implement a redevelopment project.

45 "Project cost" means the costs incurred in connection with the
46 redevelopment project by the developer until the issuance of a
47 permanent certificate of occupancy, or until such other time
48 specified by the authority, for a specific investment or

1 improvement, including the costs relating to receiving Highlands
2 Development Credits under the Highlands Transfer Development
3 Rights Program authorized pursuant to section 13 of P.L.2004,
4 c.120 (C.13:20-13), lands, buildings, improvements, real or
5 personal property, or any interest therein, including leases
6 discounted to present value, including lands under water, riparian
7 rights, space rights and air rights acquired, owned, developed or
8 redeveloped, constructed, reconstructed, rehabilitated or improved,
9 any environmental remediation costs, plus costs not directly related
10 to construction, of an amount not to exceed 20 percent of the total
11 costs, capitalized interest paid to third parties, and the cost of
12 infrastructure improvements, including ancillary infrastructure
13 projects, and, for projects located in a Garden State Growth Zone
14 only, the cost of infrastructure improvements including any
15 ancillary infrastructure project and the amount by which total
16 project cost exceeds the cost of an alternative location for the
17 redevelopment project, but excluding any particular costs for which
18 the project has received federal, State, or local funding.

19 "Project financing gap" means:

20 a. the part of the total project cost, including return on
21 investment, that remains to be financed after all other sources of
22 capital have been accounted for, including, but not limited to,
23 developer-contributed capital, which shall not be less than 20
24 percent of the total project cost, which may include the value of any
25 existing land and improvements in the project area owned or
26 controlled by the developer, and the cost of infrastructure
27 improvements in the public right-of-way, subject to review by the
28 State Treasurer, and investor or financial entity capital or loans for
29 which the developer, after making all good faith efforts to raise
30 additional capital, certifies that additional capital cannot be raised
31 from other sources on a non-recourse basis; and

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

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

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

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

40 b. multiplying that product by a fraction having a numerator
41 equal to the taxable value of all the property assessed within the
42 project area, minus the property tax increment base, and having a
43 denominator equal to the taxable value of all property assessed
44 within the project area.

45 For the purpose of this definition, "property tax increment base"
46 means the aggregate taxable value of all property assessed which is
47 located within the redevelopment project area as of October 1st of

1 the year proceeding the year in which the redevelopment incentive
2 grant agreement is authorized.

3 "Qualified incubator facility" means a commercial building
4 located within an incentive area: which contains 100,000 or more
5 square feet of office, laboratory, or industrial space; which is
6 located near, and presents opportunities for collaboration with, a
7 research institution, teaching hospital, college, or university; and
8 within which, at least 75 percent of the gross leasable area is
9 restricted for use by one or more technology startup companies
10 during the commitment period.

11 "Qualified residential project" means a redevelopment project
12 that is predominantly residential and includes multi-family
13 residential units for purchase or lease, or dormitory units for
14 purchase or lease, having a total project cost of at least
15 \$17,500,000, if the project is located in any municipality with a
16 population greater than 200,000 according to the latest federal
17 decennial census, or having a total project cost of at least
18 \$10,000,000 if the project is located in any municipality with a
19 population less than 200,000 according to the latest federal
20 decennial census, or is a disaster recovery project, or having a total
21 project cost of \$5,000,000 if the project is in a Garden State Growth
22 Zone.

23 "Qualifying economic redevelopment and growth grant incentive
24 area" or "incentive area" means:

- 25 a. an aviation district;
- 26 b. a port district;
- 27 c. a distressed municipality; or
- 28 d. an area (1) designated pursuant to the "State Planning Act,"

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

- 30 (a) Planning Area 1 (Metropolitan);
- 31 (b) Planning Area 2 (Suburban); or
- 32 (c) Planning Area 3 (Fringe Planning Area);

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

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

44 (4) located within a regional growth area, rural development
45 area zoned for industrial use as of the effective date of P.L.2016,
46 c.75, town, village, or a military and federal installation area
47 designated in the comprehensive management plan prepared and

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

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

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

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

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

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

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

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

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

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

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

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

42 "Redevelopment incentive grant agreement" means an agreement
43 between:

44 a. the State and the New Jersey Economic Development
45 Authority and a developer; or

46 b. a municipality and a developer, or a municipal ordinance
47 authorizing a project to be undertaken by a municipal redeveloper,
48 under which, in exchange for the proceeds of an incentive grant, the

1 developer agrees to perform any work or undertaking necessary for
2 a redevelopment project, including the clearance, development or
3 redevelopment, construction, or rehabilitation of any structure or
4 improvement of commercial, industrial, residential, or public
5 structures or improvements within a qualifying economic
6 redevelopment and growth grant incentive area or a transit village.

7 "Redevelopment project" means a specific construction project
8 or improvement, including lands, buildings, improvements, real and
9 personal property or any interest therein, including lands under
10 water, riparian rights, space rights and air rights, acquired, owned,
11 leased, developed or redeveloped, constructed, reconstructed,
12 rehabilitated or improved, undertaken by a developer, owner or
13 tenant, or both, within a project area and any ancillary infrastructure
14 project including infrastructure improvements in the public **right**
15 **of way** right-of-way, as set forth in an application to be made to
16 the authority. The use of the term "redevelopment project" in
17 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.) shall
18 not be limited to only redevelopment projects located in areas
19 determined to be in need of redevelopment pursuant to sections 5
20 and 6 of P.L.1992, c.79 (C.40A:12A-5 and C.40A:12A-6) but shall
21 also include, but not be limited to, any work or undertaking in
22 accordance with the "Redevelopment Area Bond Financing Law,"
23 sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or
24 other applicable law, pursuant to a redevelopment plan adopted by a
25 State entity, or as described in the resolution adopted by a public
26 entity created by State law with the power to adopt a redevelopment
27 plan or otherwise determine the location, type and character of a
28 redevelopment project or part of a redevelopment project on land
29 owned or controlled by it or within its jurisdiction, including but
30 not limited to, the New Jersey Meadowlands Commission
31 established pursuant to P.L.1968, c.404 (C.13:17-1 et seq.), the
32 New Jersey Sports and Exposition Authority established pursuant to
33 P.L.1971 c.137 (C.5:10-1 et seq.) and the Fort Monmouth
34 Economic Revitalization Authority created pursuant to P.L.2010,
35 c.51 (C.52:27I-18 et seq.).

