



**LEGISLATIVE FISCAL ESTIMATE:**

Yes

**VETO MESSAGE:**

No

**GOVERNOR'S PRESS RELEASE ON SIGNING:**

Yes

**FOLLOWING WERE PRINTED:**

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No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

No

RWH/CL

P.L. 2019, CHAPTER 144, *approved June 30, 2019*

Senate, No. 3599

1 AN ACT concerning the neighborhood revitalization tax credit  
2 program and amending P.L.2001, c.415.

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.2001, c.415 (C.52:27D-491) is amended to  
8 read as follows:

9 2. As used in **[this act]** P.L.2001, c.415 (C.52:27D-  
10 490 et seq.):

11 "Assistance" means the contribution of moneys to aid in the  
12 provision of neighborhood preservation and revitalization services  
13 or community services.

14 "Business entity" means any business firm or individual which is  
15 authorized to conduct or operate a trade or business in the State and  
16 is subject to taxes on business related income.

17 "Certificate for neighborhood revitalization State tax credits"  
18 means the certificate in the form prescribed by the Treasurer and  
19 issued by the commissioner to a business entity that specifies the  
20 dollar amount of neighborhood preservation and revitalization State  
21 tax credits that business entity may take as an annual credit against  
22 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-  
23 490 et seq.).

24 "Commissioner" means the Commissioner of Community  
25 Affairs.

26 "Department" means the Department of Community Affairs.

27 "Eligible neighborhood" means: a. a contiguous area located in  
28 one or more municipalities that, at the time of the application to the  
29 department for approval of a neighborhood preservation and  
30 revitalization plan, **[are either eligible to receive aid under the**  
31 **"Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-**  
32 **118.24 et seq.) or coextensive with a school district which qualified**  
33 **prior to the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.)**  
34 **for designation as an "Abbott district" pursuant to the**  
35 **"Comprehensive Educational Improvement and Financing Act of**  
36 **1996," P.L.1996, c.138 (C.18A:7F-1 et al.)]** shall be designated by  
37 the commissioner based on factors including, but not limited to,  
38 population change, non-seasonal housing vacancy rates, total  
39 household and child recipients of the Temporary Assistance for  
40 Needy Families or a successor program, poverty levels,  
41 unemployment rates, high school completion rates, median  
42 household income, property tax rates, and equalized property

**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 valuation per capita; or b. an area that (1) is adjacent to a  
2 neighborhood that fulfills the requirements of subsection a. of this  
3 definition, and has received approval of a neighborhood  
4 preservation and revitalization plan pursuant to section 5 of  
5 P.L.2001, c.415 (C.52:27D-494); (2) increases the area of the  
6 adjacent eligible neighborhood by no more than 25 percent; and (3)  
7 shares similar characteristics as determined by the commissioner or  
8 the commissioner's designee.

9 "Housing and economic development activities" means those  
10 activities carried out in furtherance of a neighborhood preservation  
11 and revitalization plan in an eligible neighborhood approved  
12 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the  
13 housing and economic conditions of the neighborhood; and shall  
14 include, without limitation, measures to foster the rehabilitation and  
15 construction of housing affordable to low and moderate income  
16 households within the neighborhood, including planning, design,  
17 rehabilitation, construction, and management of low and moderate  
18 income housing, home buyer counseling, and related activities  
19 needed to effectuate the rehabilitation and construction of housing  
20 affordable to low and moderate income households; measures to  
21 increase business activity within the neighborhood, including the  
22 rehabilitation and construction of commercial facilities and the  
23 provision of assistance to small business entities; and measures to  
24 increase the income and labor force participation of neighborhood  
25 residents, including provision of education, training, child care and  
26 transportation assistance to enable low income neighborhood  
27 residents to obtain or retain employment.

28 "Low income household" means a household whose gross  
29 household income is less than 50 percent of the median gross  
30 household income for the region in which the neighborhood is  
31 located for households of similar size as determined by the  
32 department.

33 "Moderate income household" means a household whose gross  
34 household income is greater than or equal to 50 percent but less  
35 than 80 percent of the median gross household income of the region  
36 in which the neighborhood is located for households of similar size  
37 as determined by the department.

38 "Neighborhood preservation and revitalization activities" means  
39 housing and economic development activities and other  
40 neighborhood preservation and revitalization activities.

41 "Neighborhood Revitalization Plan" means a plan for the  
42 preservation or revitalization of an eligible neighborhood.

43 "Nonprofit organization" means a private nonprofit corporation  
44 that has been determined by the Internal Revenue Service of the  
45 United States Department of the Treasury to be exempt from  
46 income taxation under 26 U.S.C.s.501(c)(3).

47 "Other Neighborhood Revitalization Activities" means those  
48 activities, other than housing and economic development activities,

1 carried out in furtherance of a State-approved neighborhood  
2 preservation and revitalization plan in a qualified low and moderate  
3 income neighborhood, and may include, without limitation,  
4 improvements to infrastructure, street scape, public open space, and  
5 transportation systems; provision of social and community services,  
6 health care, crime prevention, recreation activities, community and  
7 environmental health services; and community outreach and  
8 organizing activities.

9 "Qualified nonprofit organization" means a nonprofit  
10 organization that has demonstrated a commitment to the  
11 neighborhood for which it is submitting a plan or project, as  
12 reflected in its past activities or proposed activities in a preservation  
13 and revitalization plan.

14 "Qualified project" means one or more housing and economic  
15 development activities and which may also include one or more  
16 other neighborhood revitalization activities to be carried out in  
17 accordance with a neighborhood revitalization plan as approved by  
18 the commissioner with funds provided by a business entity eligible  
19 to receive a certificate for neighborhood revitalization State tax  
20 credits.

21 "Similar characteristics" means comparable socioeconomic  
22 qualities as determined by the commissioner or his designee, using  
23 the smallest Census unit for which data are available.

24 (cf: P.L.2009, c.120, s.1)

25

26 2. Section 3 of P.L.2001, c.415 (C.52:27D-492) is amended to  
27 read as follows:

28 3. A business entity shall be eligible for a certificate for  
29 neighborhood revitalization State tax credits if it has provided  
30 funding for a qualified project that has been approved in accordance  
31 with sections 4 and 5 of P.L.2001, c.415 (C.52:27D-493 and  
32 C.52:27D-494).

33 a. Credits may be granted in an amount up to 100 percent of  
34 the approved assistance provided to a nonprofit organization to  
35 implement a qualified neighborhood preservation and revitalization  
36 project.

37 b. The credit may be applied by the business entity receiving  
38 the certificate as credit against tax imposed on business related  
39 income including, but not limited to, business income subject to the  
40 provisions of the Corporation Business Tax Act (1945), P.L.1945,  
41 c.162 (C.54:10A-1 et al.), "New Jersey Gross Income Tax Act,"  
42 N.J.S.54A:1-1 et seq., ["The Savings Institution Tax Act,"  
43 P.L.1973, c.31 (C.54:10D-1 et seq.),] the tax imposed on marine  
44 insurance companies pursuant to R.S.54:16-1 et seq., the tax  
45 imposed on insurers generally, pursuant to P.L.1945, c.132  
46 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed  
47 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the

1 petroleum products gross receipts tax imposed pursuant to section 3  
2 of P.L.1990, c.42 (C.54:15B-3).

3 For a taxpayer applying credit to liability due pursuant to the  
4 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the  
5 credit allowed pursuant to this section shall only be applied to the  
6 amount of gross income tax liability for the taxable year, which as a  
7 percentage of gross income tax liability, is equal to the percentage  
8 of the taxpayer's gross income that is attributable to the taxpayer's  
9 business entity through which the taxpayer provided the funding for  
10 the qualified project. For purposes of determining the amount of  
11 gross income tax liability to which a credit allowed pursuant to this  
12 section may be applied, gross income shall be calculated without  
13 the application of exclusions or deductions.

14 c. The credit allowed to a business entity under this section  
15 may not exceed for any taxable year \$1,000,000 or the total amount  
16 of tax otherwise payable by the business entity for the taxable year  
17 and, in addition, shall not exceed limitations placed on the amounts  
18 of credits or carryforward credits allowed, if any, under the relevant  
19 statute as enumerated in subsection b. of this section concerning the  
20 tax for which a credit is being claimed.

21 d. Credit shall not be allowed for activities for which the  
22 business entity is receiving credit under any other provision against  
23 any tax on business related income including, but not limited to, the  
24 corporation business tax, New Jersey gross income tax, corporate  
25 income tax, insurance premiums tax, petroleum products gross  
26 receipts tax, public utilities franchise tax, public utilities gross  
27 receipts tax, public utility excise tax, railroad franchise tax, and the  
28 saving institution tax.

29 e. The tax credit shall be awarded only for assistance provided  
30 within the same year in which the commissioner issued the  
31 certificate, or if the commissioner approved assistance for more  
32 than one year, within the year in which payment was scheduled and  
33 made. The provisions of this subsection may be waived for good  
34 cause shown.

35 f. The total tax credits certified for all qualified projects  
36 proposed in a fiscal year shall not exceed **[\$10,000,000]**  
37 \$15,000,000.

38 (cf: P.L.2013, c.61, s.1)

39

40 3. Section 5 of P.L.2001, c.415 (C.52:27D-494) is amended to  
41 read as follows:

42 5. a. The department shall determine whether a neighborhood  
43 preservation and revitalization plan should be approved. The  
44 department shall approve a neighborhood preservation and  
45 revitalization plan if it satisfies the following standards:

- 46 (1) the plan designates an eligible neighborhood; and  
47 (2) The plan was developed through a process that

1 (a) gave written notice to the municipality in which the  
2 neighborhood is located of its intention to develop a plan and  
3 utilized reasonable means to inform residents, property owners, and  
4 businesses in the neighborhood of its intention to develop a plan  
5 and provided opportunities for them to participate in the  
6 development of the plan;

7 (b) gave written notice to the municipality in which the  
8 neighborhood is located of the proposed plan and provided an  
9 opportunity for it to comment upon it orally and in writing,  
10 complied with all of the requirements of the "Municipal Land Use  
11 Law," P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan,  
12 utilized reasonable means to inform residents, property owners, and  
13 businesses in the neighborhood of the proposed plan and provided  
14 an opportunity for them to comment upon it orally and in writing;  
15 and

16 (c) involved consultation with nonprofit organizations located  
17 within the neighborhood or providing services to residents of the  
18 neighborhood;

19 (3) The plan is not inconsistent with

20 **[(a)]** any redevelopment plan adopted pursuant to the "Local  
21 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et  
22 seq.), and currently being implemented **];** or

23 (b) any neighborhood empowerment plan approved by the State  
24 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64)**];**

25 (4) The plan sets forth an overall concept of the future of the  
26 neighborhood; one or more strategies to foster preservation and  
27 revitalization of the neighborhood in accordance with that concept;  
28 one or more activities, including housing and economic  
29 development activities and other preservation and revitalization  
30 activities proposed within the neighborhood to foster preservation  
31 and revitalization of the neighborhood in furtherance of those  
32 strategies, including a description of funding sources obtained or to  
33 be sought for the planned activities and a timetable for the conduct  
34 of those activities; and

35 (5) The plan covers a period of **[no less than two and]** no more  
36 than ten years.

37 b. A nonprofit organization may, in submitting a proposed plan  
38 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a  
39 redevelopment plan adopted pursuant to the "Local Redevelopment  
40 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and  
41 currently being implemented **];** or a State-approved neighborhood  
42 empowerment plan pursuant to section 49 of P.L.1996, c.62  
43 (C.55:19-64)**],** as its neighborhood preservation and revitalization  
44 plan or a neighborhood preservation and revitalization plan  
45 previously approved by the department.

46 c. A nonprofit organization that has submitted a neighborhood  
47 preservation and revitalization plan to the department may seek to

1 amend it at any time. The department shall approve amendments if  
2 they comply with the standards set forth in subsection a. of this  
3 section.

4 (cf: P.L.2003, c.59, s.2)

5

6 4. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to  
7 read as follows:

8 7. a. The commissioner shall determine, in accordance with  
9 law and regulation, whether to issue a certificate based upon  
10 proposed assistance by a business entity to a nonprofit organization  
11 to implement a qualified project.

12 b. The commissioner shall issue a certificate if the proposed  
13 assistance satisfies the following standards:

14 (1) The assistance is to be used for a qualified neighborhood  
15 preservation and revitalization project;

16 (2) The assistance is not less than \$25,000 in each tax year for  
17 which credit is sought. Assistance may be approved for the current  
18 tax year and up to four additional years in the future. If assistance  
19 is approved for years other than the current tax year, the approval  
20 shall include a schedule showing the amount of assistance to be  
21 provided in each year;

22 (3) Neither the business entity nor any wholly owned subsidiary  
23 has previously failed to provide assistance to a nonprofit  
24 organization for which approval was granted. This requirement  
25 may be waived by the department upon a showing of good cause;  
26 and

27 (4) The total of all assistance approved on behalf of a nonprofit  
28 organization per project does not exceed \$1,000,000.

29 c. Within ~~60~~ 30 days from the date of issuance of the  
30 certificate, the business entity shall pay the amount specified in the  
31 certificate that is due in the current tax year to the department for  
32 deposit into the Neighborhood Revitalization Non-lapsing Trust  
33 Fund created pursuant to section 5 of P.L.2003, c.59 (C.52:27D-  
34 500). In the case of assistance approved for years other than the  
35 current tax year, the business entity shall pay the amount specified  
36 no later than the anniversary of the date on which the first payment  
37 is due. The commissioner may extend the date payment is due for  
38 good cause shown, but no extension shall be granted where the  
39 business entity did not submit a written request for the extension at  
40 least ~~fifteen~~ seven days prior to the date payment is due.

41 d. The commissioner shall issue certificates to business entities  
42 applying for certificates and meeting the requirements of this  
43 section, up to the maximum amount of tax credits permitted under  
44 section 3 of P.L.2001, c.415 (C.52:27D-492), in the following  
45 order:

46 (1) those business entities specifying a project which has been  
47 approved by the department and providing assistance which is equal

1 to the amount requested by the nonprofit organization submitting  
2 the project.

3 (2) those business entities not specifying a particular project, but  
4 which are willing to provide assistance for approved projects  
5 seeking assistance. The commissioner shall issue each business  
6 entity providing assistance with a certificate specifying the project  
7 to which the assistance will be provided and shall pool applications  
8 by business entities in order to provide the amount of assistance  
9 requested by each nonprofit organization submitting each project.

10 (3) those business entities not specifying a particular project, but  
11 which are willing to provide assistance, and for which no project  
12 approved by the department is available. The commissioner shall  
13 issue the certificate without specifying the project to which the  
14 assistance will be provided, and will deposit the amount set forth in  
15 the certificate in the Neighborhood Revitalization Non-lapsing  
16 Trust Fund created pursuant to section 5 of P.L.2003, c.59  
17 (C.52:27D-500) in accordance with the provisions of this section.