36 "Redevelopment utility" means a self-liquidating fund created by
37 a municipality pursuant to section 12 of P.L.2009, c.90 (C.52:27D-
38 489l) to account for revenues collected and incentive grants paid
39 pursuant to section 11 of P.L.2009, c.90 (C.52:27D-489k), or other
40 revenues dedicated to a redevelopment project.

41 "Revenue increment base" means the amounts of all eligible
42 revenues from sources within the redevelopment project area in the
43 calendar year proceeding the year in which the redevelopment
44 incentive grant agreement is executed, as certified by the State
45 Treasurer for State revenues, and the chief financial officer of the
46 municipality for municipal revenues.

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

1 "SDA municipality" means a municipality in which an SDA
2 district is situated.

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

8 "Tourism destination project" means a redevelopment project
9 that will be among the most visited privately owned or operated
10 tourism or recreation sites in the State, and which is located within
11 the incentive area and has been determined by the authority to be in
12 an area appropriate for development and in need of economic
13 development incentive assistance.

14 "Transit project" means a redevelopment project located within a
15 1/2-mile radius, or one-mile radius for projects located in a Garden
16 State Growth Zone, surrounding the mid-point of a New Jersey
17 Transit Corporation, Port Authority Transit Corporation, or Port
18 Authority Trans-Hudson Corporation rail, bus, or ferry station
19 platform area, including all light rail stations.

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

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

26 a. buildings and structures, such as academic buildings,
27 recreation centers, indoor athletic facilities, public works garages,
28 and water and sewer treatment and pumping facilities;

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

31 c. transportation facilities, such as bus shelters and parking
32 facilities.

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

41 "Vacant commercial building" means any commercial building
42 or complex of commercial buildings having over 400,000 square
43 feet of office, laboratory, or industrial space that is more than 70
44 percent unoccupied at the time of application to the authority or is
45 negatively impacted by the approval of a "qualified business
46 facility," as defined pursuant to section 2 of P.L.2007, c.346
47 (C.34:1B-208), or any vacant commercial building in a Garden
48 State Growth Zone having over 35,000 square feet of office,

1 laboratory, or industrial space, or over 200,000 square feet of
2 office, laboratory, or industrial space in Atlantic, Burlington,
3 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
4 counties available for occupancy for a period of over one year.

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

11 (cf: P.L.2016, c.75, s.2)

12

13 5. Section 4 of P.L.2009, c.90 (C.52:27D-489d) is amended to
14 read as follows:

15 4. a. The governing body of a municipality wherein is located a
16 qualifying economic redevelopment and growth grant incentive area
17 may adopt an ordinance to establish a local Economic
18 Redevelopment and Growth Grant program for the purpose of
19 encouraging redevelopment projects in that area through the
20 provision of incentive grants to reimburse developers for all or a
21 portion of the project financing gap for such projects. No local
22 Economic Redevelopment and Growth Grant program shall take
23 effect until the Local Finance Board approves the ordinance.

24 b. A developer shall submit an application for a local incentive
25 grant prior to July 1, 2019. For a redevelopment project located
26 within a Garden State Growth Zone that is an aviation district, the
27 developer shall submit an application for a local incentive grant prior
28 to July 1, 2022. A developer that submits an application for a local
29 incentive grant shall indicate on the application whether it is also
30 applying for a State incentive grant. An application by a developer
31 applying for a local incentive grant only shall not require approval
32 by the authority. A municipal redeveloper may only apply for local
33 incentive grants for the construction of: (1) infrastructure
34 improvements in the public right-of-way, or (2) publicly owned
35 facilities.

36 c. No local incentive grant shall be finally approved by a
37 municipality until approved by the Local Finance Board. The Local
38 Finance Board shall not approve a local incentive grant unless the
39 application was submitted prior to July 1, 2019. The Local Finance
40 Board shall not approve a local incentive grant for a redevelopment
41 project located within a Garden State Growth Zone that is an aviation
42 district unless the application was submitted prior to July 1, 2022.

43 d. In deciding whether or not to approve a local incentive grant
44 agreement the Local Finance Board shall consider the following
45 factors:

46 (1) the economic feasibility of the redevelopment project;

1 (2) the extent of economic and related social distress in the
2 municipality and the area to be affected by the redevelopment
3 project;

4 (3) the degree to which the redevelopment project will advance
5 State, regional, and local development and planning strategies;

6 (4) the likelihood that the redevelopment project shall, upon
7 completion, be capable of generating new tax revenue in an amount
8 in excess of the amount necessary to reimburse the developer for
9 project costs incurred as provided in the redevelopment incentive
10 grant agreement;

11 (5) the relationship of the redevelopment project to a
12 comprehensive local development strategy, including other major
13 projects undertaken within the municipality;

14 (6) the need for the redevelopment incentive grant agreement to
15 the viability of the redevelopment project;

16 (7) compliance with the provisions of P.L.2009, c.90
17 (C.52:27D-489a et al.); and

18 (8) the degree to which the redevelopment project enhances and
19 promotes job creation and economic development.