18 e. In any year that the dollar amount of assistance sought by  
19 approved projects shall exceed the amount of assistance available,  
20 the department shall allocate any funds in the trust fund for which  
21 no project has been specified to provide assistance to such projects.  
22 At such time the department will issue the business entity an  
23 amended certificate specifying the project for which the assistance  
24 is being provided.

25 f. The department shall use any interest earnings on the funds  
26 in the trust fund in any manner that lawfully furthers the purposes  
27 of P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not  
28 limited to, providing funds to qualified entities to provide training  
29 and technical assistance to nonprofit organizations eligible to  
30 prepare plans and submit projects under P.L. 2001, c. 415  
31 (C. 52:27D-490 et seq.).  
32 (cf: P.L.2003, c.59, s.3)

33  
34 5. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to  
35 read as follows:

36 9. a. In order to administer the neighborhood preservation and  
37 revitalization tax credit program, the department shall establish any  
38 necessary forms, procedures or rules to effectuate **[this act]**  
39 P.L.2001, c.415 (C.52:27D-490 et seq.), in accordance with the  
40 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
41 seq.). The department shall seek to foster use of the tax credit and to  
42 make the tax credit simple to apply for and simple to use.

43 b. The department shall act as a clearinghouse. It shall maintain  
44 lists of qualified projects and of business entities that have  
45 expressed a desire to provide assistance to qualified projects. The  
46 department shall pool applications from business entities in order to  
47 provide assistance to qualified projects as provided in section 7 of  
48 P.L.2001, c.415 (C.52:27D-496).

1 c. The department shall give priority in processing to  
2 applications that demonstrate a multi-year commitment by the  
3 business entity to implementation of the neighborhood preservation  
4 and revitalization plan.

5 d. The department shall submit to the Governor and Legislature  
6 an annual report which shall include at least:

7 (1) the purpose and effectiveness of the credit;

8 (2) the benefits of the credit to the State;

9 (3) any recommendations by the department as to changes in  
10 legislation needed to better carry out the purposes of P.L.2001,  
11 c.415 (C.52:27D-490 et seq.).

12 e. For each application by, or on behalf of, a business entity to  
13 approve assistance for a project, the department may charge a fee of  
14 up to **[1.5]** five percent of the amount of assistance proposed, or  
15 approved, whichever is less, to pay for the administration of this  
16 program. The department may require that up to one third of this  
17 amount be paid at the time of submission of the application or  
18 declaration of intent, and that the balance be taken from the amount  
19 deposited into the trust fund upon deposit therein.

20 (cf: P.L.2003, c.59, s.4)

21

22 6. This act shall take effect immediately.

23

24

25

#### STATEMENT

26

27 This bill revises the neighborhood revitalization tax credit  
28 program to increase the total amount of tax credits that may be  
29 annually awarded, amend the definition of an eligible  
30 neighborhood, and provide certain other changes.

31 The neighborhood revitalization tax credit program provides tax  
32 credits to business entities that provide financial assistance to non-  
33 profit organizations to support housing and economic development  
34 projects in eligible neighborhoods. Under current law, the State  
35 may annually allocate a maximum of \$10 million in neighborhood  
36 revitalization tax credits. The bill increases this amount to \$15  
37 million per fiscal year. This revision is intended to allow the State  
38 to expend the \$15 million in neighborhood revitalization tax credits  
39 that were anticipated in the FY2019 budget.

40 The bill also amends the definition of an “eligible neighborhood”  
41 for the purposes of the neighborhood revitalization tax credit  
42 program. Provided certain exceptions, an eligible neighborhood is  
43 currently required to be located in: (1) a municipality that was  
44 previously eligible for “Special Municipal Aid,” or (2) a school  
45 district that previously qualified as an “Abbott district.”

46 The bill instead provides that an eligible neighborhood includes  
47 any contiguous area located in one or more municipalities that is  
48 designated by the Commissioner of Community Affairs based on

1 factors including, but not limited to: population change, non-  
2 seasonal housing vacancy rates, total household and child recipients  
3 of the Temporary Assistance for Needy Families or a successor  
4 program, poverty levels, unemployment rates, high school  
5 completion rates, median household income, property tax rates, and  
6 equalized property valuation per capita.

7 In addition, the bill makes the following revisions to the  
8 neighborhood revitalization tax credit program:

9 (1) reduces the period of time in which a business entity is  
10 required to provide program funding from 60 days to 30 days  
11 following the receipt of a tax credit certification;

12 (2) reduces the period of time in which a business entity may  
13 request a payment extension from 15 days to seven days prior to the  
14 payment due date;

15 (3) increases the application fee that may be imposed by the  
16 Department of Community Affairs to support the administrative  
17 costs of the program;

18 (4) replaces reference to “neighborhood empowerment plans,”  
19 which are no longer in effect;

20 (5) removes the requirement that a neighborhood preservation  
21 and revitalization plan cover a period of no less than two years; and

22 (6) removes reference to “The Savings Institution Tax Act,”  
23 which was repealed in 2002.

24

25

26

27

28 Revises neighborhood revitalization tax credit program to  
29 increase permitted annual tax credit allocation to \$15 million.

# SENATE, No. 3599

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 18, 2019

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblywoman MILA M. JASEY**

**District 27 (Essex and Morris)**

**Assemblywoman SHANIQUE SPEIGHT**

**District 29 (Essex)**

**Co-Sponsored by:**

**Senator Stack, Assemblywoman McKnight and Assemblyman Spearman**

**SYNOPSIS**

Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/28/2019)**

S3599 SINGLETON

2

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2 program and amending P.L.2001, c.415.

3

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

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8 read as follows:

9 2. As used in **[this act]** P.L.2001, c.415 (C.52:27D-  
10 490 et seq.):

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12 provision of neighborhood preservation and revitalization services  
13 or community services.

14 "Business entity" means any business firm or individual which is  
15 authorized to conduct or operate a trade or business in the State and  
16 is subject to taxes on business related income.

17 "Certificate for neighborhood revitalization State tax credits"  
18 means the certificate in the form prescribed by the Treasurer and  
19 issued by the commissioner to a business entity that specifies the  
20 dollar amount of neighborhood preservation and revitalization State  
21 tax credits that business entity may take as an annual credit against  
22 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-  
23 490 et seq.).

24 "Commissioner" means the Commissioner of Community  
25 Affairs.

26 "Department" means the Department of Community Affairs.

27 "Eligible neighborhood" means: a. a contiguous area located in  
28 one or more municipalities that, at the time of the application to the  
29 department for approval of a neighborhood preservation and  
30 revitalization plan, **[are either eligible to receive aid under the**  
31 **"Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-**  
32 **118.24 et seq.) or coextensive with a school district which qualified**  
33 **prior to the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.)**  
34 **for designation as an "Abbott district" pursuant to the**  
35 **"Comprehensive Educational Improvement and Financing Act of**  
36 **1996," P.L.1996, c.138 (C.18A:7F-1 et al.)]** shall be designated by  
37 the commissioner based on factors including, but not limited to,  
38 population change, non-seasonal housing vacancy rates, total  
39 household and child recipients of the Temporary Assistance for  
40 Needy Families or a successor program, poverty levels,  
41 unemployment rates, high school completion rates, median  
42 household income, property tax rates, and equalized property  
43 valuation per capita; or b. an area that (1) is adjacent to a  
44 neighborhood that fulfills the requirements of subsection a. of this  
45 definition, and has received approval of a neighborhood

**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 preservation and revitalization plan pursuant to section 5 of  
2 P.L.2001, c.415 (C.52:27D-494); (2) increases the area of the  
3 adjacent eligible neighborhood by no more than 25 percent; and (3)  
4 shares similar characteristics as determined by the commissioner or  
5 the commissioner's designee.

6 "Housing and economic development activities" means those  
7 activities carried out in furtherance of a neighborhood preservation  
8 and revitalization plan in an eligible neighborhood approved  
9 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the  
10 housing and economic conditions of the neighborhood; and shall  
11 include, without limitation, measures to foster the rehabilitation and  
12 construction of housing affordable to low and moderate income  
13 households within the neighborhood, including planning, design,  
14 rehabilitation, construction, and management of low and moderate  
15 income housing, home buyer counseling, and related activities  
16 needed to effectuate the rehabilitation and construction of housing  
17 affordable to low and moderate income households; measures to  
18 increase business activity within the neighborhood, including the  
19 rehabilitation and construction of commercial facilities and the  
20 provision of assistance to small business entities; and measures to  
21 increase the income and labor force participation of neighborhood  
22 residents, including provision of education, training, child care and  
23 transportation assistance to enable low income neighborhood  
24 residents to obtain or retain employment.

25 "Low income household" means a household whose gross  
26 household income is less than 50 percent of the median gross  
27 household income for the region in which the neighborhood is  
28 located for households of similar size as determined by the  
29 department.

30 "Moderate income household" means a household whose gross  
31 household income is greater than or equal to 50 percent but less  
32 than 80 percent of the median gross household income of the region  
33 in which the neighborhood is located for households of similar size  
34 as determined by the department.

35 "Neighborhood preservation and revitalization activities" means  
36 housing and economic development activities and other  
37 neighborhood preservation and revitalization activities.

38 "Neighborhood Revitalization Plan" means a plan for the  
39 preservation or revitalization of an eligible neighborhood.

40 "Nonprofit organization" means a private nonprofit corporation  
41 that has been determined by the Internal Revenue Service of the  
42 United States Department of the Treasury to be exempt from  
43 income taxation under 26 U.S.C.s.501(c)(3).

44 "Other Neighborhood Revitalization Activities" means those  
45 activities, other than housing and economic development activities,  
46 carried out in furtherance of a State-approved neighborhood  
47 preservation and revitalization plan in a qualified low and moderate  
48 income neighborhood, and may include, without limitation,

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1 improvements to infrastructure, street scape, public open space, and  
2 transportation systems; provision of social and community services,  
3 health care, crime prevention, recreation activities, community and  
4 environmental health services; and community outreach and  
5 organizing activities.

6 "Qualified nonprofit organization" means a nonprofit  
7 organization that has demonstrated a commitment to the  
8 neighborhood for which it is submitting a plan or project, as  
9 reflected in its past activities or proposed activities in a preservation  
10 and revitalization plan.

11 "Qualified project" means one or more housing and economic  
12 development activities and which may also include one or more  
13 other neighborhood revitalization activities to be carried out in  
14 accordance with a neighborhood revitalization plan as approved by  
15 the commissioner with funds provided by a business entity eligible  
16 to receive a certificate for neighborhood revitalization State tax  
17 credits.

18 "Similar characteristics" means comparable socioeconomic  
19 qualities as determined by the commissioner or his designee, using  
20 the smallest Census unit for which data are available.

21 (cf: P.L.2009, c.120, s.1)

22

23 2. Section 3 of P.L.2001, c.415 (C.52:27D-492) is amended to  
24 read as follows:

25 3. A business entity shall be eligible for a certificate for  
26 neighborhood revitalization State tax credits if it has provided  
27 funding for a qualified project that has been approved in accordance  
28 with sections 4 and 5 of P.L.2001, c.415 (C.52:27D-493 and  
29 C.52:27D-494).

30 a. Credits may be granted in an amount up to 100 percent of  
31 the approved assistance provided to a nonprofit organization to  
32 implement a qualified neighborhood preservation and revitalization  
33 project.

34 b. The credit may be applied by the business entity receiving  
35 the certificate as credit against tax imposed on business related  
36 income including, but not limited to, business income subject to the  
37 provisions of the Corporation Business Tax Act (1945), P.L.1945,  
38 c.162 (C.54:10A-1 et al.), "New Jersey Gross Income Tax Act,"  
39 N.J.S.54A:1-1 et seq., ["The Savings Institution Tax Act,"  
40 P.L.1973, c.31 (C.54:10D-1 et seq.),] the tax imposed on marine  
41 insurance companies pursuant to R.S.54:16-1 et seq., the tax  
42 imposed on insurers generally, pursuant to P.L.1945, c.132  
43 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed  
44 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the  
45 petroleum products gross receipts tax imposed pursuant to section 3  
46 of P.L.1990, c.42 (C.54:15B-3).

47 For a taxpayer applying credit to liability due pursuant to the  
48 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the

1 credit allowed pursuant to this section shall only be applied to the  
2 amount of gross income tax liability for the taxable year, which as a  
3 percentage of gross income tax liability, is equal to the percentage  
4 of the taxpayer's gross income that is attributable to the taxpayer's  
5 business entity through which the taxpayer provided the funding for  
6 the qualified project. For purposes of determining the amount of  
7 gross income tax liability to which a credit allowed pursuant to this  
8 section may be applied, gross income shall be calculated without  
9 the application of exclusions or deductions.

10 c. The credit allowed to a business entity under this section  
11 may not exceed for any taxable year \$1,000,000 or the total amount  
12 of tax otherwise payable by the business entity for the taxable year  
13 and, in addition, shall not exceed limitations placed on the amounts  
14 of credits or carryforward credits allowed, if any, under the relevant  
15 statute as enumerated in subsection b. of this section concerning the  
16 tax for which a credit is being claimed.

17 d. Credit shall not be allowed for activities for which the  
18 business entity is receiving credit under any other provision against  
19 any tax on business related income including, but not limited to, the  
20 corporation business tax, New Jersey gross income tax, corporate  
21 income tax, insurance premiums tax, petroleum products gross  
22 receipts tax, public utilities franchise tax, public utilities gross  
23 receipts tax, public utility excise tax, railroad franchise tax, and the  
24 saving institution tax.

25 e. The tax credit shall be awarded only for assistance provided  
26 within the same year in which the commissioner issued the  
27 certificate, or if the commissioner approved assistance for more  
28 than one year, within the year in which payment was scheduled and  
29 made. The provisions of this subsection may be waived for good  
30 cause shown.

31 f. The total tax credits certified for all qualified projects  
32 proposed in a fiscal year shall not exceed **[\$10,000,000]**  
33 \$15,000,000.

34 (cf: P.L.2013, c.61, s.1)

35

36 3. Section 5 of P.L.2001, c.415 (C.52:27D-494) is amended to  
37 read as follows:

38 5. a. The department shall determine whether a neighborhood  
39 preservation and revitalization plan should be approved. The  
40 department shall approve a neighborhood preservation and  
41 revitalization plan if it satisfies the following standards:

42 (1) the plan designates an eligible neighborhood; and

43 (2) The plan was developed through a process that

44 (a) gave written notice to the municipality in which the  
45 neighborhood is located of its intention to develop a plan and  
46 utilized reasonable means to inform residents, property owners, and  
47 businesses in the neighborhood of its intention to develop a plan

1 and provided opportunities for them to participate in the  
2 development of the plan;

3 (b) gave written notice to the municipality in which the  
4 neighborhood is located of the proposed plan and provided an  
5 opportunity for it to comment upon it orally and in writing,  
6 complied with all of the requirements of the "Municipal Land Use  
7 Law," P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan,  
8 utilized reasonable means to inform residents, property owners, and  
9 businesses in the neighborhood of the proposed plan and provided  
10 an opportunity for them to comment upon it orally and in writing;  
11 and

12 (c) involved consultation with nonprofit organizations located  
13 within the neighborhood or providing services to residents of the  
14 neighborhood;

15 (3) The plan is not inconsistent with

16 **[(a)]** any redevelopment plan adopted pursuant to the "Local  
17 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et  
18 seq.), and currently being implemented **]**; or

19 (b) any neighborhood empowerment plan approved by the State  
20 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64)**]**;

21 (4) The plan sets forth an overall concept of the future of the  
22 neighborhood; one or more strategies to foster preservation and  
23 revitalization of the neighborhood in accordance with that concept;  
24 one or more activities, including housing and economic  
25 development activities and other preservation and revitalization  
26 activities proposed within the neighborhood to foster preservation  
27 and revitalization of the neighborhood in furtherance of those  
28 strategies, including a description of funding sources obtained or to  
29 be sought for the planned activities and a timetable for the conduct  
30 of those activities; and

31 (5) The plan covers a period of **[no less than two and]** no more  
32 than ten years.