20 e. A developer shall not be required to purchase pinelands
21 development credits under the “Pinelands Protection Act,”
22 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
23 management plan, or any other rule or regulation adopted pursuant
24 to that act in connection with any approval or relief obtained related
25 to a redevelopment project located in an aviation district on or after
26 the effective date of P.L. , c. (C.) (pending before the
27 Legislature as this bill).

28 (cf: P.L.2013, c.161, s.15)

29

30 6. Section 5 of P.L.2009, c.90 (C.52:27D-489e) is amended to
31 read as follows:

32 5. a. The New Jersey Economic Development Authority, in
33 consultation with the State Treasurer, shall establish an Economic
34 Redevelopment and Growth Grant program for the purpose of
35 encouraging redevelopment projects in qualifying economic
36 redevelopment and growth grant incentive areas that do not qualify
37 as such areas solely by virtue of being a transit village, through the
38 provision of incentive grants to reimburse developers for certain
39 project financing gap costs.

40 b. (1) A developer shall submit an application for a State
41 incentive grant prior to July 1, 2019. For a redevelopment project
42 located within a Garden State Growth Zone that is an aviation district,
43 the developer shall submit an application for a State incentive grant
44 prior to July 1, 2022. A developer that submits an application for a
45 State incentive grant shall indicate on the application whether it is
46 also applying for a local incentive grant.

47 (2) When an applicant indicates it is also applying for a local
48 incentive grant, the authority shall forward a copy of the application

1 to the municipality wherein the redevelopment project is to be
2 located for approval by municipal ordinance.

3 c. An application for a State incentive grant shall be reviewed
4 and approved by the authority. The authority shall not approve an
5 application for a State incentive grant unless the application was
6 submitted prior to July 1, 2019. The authority shall not approve an
7 application for a State incentive grant for a redevelopment project
8 located within a Garden State Growth Zone that is an aviation district
9 unless the application was submitted prior to July 1, 2022.

10 d. A developer shall not be required to purchase pinelands
11 development credits under the "Pinelands Protection Act,"
12 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
13 management plan, or any other rule or regulation adopted pursuant
14 to that act in connection with any approval or relief obtained related
15 to a redevelopment project located in an aviation district on or after
16 the effective date of P.L. , c. (C.) (pending before the
17 Legislature as this bill).

18 (cf: P.L.2013, c.161, s.16)

19

20 7. Section 23 of P.L.2013, c.161 (C.52:27D-489r) is amended
21 to read as follows:

22 23. As used in section 24 of P.L.2013, c.161 (C.52:27D-489s):

23 "Aviation district" means all areas within the boundaries of the
24 "Atlantic City International Airport," established pursuant to section
25 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
26 Administration William J. Hughes Technical Center and the area
27 within a one-mile radius of the outermost boundary of the "Atlantic
28 City International Airport" and the Federal Aviation Administration
29 William J. Hughes Technical Center.

30 "Director" means the Director of the Division of Taxation.

31 "Division of Codes and Standards" means the Division of Codes
32 and Standards located in the Department of Community Affairs.

33 "Eligible person" means any individual purchasing or renting an
34 eligible residential residence within a growth zone after the
35 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). For the
36 purpose of this definition, an eligible person is limited to those who
37 establish a permanent residency at the eligible residential residence,
38 are subject to the "New Jersey Gross Income Tax Act,"
39 N.J.S.54A:1-1 et seq., and are current with all State and local tax
40 obligations.

41 "Eligible property" means any residential, commercial,
42 industrial, or other business property, located in a Garden State
43 Growth Zone, that receives a Certificate of Occupancy or is
44 transferred in a legal sale on or after July 1, 2013. Purchasers of
45 newly constructed homes are not the applicant.

46 "Exemption" means that portion of the assessor's full and true
47 value of any improvement, conversion, alteration, redevelopment,
48 rehabilitation, or construction not regarded as increasing the taxable

1 value of a property pursuant to P.L.2013, c.161 (C.52:27D-489p et
2 al.) for the purposes of encouraging the construction, conversion,
3 improvement, and redevelopment of real property conducted by
4 eligible businesses or residents within a growth zone pursuant to
5 P.L.2013, c.161 (C.52:27D-489p et al.).

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

14 "Garden State Growth Zone Development Entity" means a
15 private corporation incorporated pursuant to Title 14A of the New
16 Jersey Statutes, or established pursuant to Title 42 of the Revised
17 Statutes, for which the profits of the entity are limited as follows.
18 The allowable net profits of the entity shall be determined by
19 applying the allowable profit rate to the total project cost, and all
20 capital costs, determined in accordance with generally accepted
21 accounting principles, of any other entity whose revenue is included
22 in the computation of excess profits, for the period commencing on
23 the date on which the construction of the project is completed, and
24 terminating at the close of the fiscal year of the entity preceding the
25 date on which the computation is made, where:

26 "Allowable profit rate" means the greater of 12 percent or the
27 percentage per annum arrived at by adding one and 1/4 percent to
28 the annual interest percentage rate payable on the entity's initial
29 permanent mortgage financing. If the initial permanent mortgage is
30 insured or guaranteed by a governmental agency, the mortgage
31 insurance premium or similar charge, if payable on a per annum
32 basis, shall be considered as interest for this purpose. If there is no
33 permanent mortgage financing the allowable profit rate shall be the
34 greater of 12 percent or the percentage per annum arrived at by
35 adding one and 1/4 percent per annum to the interest rate per annum
36 which the municipality determines to be the prevailing rate on
37 mortgage financing on comparable improvements in the county.