33 b. A nonprofit organization may, in submitting a proposed plan  
34 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a  
35 redevelopment plan adopted pursuant to the "Local Redevelopment  
36 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and  
37 currently being implemented **]**; or a State-approved neighborhood  
38 empowerment plan pursuant to section 49 of P.L.1996, c.62  
39 (C.55:19-64)**]** , as its neighborhood preservation and revitalization  
40 plan or a neighborhood preservation and revitalization plan  
41 previously approved by the department.

42 c. A nonprofit organization that has submitted a neighborhood  
43 preservation and revitalization plan to the department may seek to  
44 amend it at any time. The department shall approve amendments if  
45 they comply with the standards set forth in subsection a. of this  
46 section.

47 (cf: P.L.2003, c.59, s.2)

S3599 SINGLETON

1       4. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to  
2 read as follows:

3       7. a. The commissioner shall determine, in accordance with  
4 law and regulation, whether to issue a certificate based upon  
5 proposed assistance by a business entity to a nonprofit organization  
6 to implement a qualified project.

7       b. The commissioner shall issue a certificate if the proposed  
8 assistance satisfies the following standards:

9       (1) The assistance is to be used for a qualified neighborhood  
10 preservation and revitalization project;

11       (2) The assistance is not less than \$25,000 in each tax year for  
12 which credit is sought. Assistance may be approved for the current  
13 tax year and up to four additional years in the future. If assistance  
14 is approved for years other than the current tax year, the approval  
15 shall include a schedule showing the amount of assistance to be  
16 provided in each year;

17       (3) Neither the business entity nor any wholly owned subsidiary  
18 has previously failed to provide assistance to a nonprofit  
19 organization for which approval was granted. This requirement  
20 may be waived by the department upon a showing of good cause;  
21 and

22       (4) The total of all assistance approved on behalf of a nonprofit  
23 organization per project does not exceed \$1,000,000.

24       c. Within ~~60~~ 30 days from the date of issuance of the  
25 certificate, the business entity shall pay the amount specified in the  
26 certificate that is due in the current tax year to the department for  
27 deposit into the Neighborhood Revitalization Non-lapsing Trust  
28 Fund created pursuant to section 5 of P.L.2003, c.59 (C.52:27D-  
29 500). In the case of assistance approved for years other than the  
30 current tax year, the business entity shall pay the amount specified  
31 no later than the anniversary of the date on which the first payment  
32 is due. The commissioner may extend the date payment is due for  
33 good cause shown, but no extension shall be granted where the  
34 business entity did not submit a written request for the extension at  
35 least ~~fifteen~~ seven days prior to the date payment is due.

36       d. The commissioner shall issue certificates to business entities  
37 applying for certificates and meeting the requirements of this  
38 section, up to the maximum amount of tax credits permitted under  
39 section 3 of P.L.2001, c.415 (C.52:27D-492), in the following  
40 order:

41       (1) those business entities specifying a project which has been  
42 approved by the department and providing assistance which is equal  
43 to the amount requested by the nonprofit organization submitting  
44 the project.

45       (2) those business entities not specifying a particular project, but  
46 which are willing to provide assistance for approved projects  
47 seeking assistance. The commissioner shall issue each business  
48 entity providing assistance with a certificate specifying the project

1 to which the assistance will be provided and shall pool applications  
2 by business entities in order to provide the amount of assistance  
3 requested by each nonprofit organization submitting each project.

4 (3) those business entities not specifying a particular project, but  
5 which are willing to provide assistance, and for which no project  
6 approved by the department is available. The commissioner shall  
7 issue the certificate without specifying the project to which the  
8 assistance will be provided, and will deposit the amount set forth in  
9 the certificate in the Neighborhood Revitalization Non-lapsing  
10 Trust Fund created pursuant to section 5 of P.L.2003, c.59  
11 (C.52:27D-500) in accordance with the provisions of this section.

12 e. In any year that the dollar amount of assistance sought by  
13 approved projects shall exceed the amount of assistance available,  
14 the department shall allocate any funds in the trust fund for which  
15 no project has been specified to provide assistance to such projects.  
16 At such time the department will issue the business entity an  
17 amended certificate specifying the project for which the assistance  
18 is being provided.

19 f. The department shall use any interest earnings on the funds  
20 in the trust fund in any manner that lawfully furthers the purposes  
21 of P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not  
22 limited to, providing funds to qualified entities to provide training  
23 and technical assistance to nonprofit organizations eligible to  
24 prepare plans and submit projects under P.L. 2001, c. 415  
25 (C. 52:27D-490 et seq.).  
26 (cf: P.L.2003, c.59, s.3)

27  
28 5. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to  
29 read as follows:

30 9. a. In order to administer the neighborhood preservation and  
31 revitalization tax credit program, the department shall establish any  
32 necessary forms, procedures or rules to effectuate **[this act]**  
33 P.L.2001, c.415 (C.52:27D-490 et seq.), in accordance with the  
34 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
35 seq.). The department shall seek to foster use of the tax credit and to  
36 make the tax credit simple to apply for and simple to use.

37 b. The department shall act as a clearinghouse. It shall maintain  
38 lists of qualified projects and of business entities that have  
39 expressed a desire to provide assistance to qualified projects. The  
40 department shall pool applications from business entities in order to  
41 provide assistance to qualified projects as provided in section 7 of  
42 P.L.2001, c.415 (C.52:27D-496).

43 c. The department shall give priority in processing to  
44 applications that demonstrate a multi-year commitment by the  
45 business entity to implementation of the neighborhood preservation  
46 and revitalization plan.

47 d. The department shall submit to the Governor and Legislature  
48 an annual report which shall include at least:

- 1 (1) the purpose and effectiveness of the credit;
- 2 (2) the benefits of the credit to the State;
- 3 (3) any recommendations by the department as to changes in
- 4 legislation needed to better carry out the purposes of P.L.2001,
- 5 c.415 (C.52:27D-490 et seq.).

6 e. For each application by, or on behalf of, a business entity to  
7 approve assistance for a project, the department may charge a fee of  
8 up to **[1.5]** five percent of the amount of assistance proposed, or  
9 approved, whichever is less, to pay for the administration of this  
10 program. The department may require that up to one third of this  
11 amount be paid at the time of submission of the application or  
12 declaration of intent, and that the balance be taken from the amount  
13 deposited into the trust fund upon deposit therein.

14 (cf: P.L.2003, c.59, s.4)

15

16 6. This act shall take effect immediately.

17

18

19

#### STATEMENT

20

21 This bill revises the neighborhood revitalization tax credit  
22 program to increase the total amount of tax credits that may be  
23 annually awarded, amend the definition of an eligible  
24 neighborhood, and provide certain other changes.

25 The neighborhood revitalization tax credit program provides tax  
26 credits to business entities that provide financial assistance to non-  
27 profit organizations to support housing and economic development  
28 projects in eligible neighborhoods. Under current law, the State  
29 may annually allocate a maximum of \$10 million in neighborhood  
30 revitalization tax credits. The bill increases this amount to \$15  
31 million per fiscal year. This revision is intended to allow the State  
32 to expend the \$15 million in neighborhood revitalization tax credits  
33 that were anticipated in the FY2019 budget.

34 The bill also amends the definition of an “eligible neighborhood”  
35 for the purposes of the neighborhood revitalization tax credit  
36 program. Provided certain exceptions, an eligible neighborhood is  
37 currently required to be located in: (1) a municipality that was  
38 previously eligible for “Special Municipal Aid,” or (2) a school  
39 district that previously qualified as an “Abbott district.”

40 The bill instead provides that an eligible neighborhood includes  
41 any contiguous area located in one or more municipalities that is  
42 designated by the Commissioner of Community Affairs based on  
43 factors including, but not limited to: population change, non-  
44 seasonal housing vacancy rates, total household and child recipients  
45 of the Temporary Assistance for Needy Families or a successor  
46 program, poverty levels, unemployment rates, high school  
47 completion rates, median household income, property tax rates, and  
48 equalized property valuation per capita.

**S3599 SINGLETON**

10

1       In addition, the bill makes the following revisions to the  
2 neighborhood revitalization tax credit program:

3       (1) reduces the period of time in which a business entity is  
4 required to provide program funding from 60 days to 30 days  
5 following the receipt of a tax credit certification;

6       (2) reduces the period of time in which a business entity may  
7 request a payment extension from 15 days to seven days prior to the  
8 payment due date;

9       (3) increases the application fee that may be imposed by the  
10 Department of Community Affairs to support the administrative  
11 costs of the program;

12       (4) replaces reference to “neighborhood empowerment plans,”  
13 which are no longer in effect;

14       (5) removes the requirement that a neighborhood preservation  
15 and revitalization plan cover a period of no less than two years; and

16       (6) removes reference to “The Savings Institution Tax Act,”  
17 which was repealed in 2002.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 3599

# STATE OF NEW JERSEY

DATED: MARCH 25, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3599.

This bill revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be annually awarded, amend the definition of an eligible neighborhood, and provide certain other changes.

The neighborhood revitalization tax credit program provides tax credits to business entities that provide financial assistance to non-profit organizations to support housing and economic development projects in eligible neighborhoods. Under current law, the State may annually allocate a maximum of \$10 million in neighborhood revitalization tax credits. The bill increases this amount to \$15 million per fiscal year. This revision is intended to allow the State to expend the \$15 million in neighborhood revitalization tax credits that were anticipated in the FY2019 budget.

The bill also amends the definition of an “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Provided certain exceptions, an eligible neighborhood is currently required to be located in: (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district.” The bill instead provides that an eligible neighborhood includes any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program:

(1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification;

(2) reduces the period of time in which a business entity may request a payment extension from 15 days to seven days prior to the payment due date;

(3) increases the application fee that may be imposed by the Department of Community Affairs to support the administrative costs of the program;

(4) removes reference to “neighborhood empowerment plans,” which are no longer in effect;

(5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than two years; and

(6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 3599

# STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3599.

Senate Bill No. 3599 revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be annually awarded, amend the definition of an eligible neighborhood, and provide certain other changes.

The neighborhood revitalization tax credit program provides tax credits to business entities that provide financial assistance to non-profit organizations to support housing and economic development projects in eligible neighborhoods. Under current law, the State may annually allocate a maximum of \$10 million in neighborhood revitalization tax credits. The bill increases this amount to \$15 million per fiscal year. This revision is intended to allow the State to expend the \$15 million in neighborhood revitalization tax credits that were anticipated in the FY2019 budget.

The bill also amends the definition of an “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Provided certain exceptions, an eligible neighborhood is currently required to be located in: (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district.” The bill instead provides that an eligible neighborhood includes any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program:

(1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification;

(2) reduces the period of time in which a business entity may request a payment extension from 15 days to seven days prior to the payment due date;

(3) increases the application fee that may be imposed by the Department of Community Affairs to support the administrative costs of the program;

(4) removes reference to “neighborhood empowerment plans,” which are no longer in effect;

(5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than two years; and

(6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will cause an annual State revenue loss of up to \$5 million, reflecting the increase in the cap on neighborhood revitalization tax credits from \$10 million to \$15 million per year.

Additionally, the bill may raise annual State revenue collections but only if the Department of Community Affairs were to exercise the authority granted under the bill to increase the application fee it imposes on businesses that apply for neighborhood revitalization tax credits. Absent information from the department, the OLS cannot determine whether, and to what extent, the department may exercise this authority. The bill increases the maximum fee percentage from 1.5 percent to 5.0 percent of the amount of assistance proposed, or approved, whichever is less, to pay for the administration of the program.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3599**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JUNE 26, 2019

**SUMMARY**

**Synopsis:** Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**Type of Impact:** Annual State revenue decrease.

**Agencies Affected:** Department of the Treasury; Department of Community Affairs.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1 and Thereafter</u></b>
<b>State Revenue Decrease</b>	Up to \$5 Million

- The Office of Legislative Services (OLS) estimates that the bill would result in an annual decrease in State revenues, not to exceed \$5 million, by increasing the annual cap on neighborhood revitalization tax credits from \$10 million to \$15 million and expanding the program’s eligibility criteria.
- The bill permits the Department of Community Affairs (DCA) to increase the application fees imposed on neighborhood revitalization tax credit applicants. The bill is, therefore, expected to increase annual State revenues if the DCA increases application fees.

**BILL DESCRIPTION**

This bill revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be awarded annually, amends the definition of an eligible neighborhood, and provides certain other changes.

The neighborhood revitalization tax credit program provides tax credits to business entities that provide funding to non-profit organizations to support housing and economic development projects in eligible neighborhoods. Under current law, the State may annually allocate a maximum of \$10 million in neighborhood revitalization tax credits. The bill increases this amount to \$15 million per fiscal year.

The bill also amends the definition of an “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Under current law, an eligible neighborhood is

required to be located in: (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district.” The bill instead provides that an eligible neighborhood includes any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program: (1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification; (2) reduces the period of time in which a business entity may request a payment extension from 15 days to 7 days prior to the payment due date; (3) increases the application fee that may be imposed by the Department of Community Affairs to support the administrative costs of the program; (4) removes reference to “neighborhood empowerment plans,” which are no longer in effect; (5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than 2 years; and (6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that this bill would result in an annual decrease in State revenues, not to exceed \$5 million, if the annual tax credit cap is raised from \$10 million to \$15 million. The bill may also increase DCA revenues if the department elects to increase the application fee imposed on business entities, as permitted by the bill.

#### **The Neighborhood Revitalization Tax Credit Program**

The DCA administers the tax credit program, which currently operates as follows: (1) business entities apply to the DCA and pledge funds for eligible projects in return for credits against certain State tax liabilities, including the corporation business tax and the gross income tax; (2) the DCA issues the tax credits to those business entities, not to exceed \$10 million in total per fiscal year, and the business pays the amount pledged for deposit into a non-lapsing trust fund; (3) qualified non-profit organizations submit applications (i.e. neighborhood revitalization plans) to the DCA to request financial assistance to defray the costs of completing projects; and (4) the DCA awards funds out of the amounts submitted by the business entities to selected non-profit organizations that complete the projects.