38 "Improvements" means any repair, construction, or
39 reconstruction, including alterations and additions, having the effect
40 of rehabilitating a deteriorated property so that it becomes habitable
41 or attains higher standards of safety, health, economic use or
42 amenity, or is brought into compliance with laws, ordinances or
43 regulations governing such standards. Ordinary upkeep and
44 maintenance shall not be deemed an improvement.

45 (cf: P.L.2013, c.161, s.23)

46

47 8. Section 24 of P.L.2013, c.161 (C. 52:27D-489s) is amended to
48 read as follows:

1 24. a. A Garden State Growth Zone Development Entity is
2 authorized to undertake clearance, re-planning, development, or
3 redevelopment of property within a Garden State Growth Zone.

4 b. Notwithstanding any other law to the contrary, every Garden
5 State Growth Zone Development Entity that owns real property, or
6 leases real property for a period of not less than 30 years, within a
7 Garden State Growth Zone and that undertakes the clearance, re-
8 planning, development, or redevelopment of such property is hereby
9 granted an exemption on improvements to such eligible property for
10 any new construction, improvements, or substantial rehabilitation of
11 structures on real property for a period of 20 years from receiving a
12 final Certificate of Occupancy, provided however, that a
13 municipality located within the Garden State Growth Zone shall, by
14 ordinance, opt-in to such program within 90 calendar days of the
15 enactment of P.L.2013, c.161 (C.52:27D-489p et al.). The
16 exemption allowed by this subsection shall be dependent upon: (1)
17 the owner, or lessee, of the real property making improvements to
18 the real property after the enactment of P.L.2013, c.161 (C.52:27D-
19 489p et al.); and (2) the Division of Codes and Standards, in
20 consultation with the eligible municipality, issuing a final
21 Certificate of Occupancy within 10 years of the date of enactment
22 of P.L.2013, c.161 (C.52:27D-489p et al.). For purposes of this
23 section, a lessee of real property shall include a Garden State
24 Growth Zone Development Entity that is a lessee that is subject to a
25 statutory obligation to make a payment in lieu of taxes on the
26 improvements equal to the taxes on real and personal property.

27 c. The exemption granted by subsection b. of this section shall
28 be for a period of 20 years. For the first 10 years immediately
29 subsequent to the issuance of a Certificate of Occupancy, the
30 Garden State Growth Zone Development Entity shall be exempt
31 from the payment of taxes on the improvements to the eligible
32 property. Thereafter, the Garden State Growth Zone Development
33 Entity shall pay to the municipality in lieu of full property tax
34 payments an amount equal to a percentage of taxes otherwise due,
35 according to the following schedule:

36 (1) In the eleventh year after completion, 10 percent of taxes
37 otherwise due;

38 (2) In the twelfth year after completion, 20 percent of taxes
39 otherwise due;

40 (3) In the thirteenth year after completion, 30 percent of taxes
41 otherwise due;

42 (4) In the fourteenth year after completion, 40 percent of taxes
43 otherwise due;

44 (5) In the fifteenth year after completion, 50 percent of taxes
45 otherwise due;

46 (6) In the sixteenth year after completion, 60 percent of taxes
47 otherwise due;

1 (7) In the seventeenth year after completion, 70 percent of taxes
2 otherwise due;

3 (8) In the eighteenth year after completion, 80 percent of taxes
4 otherwise due;

5 (9) In the nineteenth full year after completion, 90 percent of
6 taxes otherwise due;

7 (10) In the twentieth year after completion, and each year
8 thereafter, 100 percent of taxes.

9 An amount not less than five percent of all payments pursuant to
10 this subsection shall be paid to the county in which the municipality
11 is located.

12 d. Upon the termination of the exemption granted pursuant to
13 subsection c. of this section, the project, all affected parcels, land,
14 and all improvements made thereto shall be assessed and subject to
15 taxation as are other taxable properties in the municipality. After
16 the date of termination, all restrictions and limitations upon the
17 Garden State Growth Zone Development Entity shall terminate and
18 be at an end upon the entity's rendering its final accounting to and
19 with the municipality.

20 e. Notwithstanding subsection b. of this section, the owner of
21 any property located within a Garden State Growth Zone, that does
22 not qualify as a Garden State Growth Zone Development Entity,
23 that performs any new construction, improvements, or substantial
24 rehabilitation improvements to property, shall be entitled to an
25 exemption from taxation regarding such improvements as provided
26 herein. For purposes of such exemption, the municipality shall
27 consider the assessor's full and true value of the improvements as
28 not increasing the value of the property for a period of five years,
29 notwithstanding that the value of the property to which the
30 improvements are made is increased thereby.

31 f. Any exemption obtained under this section shall be fully
32 transferable upon the sale of real property, as long as the new owner
33 meets all requirements for exemption set forth pursuant to this
34 section, or, for the sale of a residential unit, as long as the new
35 owner occupies the unit as a primary residence.

36 g. A Garden State Growth Zone Development Entity shall not
37 be required to purchase pinelands development credits under the
38 “Pinelands Protection Act,” P.L.1979, c.111 (C.13:18A-1 et seq.),
39 the pinelands comprehensive management plan, or any other rule or
40 regulation adopted pursuant to that act, in connection with any
41 approval or relief obtained related to property located in an aviation
42 district on or after the effective date of P.L. , c. (C.)
43 (pending before the Legislature as this bill).

44 (cf: P.L.2014, c.63, s.9)

45

46 9. This act shall take effect immediately and shall only apply to
47 new Grow New Jersey Assistance Program and Economic
48 Redevelopment and Growth Grant Program applications submitted to

1 the Economic Development Authority on or after the date of
2 enactment.

3

4

5

STATEMENT

6

7 This bill creates a new Garden State Growth Zone (GSGZ)
8 within an “aviation district,” which is defined to mean all areas
9 within the boundaries of the Atlantic City International Airport and
10 the Federal Aviation Administration William J. Hughes Technical
11 Center, and the area within a one-mile radius of the outermost
12 boundary of that airport and technical center. Under the Grow New
13 Jersey Assistance Program and the Economic Redevelopment and
14 Growth Grant Program, qualified businesses located in a GSGZ
15 qualify for enhanced incentives offered only to businesses located
16 in GSGZs such as those located in Atlantic City, Camden, Passaic,
17 Paterson, and Trenton. In order to provide maximum flexibility,
18 encourage a wide variety of uses, and avoid cost generating
19 mechanisms, the bill exempts qualified businesses undertaking
20 projects in an aviation district that are approved after the effective
21 date of the bill from purchasing pinelands development credits
22 under the “Pinelands Protection Act,” the pinelands comprehensive
23 management plan, or any other rule or regulation adopted pursuant
24 to that act in connection with any approval or relief obtained related
25 to those projects. Further, the bill delays by three years, from July
26 1, 2019 to July 1, 2022, the deadline for businesses in an aviation
27 district to apply for the enhanced incentives.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 2307

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 14, 2018

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 2307.

As amended and reported, this bill creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to mean all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center.

Under the Grow New Jersey Assistance (Grow) Program and the Economic Redevelopment and Growth Grant Program, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs such as those located in Atlantic City, Camden, Passaic, Paterson, and Trenton. The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill. The bill also exempts these businesses from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The bill delays the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

The bill provides that, in the case of a project located in an aviation district, persons working as an independent contractor for the business who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the Grow Program.

The committee amended the bill to provide that, in the case of a project located in an aviation district, a business with at least 15 persons working as independent contractors who meet certain requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide

workforce total required under the Grow Program. The business is also required to provide a report to the authority that identifies the company's number of independent contractors and their contractual or partnering relationship with the business.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2307

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2307 (1R), with committee amendments.

This bill, as amended, creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to mean all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center.

Under the Grow New Jersey Assistance (Grow) Program and the Economic Redevelopment and Growth Grant Program, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs such as those located in Atlantic City, Camden, Passaic, Paterson, and Trenton. The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill. The bill also exempts these businesses from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The bill delays the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

The bill provides that, in the case of a project located in an aviation district, persons working as an independent contractor for the business who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the Grow Program.

COMMITTEE AMENDMENTS:

The committee amendments clarify that, while developers and Garden State Growth Zone Entities are not required to purchase pineland development credits, this provision does not apply to developers of a qualified residential project and eligible properties that are residential properties, respectively.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability determine the direction and magnitude of the fiscal impact is rooted in imperfect information on the number and attributes of projects, that under the bill, might qualify for Grow New Jersey Assistance Program (Grow NJ) tax credits and Economic Redevelopment and Growth Program (ERG) grants and tax credits. The State fiscal impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State foregoes as spending is redirected from one economic opportunity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2307

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 26, 2018

SUMMARY

- Synopsis:** Creates Garden State Growth Zone at Atlantic City International Airport and surrounding area.
- Type of Impact:** Indeterminate fiscal net impact on State General Fund and Property Tax Relief Fund; potential revenue increase to affected local governments.
- Agencies Affected:** Department of the Treasury;
New Jersey Economic Development Authority; and
Certain local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Multi-Year Lifespan of Incentive Awards</u>
Direct <u>State</u> Revenue Loss	Indeterminate
Indirect <u>State</u> Revenue Gain	Indeterminate
<u>State</u> Opportunity Cost	Indeterminate
Indirect <u>Local</u> Revenue Gain	Indeterminate

- The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability to determine the direction and magnitude of the fiscal impact is rooted in imperfect information on the number and attributes of projects that, under the bill, might qualify for Grow New Jersey Assistance Program (Grow NJ) tax credits and Economic Redevelopment and Growth Program (ERG) grants and tax credits.
- The State fiscal impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.
- The direct revenue loss to the State from additional Grow NJ tax credits and ERG grants and tax credits awarded as a result of the bill cannot be quantified. Any revenue loss related to

the additional incentive amounts, however, will be limited by several factors, such as geographical restrictions, application deadlines, and eligibility requirements. Any additional incentive award, however, will add to the total amount of incentive awards that the New Jersey Economic Development Authority has already approved: \$4.738 billion in Grow NJ tax credit awards, as of April 10, 2018 and \$989.3 million in ERG grant and tax credit awards, also as of April 10, 2018, both since the enactment of “The New Jersey Economic Opportunity Act of 2013, P.L.2013, c.161.

- The bill might accrue an indeterminate revenue gain to affected local governments if the bill results in the EDA extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to real estate.

BILL DESCRIPTION

The bill creates a new Garden State Growth Zone (GSGZ) within an “aviation district,” which is defined to include all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of that airport and technical center. Under current law, Atlantic City, Camden, Passaic, Paterson, and Trenton qualify as GSGZs

Under Grow NJ and ERG, qualified businesses located in a GSGZ are eligible for enhanced incentives offered only to businesses located in GSGZs. The bill extends the deadline for businesses in an aviation district to apply for the enhanced incentives by three years, from July 1, 2019 to July 1, 2022.