The OLS estimates that the bill would result in an annual decrease in State revenues, not to exceed \$5 million, by increasing the annual cap on neighborhood revitalization tax credits from \$10 million to \$15 million and broadening program’s eligibility criteria. Although the OLS is unable to determine exactly how much of the additional cap space will be utilized, program

information in the FY 2019 OLS Discussion Points shows that the \$10 million tax credit ceiling was attained annually since FY 2010.

Application fees

The bill also permits the DCA to increase the application fee imposed on business entities that apply for neighborhood revitalization tax credits from 1.5 percent to 5 percent of the amount of assistance proposed, or approved, whichever is less. The application fees are used to pay for the administration of the program. As a result, the OLS expects the bill to increase DCA revenues to the extent that the department exercises this authority. However, absent information from the department, the OLS is unable to determine whether, and to what extent, the DCA will increase application fees.

*Section: Local Government*

*Analyst: Joseph A. Pezzulo  
Associate Research Analyst*

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

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

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

# ASSEMBLY, No. 5185

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 11, 2019

**Sponsored by:**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblywoman MILA M. JASEY**

**District 27 (Essex and Morris)**

**Assemblywoman SHANIQUE SPEIGHT**

**District 29 (Essex)**

**Co-Sponsored by:**

**Assemblywoman McKnight and Assemblyman Spearman**

**SYNOPSIS**

Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/28/2019)**

A5185 WIMBERLY, JASEY

2

1 AN ACT concerning the neighborhood revitalization tax credit  
2 program and amending P.L.2001, c.415.

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.2001, c.415 (C.52:27D-491) is amended to  
8 read as follows:

9 2. As used in **[this act]** P.L.2001, c.415 (C.52:27D-490 et  
10 seq.):

11 "Assistance" means the contribution of moneys to aid in the  
12 provision of neighborhood preservation and revitalization services  
13 or community services.

14 "Business entity" means any business firm or individual which is  
15 authorized to conduct or operate a trade or business in the State and  
16 is subject to taxes on business related income.

17 "Certificate for neighborhood revitalization State tax credits"  
18 means the certificate in the form prescribed by the Treasurer and  
19 issued by the commissioner to a business entity that specifies the  
20 dollar amount of neighborhood preservation and revitalization State  
21 tax credits that business entity may take as an annual credit against  
22 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et  
23 seq.).

24 "Commissioner" means the Commissioner of Community  
25 Affairs.

26 "Department" means the Department of Community Affairs.

27 "Eligible neighborhood" means: a. a contiguous area located in  
28 one or more municipalities that, at the time of the application to the  
29 department for approval of a neighborhood preservation and  
30 revitalization plan, **[are either eligible to receive aid under the**  
31 **"Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et**  
32 **seq.) or coextensive with a school district which qualified prior to**  
33 **the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.) for**  
34 **designation as an "Abbott district" pursuant to the "Comprehensive**  
35 **Educational Improvement and Financing Act of 1996," P.L.1996,**  
36 **c.138 (C.18A:7F-1 et al.)]** shall be designated by the commissioner  
37 based on factors including, but not limited to, population change,  
38 non-seasonal housing vacancy rates, total household and child  
39 recipients of the Temporary Assistance for Needy Families or a  
40 successor program, poverty levels, unemployment rates, high school  
41 completion rates, median household income, property tax rates, and  
42 equalized property valuation per capita; or b. an area that (1) is  
43 adjacent to a neighborhood that fulfills the requirements of  
44 subsection a. of this definition, and has received approval of a  
45 neighborhood preservation and revitalization plan pursuant to  
46 section 5 of P.L.2001, c.415 (C.52:27D-494); (2) increases the area

**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 of the adjacent eligible neighborhood by no more than 25 percent;  
2 and (3) shares similar characteristics as determined by the  
3 commissioner or the commissioner's designee.

4 "Housing and economic development activities" means those  
5 activities carried out in furtherance of a neighborhood preservation  
6 and revitalization plan in an eligible neighborhood approved  
7 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the  
8 housing and economic conditions of the neighborhood; and shall  
9 include, without limitation, measures to foster the rehabilitation and  
10 construction of housing affordable to low and moderate income  
11 households within the neighborhood, including planning, design,  
12 rehabilitation, construction, and management of low and moderate  
13 income housing, home buyer counseling, and related activities  
14 needed to effectuate the rehabilitation and construction of housing  
15 affordable to low and moderate income households; measures to  
16 increase business activity within the neighborhood, including the  
17 rehabilitation and construction of commercial facilities and the  
18 provision of assistance to small business entities; and measures to  
19 increase the income and labor force participation of neighborhood  
20 residents, including provision of education, training, child care and  
21 transportation assistance to enable low income neighborhood  
22 residents to obtain or retain employment.

23 "Low income household" means a household whose gross  
24 household income is less than 50 percent of the median gross  
25 household income for the region in which the neighborhood is  
26 located for households of similar size as determined by the  
27 department.

28 "Moderate income household" means a household whose gross  
29 household income is greater than or equal to 50 percent but less  
30 than 80 percent of the median gross household income of the region  
31 in which the neighborhood is located for households of similar size  
32 as determined by the department.

33 "Neighborhood preservation and revitalization activities" means  
34 housing and economic development activities and other  
35 neighborhood preservation and revitalization activities.

36 "Neighborhood Revitalization Plan" means a plan for the  
37 preservation or revitalization of an eligible neighborhood.

38 "Nonprofit organization" means a private nonprofit corporation  
39 that has been determined by the Internal Revenue Service of the  
40 United States Department of the Treasury to be exempt from  
41 income taxation under 26 U.S.C.s.501(c)(3).

42 "Other Neighborhood Revitalization Activities" means those  
43 activities, other than housing and economic development activities,  
44 carried out in furtherance of a State-approved neighborhood  
45 preservation and revitalization plan in a qualified low and moderate  
46 income neighborhood, and may include, without limitation,  
47 improvements to infrastructure, street scape, public open space, and  
48 transportation systems; provision of social and community services,

1 health care, crime prevention, recreation activities, community and  
2 environmental health services; and community outreach and  
3 organizing activities.

4 "Qualified nonprofit organization" means a nonprofit  
5 organization that has demonstrated a commitment to the  
6 neighborhood for which it is submitting a plan or project, as  
7 reflected in its past activities or proposed activities in a preservation  
8 and revitalization plan.

9 "Qualified project" means one or more housing and economic  
10 development activities and which may also include one or more  
11 other neighborhood revitalization activities to be carried out in  
12 accordance with a neighborhood revitalization plan as approved by  
13 the commissioner with funds provided by a business entity eligible  
14 to receive a certificate for neighborhood revitalization State tax  
15 credits.

16 "Similar characteristics" means comparable socioeconomic  
17 qualities as determined by the commissioner or his designee, using  
18 the smallest Census unit for which data are available.

19 (cf: P.L.2009, c.120, s.1)

20

21 2. Section 3 of P.L.2001, c.415 (C.52:27D-492) is amended to  
22 read as follows:

23 3. A business entity shall be eligible for a certificate for  
24 neighborhood revitalization State tax credits if it has provided  
25 funding for a qualified project that has been approved in accordance  
26 with sections 4 and 5 of P.L.2001, c.415 (C.52:27D-493 and  
27 C.52:27D-494).

28 a. Credits may be granted in an amount up to 100 percent of  
29 the approved assistance provided to a nonprofit organization to  
30 implement a qualified neighborhood preservation and revitalization  
31 project.