The bill extends these enhanced incentives to qualified businesses undertaking projects in an aviation district that are approved after the effective date of the bill. The bill also exempts developers of non-residential projects from purchasing pinelands development credits under the “Pinelands Protection Act,” the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that law in connection with any approval or relief obtained related to those projects.

The bill also provides that, in the case of a project located in an aviation district, persons working as independent contractors who meet certain requirements are deemed full-time employees for certain purposes. A business with at least 15 persons working as independent contractors that meet these requirements may claim each of those persons as eight-tenths of a full-time employee for the purposes of meeting the minimum Statewide workforce total required under the Grow New Jersey Assistance Program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may produce an indeterminate revenue gain to the municipalities which Atlantic City International Airport (Egg Harbor Township) and the William J. Hughes Technical Center (Galloway Township) are located, and any municipalities within a one-mile radius of those facilities, if the legislation results in the EDA extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.

On the other hand, it is unclear whether the bill will have a positive or negative fiscal net impact on the State. The inability to determine the direction and the magnitude of the fiscal net impact is rooted in imperfect information on the number and attributes of projects that might qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Conceptually, the State fiscal net impact is calculated by adding the direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

Direct State Revenue Loss: The OLS cannot quantify that direct revenue loss the bill will impose on the State because of imperfect information on the number and attributes of projects that, under the bill, might either newly qualify for or receive enhanced Grow NJ tax credits and ERG grants and tax credits. Any additional incentive award, however, will add to the total amount of incentive awards that the EDA has already approved: \$4.74 billion in Grow NJ tax credit awards, as of April 10, 2018, and \$989.3 million in ERG grant and tax credit awards, also as of April 10, 2018, both since the enactment of “The New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161.

Any revenue loss will be: a) temporally limited, since the EDA will only consider applications received prior to July 1, 2022 and the bill applies only to new Grow NJ and ERG applications submitted to the EDA on or after the effective date; and b) spread out over several years, for Grow NJ and ERG incentive awards are only to be used up in 10 annual installments and 20 annual installments, respectively, following project completion.

The bill revises the definition of “Garden State Growth Zone” under Grow NJ and ERG, to include businesses located within an “aviation district.” The term “aviation district,” as revised by this bill, means all areas within a one-mile radius of, and including within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center. Given that the bill’s change to “aviation district” is targeted, the OLS expects only a limited number of projects to newly qualify for Grow NJ tax credits and ERG grants and tax credits.

Indirect State and Local Revenue Gain: The OLS cannot quantify the legislation’s indirect revenue gain to the State and local governments because of imperfect information on the number and attributes of creditable GSGZ projects. As a result, it is equally unclear whether the bill’s indirect State fiscal benefits will exceed its direct State revenue loss.

Analytical Framework: Like any government expenditure, economic development incentive awards inject new spending into the economy. Once businesses and individuals receive payments they would not receive absent the incentive awards, at least a portion of these payments will newly circulate in New Jersey’s economy and produce so-called “multiplier effects.” As the additional financial resources flow through the economy, they generate, as a byproduct, additional State and local revenue collections – the indirect revenue gain discussed in

this section. Examples are enhanced local property tax collections accruing when an incentive recipient invests the incentive amount in facility improvements, which then appreciate the property's value; or additional State sales and use tax collections from construction workers employed in the facility improvement spending their resultant income on taxable goods and services.

Indirect State fiscal effects offset the State's direct cost of awarding incentives in part or potentially even in whole. Fiscal "multiplier effects" tend to be maximized whenever an incentive award serves the indispensable impetus for additional spending by the incentive recipient that would not otherwise occur. In this case, the incentive recipient magnifies the positive economic and fiscal impacts of the State's economic outlay. Depending on the project and incentive attributes, the induced project may even yield indirect fiscal State benefits exceeding the cost of the subsidy. The larger the proportion of the public assistance relative to the financial outlay by the subsidized party, however, the lower the probability that the subsidized activity will generate positive net returns to the State.

In contrast, the State's return on investment is negative whenever the State subsidizes a project that a taxpayer would have undertaken with or without public assistance. Because the financial inducement has not caused the project's realization, none of its economic and fiscal feedback effects are attributable to the incentive, and therefore must be excluded from the tabulation of the incentive's indirect fiscal benefits.

Nevertheless, even if the State provides financial assistance to a project that would be realized anyway, some, albeit comparatively small, indirect fiscal benefits may still accrue to the State. These would occur whenever the subsidy beneficiary spends the incentive award in New Jersey on goods and services that the beneficiary would otherwise not have procured. In that event the incentive award still represents an injection of additional cash into New Jersey's economy whose ripple effects include the accumulation of indirect fiscal State benefits.

Lastly, given the high degree of integration of New Jersey's economy with the national and global economies, an addition of spending in New Jersey will eventually leak into other jurisdictions and cease to circulate within the State. Consequently, any tabulation of a subsidy payment's New Jersey feedback effects must disregard feedback effects that other jurisdictions will absorb.

Bill's State Indirect Fiscal Effects: It is unclear whether the bill's indirect fiscal State benefits will exceed its direct State revenue loss.

The bill may generate additional indirect fiscal benefit to the State in excess of the direct State revenue loss from awarding additional Grow NJ tax credits and ERG grants and tax credits. This is so because under the program the financial assistance must be a material factor in a project's realization and the project must pass the EDA's net benefit test. The multiplier-based net benefit test calculation for GSGZ projects is intended to ensure that the EDA will award incentives only to capital projects that are estimate to generate indirect State revenue equal to at least 100 percent of an inducement's direct State revenue loss. Therefore, to the extent that the bill allows for Grow NJ tax credits and ERG grants and tax credits to projects that otherwise would be ineligible to receive the incentive award needed for project realization, the bill will yield fiscal net benefits to the State.

Irrespective of the magnitude of the bill's indirect fiscal benefits, the analysis of its full impact on State finances is incomplete without considering the bill's opportunity costs.

State Opportunity Costs: Given the State's finite resources and its balanced budget requirement, the decision to award additional Grow NJ tax credits and ERG grants and tax credits to eligible GSGZ projects will invariably divert resources from policy alternatives to which they would have been applied absent the inducements. These policy alternatives also

produce direct State costs and indirect State revenue collections. The concept of opportunity costs captures the value of these fiscal benefits the State foregoes as it redirects cash flows. Once opportunity costs are factored into the analysis, it is therefore possible for a bill to produce a net fiscal loss to the State even if its indirect fiscal benefits exceed its direct cost.

For example, if, instead of this legislation, the State invested in road construction, the bill would produce a *net* fiscal effect equal to the difference between the total fiscal impact of the additional Grow NJ and ERG incentive awards to eligible GSGZ projects – or the direct State cost of awarding additional Grow NJ and ERG incentive awards to those projects, minus the incentives' indirect State fiscal effects – and that of the foregone road construction investment.

Section: Revenue, Finance, and Appropriations

*Analyst: Scott A. Brodsky
Lead Fiscal Analyst*

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

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

ASSEMBLY BILL NO. 3676
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3676 (Second Reprint) with my recommendations for reconsideration.

Atlantic City has long been one of our State's greatest economic engines. Beyond its historic boardwalk and casinos, Atlantic City offers robust business opportunities due in part to its nearby Atlantic City International Airport and the Federal Aviation Administration's William J. Hughes Technical Center. Together, they offer substantial growth opportunities for the region and the State. In an effort to realize this potential and turn the page on recent economic struggles, Atlantic City was one of four cities to be designated as a Garden State Growth Zone ("GSGZ"). This bill builds upon that status by designating a one-mile area surrounding the airport and federal aviation center as a GSGZ.

Under the State's Grow New Jersey Assistance Program ("Grow NJ"), administered by the Economic Development Authority ("EDA"), a business located in a GSGZ is entitled to a base tax credit amount of \$5,000 per full-time job per year (including maximum bonuses, the gross tax credit amount is \$15,000 per full-time job per year). In addition, GSGZs are eligible for up to a \$5,000 bonus tax credit amount per full-time job if there is excess capital investment in an industrial site for industrial use. Separately, under the State's Economic Redevelopment & Growth Program ("ERG"), also administered by the EDA, businesses are entitled to a reimbursement of up to 40 percent of total project costs to build in a GSGZ.

While I understand the desire of the sponsors to expand these programs further into Atlantic County, I continue to believe that we must fully examine the merits of these tax incentive programs in light of evidence that they have been less effective than those in

other states. That is why my administration is engaged in a full review of these programs before they are scheduled to expire next year. I am therefore recommending that the proposed GSGZ sunset with the rest of the Grow NJ and ERG programs on July 1, 2019.

Further, I am recommending that the bill not distort the minimum requirements needed to qualify for the benefits afforded by Grow NJ, including the requirement that any business applying for Grow NJ benefits have 10 new or 25 full-time retained employees (for tech startups and manufacturing businesses). The number of full-time employees is lowered further, by 3/4, if the business is located in a GSGZ. In an effort to create an alternative pathway to reaching this minimum number of required full-time employees, the bill seeks to allow businesses applying for Grow NJ benefits to count an independent contractor as 8/10 of a full-time employee. While I commend the sponsors for requiring that the independent contractors be given employee health benefits, work at least 80 percent of the time at their assigned business, and complete 35 hours per week of work, an independent contractor does not enjoy the same rights as a full-fledged employee. I believe that businesses should only be eligible for these special tax incentives if they are hiring individuals who are afforded the protections and benefits of full-time employment.

Finally, I am recommending that the Pinelands Development Credits' exemption stand, but I am clarifying that the exemption does not apply to any area that is protected open space under the Pinelands Comprehensive Management Plan. Pinelands preservation is required under law and should not be disturbed, but the Pinelands Protection Act need not prevent sensible development, especially if additional growth can occur without impacting open space. For example, if an area slated for residential development is better suited for commercial development, especially in the aviation

district highlighted in this bill, sensible planning should allow for such development without the intervention of the Pinelands Development Credit Bank.

Again, I commend the sponsors for advocating for Atlantic City and its surrounding region, and I remain steadfast in my commitment to the region and its economic prospects. Specifically, I pledge to continue our multifaceted strategy currently led by Special Counsel Jim Johnson, along with the Department of Community Affairs, the Economic Development Authority, and the Office of the Attorney General, to provide foreclosure relief, expand access to food and public spaces, increase the labor pool, and improve public safety in and around Atlantic City.

I invite all businesses, especially those in high-growth tech and manufacturing industries, to participate in the enhanced benefits afforded by this bill while my administration continues to work to expand our State's innovation economy.

Accordingly, I herewith return Assembly Bill No. 3676 (Second Reprint) and recommend that it be amended as follows:

- | | |
|--|--|
| <u>Page 6, Section 2, Lines 20-48:</u> | Delete in their entirety |
| <u>Page 7, Section 2, Lines 1-18:</u> | Delete in their entirety |
| <u>Page 18, Section 2, Line 30:</u> | After "bill)" insert ", except if seeking to develop in permanently protected open space pursuant to the Pinelands Protection Act" |
| <u>Page 19, Section 3, Lines 5-10:</u> | Delete "For a business located within a Garden State Growth Zone that is an aviation district, the business shall submit an application for tax credits prior to July 1, 2022. The authority shall not approve an application for tax credits for a business located within a Garden State Growth Zone that is an aviation district unless the application was submitted prior to July 1, 2022." |
| <u>Page 31, Section 5, Line 25-28:</u> | Delete "For a redevelopment project located within a Garden State Growth Zone that is an aviation district, the developer |

shall submit an application for a local incentive grant prior to July 1, 2022."

Page 31, Section 5, Lines 39-43:

Delete "The Local Finance Board shall not approve a local incentive grant for a redevelopment project located within a Garden State Growth Zone that is an aviation district unless the application was submitted prior to July 1, 2022."

Page 32, Section 5, Line 27:

After "bill)" insert ", except if .seeking to develop in permanently protected open space pursuant to the Pinelands Protection Act"

Page 32, Section 6, Lines 42-45:

Delete "For a redevelopment project located within a Garden State Growth Zone that is an aviation district, the developer shall submit an application for a State incentive grant prior to July 1, 2022."

Page 33, Section 6, Lines 8-11:

Delete "The authority shall not approve an application for a State incentive grant for a redevelopment project located within a Garden State Growth Zone that is an aviation district unless the application was submitted prior to July 1, 2022."

Page 33, Section 6, Line 19:

After "bill)" insert ", except if seeking to develop in permanently protected open space pursuant to the Pinelands Protection Act"

Page 36, Section 8, Line 45:

After "bill)" insert ", except if seeking to develop in permanently protected open space pursuant to the Pinelands Protection Act"

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor



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Newark, N.J.

Governor Murphy Signs Bill to Establish Garden State Growth Zone Surrounding Atlantic City International Airport

10/3/2018

Trenton - Governor Phil Murphy today signed legislation into law that will establish tax incentives in the area surrounding Atlantic City International Airport, providing opportunities for growth and innovation. In August, the Governor conditionally vetoed an earlier version of the legislation. The bill signed today reflects the Legislature's concurrence with the Governor's recommendations.

"Building a stronger and fairer New Jersey economy starts with the communities that were hit hardest by the economic downturn of 2008. Atlantic City can serve as a beacon of growth for Atlantic County and the State as a whole," **said Governor Phil Murphy**. "I thank the Legislature for its concurrence with the recommendations I made last month, and look forward to continuing to work together to bring results to the residents of Atlantic County."

This bill creates a new Garden State Growth Zone (GSGZ) within an aviation district, which will include all areas within the boundaries of the Atlantic City International Airport and the Federal Aviation Administration William J. Hughes Technical Center, and the area within a one-mile radius of the outermost boundary of the airport.

Under the Grow New Jersey Assistance Program (Grow NJ) and the Economic Redevelopment and Growth (ERG) Program, qualified businesses located in a GSGZ qualify for enhanced incentives. Other GSGZs include Camden, Passaic, Paterson, Trenton, and Atlantic City.

"We want to do all that we can to support and sustain Atlantic City's ongoing economic recovery," **said Senate President Steve Sweeney** (D-Gloucester/Salem/Cumberland). "Designating a regional growth zone in and around the airport will help foster a diversified economy that is so important to long-term growth. The International Airport can play a significant role as an aviation hub for the entire region, supporting the expansion of the aviation industry, the business community, and educational institutions. This is an opportunity we want to capitalize on."

"An 'aviation zone' around the airport offers the opportunity for innovation, aviation research, and economic development that will benefit the entire South Jersey region," **said Senator Jeff Van Drew** (D-Cape May). "The airport's proximity to educational institutions, including the new Stockton University campus in Atlantic City, creates enormous potential for the development of new aviation technology that will put the Atlantic City region at the forefront of the aviation industry. Establishing a Garden State Growth Zone will bring high paying jobs, business growth, and economic opportunities to support sustained growth."

"Now, Atlantic City Airport has the opportunity to become the aviation hub of South Jersey," **said Assemblyman Vince Mazzeo** (D-Atlantic). "Its proximity to educational institutions, such as Stockton Aviation Research and Technology Park, creates enormous potential for development of new aviation technology and putting Atlantic County and the state at the forefront of the industry. It's good for the residents of Atlantic County and for New Jersey

that this bill is now law.”

“Innovation, aviation educational research, and economic development -- there’s great potential for growth in the western part of Atlantic County and surrounding areas,” said **Assemblyman John Armato** (D-Atlantic). “A Garden State Growth Zone in and around the Atlantic City airport will bring high paying skilled jobs, business growth, and lead to the stabilization of the local economy.”

“There’s an opportunity here to bridge aviation with education while building up Atlantic City’s airport,” said **Assemblyman Tom Giblin** (D-Essex). “Using the benefits of creating a Garden State Growth Zone, the state can generate the type of long term investment very much needed in Atlantic County.”

Earlier this week, Governor Murphy laid out a comprehensive vision for reimagining New Jersey’s tax incentive programs so that they can better fuel an innovation-driven economy. As Governor Murphy has stated, incentive programs should be efficient, targeted to the goal of building a stronger and fairer economy, and used as a tool to promote growth and competitiveness, rather than encompass the full range of the State’s economic development strategy. The legislation signed today will sunset on July 1, 2019 along with the rest of the Grow NJ and ERG programs.

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