32 b. The credit may be applied by the business entity receiving  
33 the certificate as credit against tax imposed on business related  
34 income including, but not limited to, business income subject to the  
35 provisions of the Corporation Business Tax Act (1945), P.L.1945,  
36 c.162 (C.54:10A-1 et al.), "New Jersey Gross Income Tax Act,"  
37 N.J.S.54A:1-1 et seq., ["The Savings Institution Tax Act,"  
38 P.L.1973, c.31 (C.54:10D-1 et seq.),] the tax imposed on marine  
39 insurance companies pursuant to R.S.54:16-1 et seq., the tax  
40 imposed on insurers generally, pursuant to P.L.1945, c.132  
41 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed  
42 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the  
43 petroleum products gross receipts tax imposed pursuant to section 3  
44 of P.L.1990, c.42 (C.54:15B-3).

45 For a taxpayer applying credit to liability due pursuant to the  
46 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the  
47 credit allowed pursuant to this section shall only be applied to the  
48 amount of gross income tax liability for the taxable year, which as a

1 percentage of gross income tax liability, is equal to the percentage  
2 of the taxpayer's gross income that is attributable to the taxpayer's  
3 business entity through which the taxpayer provided the funding for  
4 the qualified project. For purposes of determining the amount of  
5 gross income tax liability to which a credit allowed pursuant to this  
6 section may be applied, gross income shall be calculated without  
7 the application of exclusions or deductions.

8 c. The credit allowed to a business entity under this section  
9 may not exceed for any taxable year \$1,000,000 or the total amount  
10 of tax otherwise payable by the business entity for the taxable year  
11 and, in addition, shall not exceed limitations placed on the amounts  
12 of credits or carryforward credits allowed, if any, under the relevant  
13 statute as enumerated in subsection b. of this section concerning the  
14 tax for which a credit is being claimed.

15 d. Credit shall not be allowed for activities for which the  
16 business entity is receiving credit under any other provision against  
17 any tax on business related income including, but not limited to, the  
18 corporation business tax, New Jersey gross income tax, corporate  
19 income tax, insurance premiums tax, petroleum products gross  
20 receipts tax, public utilities franchise tax, public utilities gross  
21 receipts tax, public utility excise tax, railroad franchise tax, and the  
22 saving institution tax.

23 e. The tax credit shall be awarded only for assistance provided  
24 within the same year in which the commissioner issued the  
25 certificate, or if the commissioner approved assistance for more  
26 than one year, within the year in which payment was scheduled and  
27 made. The provisions of this subsection may be waived for good  
28 cause shown.

29 f. The total tax credits certified for all qualified projects  
30 proposed in a fiscal year shall not exceed **[\$10,000,000]**  
31 \$15,000,000.

32 (cf: P.L.2013, c.61, s.1)

33

34 3. Section 5 of P.L.2001, c.415 (C.52:27D-494) is amended to  
35 read as follows:

36 5. a. The department shall determine whether a neighborhood  
37 preservation and revitalization plan should be approved. The  
38 department shall approve a neighborhood preservation and  
39 revitalization plan if it satisfies the following standards:

40 (1) the plan designates an eligible neighborhood; and

41 (2) The plan was developed through a process that

42 (a) gave written notice to the municipality in which the  
43 neighborhood is located of its intention to develop a plan and  
44 utilized reasonable means to inform residents, property owners, and  
45 businesses in the neighborhood of its intention to develop a plan  
46 and provided opportunities for them to participate in the  
47 development of the plan;

1 (b) gave written notice to the municipality in which the  
2 neighborhood is located of the proposed plan and provided an  
3 opportunity for it to comment upon it orally and in writing,  
4 complied with all of the requirements of the "Municipal Land Use  
5 Law," P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan,  
6 utilized reasonable means to inform residents, property owners, and  
7 businesses in the neighborhood of the proposed plan and provided  
8 an opportunity for them to comment upon it orally and in writing;  
9 and

10 (c) involved consultation with nonprofit organizations located  
11 within the neighborhood or providing services to residents of the  
12 neighborhood;

13 (3) The plan is not inconsistent with

14 **[(a)]** any redevelopment plan adopted pursuant to the  
15 "Local Redevelopment and Housing Law," P.L.1992, c.79  
16 (C.40A:12A-1 et seq.), and currently being implemented **];** or

17 (b) any neighborhood empowerment plan approved by the State  
18 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64)**];**

19 (4) The plan sets forth an overall concept of the future of the  
20 neighborhood; one or more strategies to foster preservation and  
21 revitalization of the neighborhood in accordance with that concept;  
22 one or more activities, including housing and economic  
23 development activities and other preservation and revitalization  
24 activities proposed within the neighborhood to foster preservation  
25 and revitalization of the neighborhood in furtherance of those  
26 strategies, including a description of funding sources obtained or to  
27 be sought for the planned activities and a timetable for the conduct  
28 of those activities; and

29 (5) The plan covers a period of **[no less than two and]** no more  
30 than ten years.

31 b. A nonprofit organization may, in submitting a proposed plan  
32 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a  
33 redevelopment plan adopted pursuant to the "Local Redevelopment  
34 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and  
35 currently being implemented **];** or a State-approved neighborhood  
36 empowerment plan pursuant to section 49 of P.L.1996, c.62  
37 (C.55:19-64)**],** as its neighborhood preservation and revitalization  
38 plan or a neighborhood preservation and revitalization plan  
39 previously approved by the department.

40 c. A nonprofit organization that has submitted a neighborhood  
41 preservation and revitalization plan to the department may seek to  
42 amend it at any time. The department shall approve amendments if  
43 they comply with the standards set forth in subsection a. of this  
44 section.

45 (cf: P.L.2003, c.59, s.2)

46

47 4. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to  
48 read as follows:

- 1       7. a. The commissioner shall determine, in accordance with law  
2 and regulation, whether to issue a certificate based upon proposed  
3 assistance by a business entity to a nonprofit organization to  
4 implement a qualified project.
- 5       b. The commissioner shall issue a certificate if the proposed  
6 assistance satisfies the following standards:
- 7       (1) The assistance is to be used for a qualified neighborhood  
8 preservation and revitalization project;
- 9       (2) The assistance is not less than \$25,000 in each tax year for  
10 which credit is sought. Assistance may be approved for the current  
11 tax year and up to four additional years in the future. If assistance  
12 is approved for years other than the current tax year, the approval  
13 shall include a schedule showing the amount of assistance to be  
14 provided in each year;
- 15       (3) Neither the business entity nor any wholly owned subsidiary  
16 has previously failed to provide assistance to a nonprofit  
17 organization for which approval was granted. This requirement  
18 may be waived by the department upon a showing of good cause;  
19 and
- 20       (4) The total of all assistance approved on behalf of a nonprofit  
21 organization per project does not exceed \$1,000,000.
- 22       c. Within **[60]** 30 days from the date of issuance of the  
23 certificate, the business entity shall pay the amount specified in the  
24 certificate that is due in the current tax year to the department for  
25 deposit into the Neighborhood Revitalization Non-lapsing Trust  
26 Fund created pursuant to section 5 of P.L.2003, c.59 (C.52:27D-  
27 500). In the case of assistance approved for years other than the  
28 current tax year, the business entity shall pay the amount specified  
29 no later than the anniversary of the date on which the first payment  
30 is due. The commissioner may extend the date payment is due for  
31 good cause shown, but no extension shall be granted where the  
32 business entity did not submit a written request for the extension at  
33 least **[fifteen]** seven days prior to the date payment is due.
- 34       d. The commissioner shall issue certificates to business entities  
35 applying for certificates and meeting the requirements of this  
36 section, up to the maximum amount of tax credits permitted under  
37 section 3 of P.L.2001, c.415 (C.52:27D-492), in the following  
38 order:
- 39       (1) those business entities specifying a project which has been  
40 approved by the department and providing assistance which is equal  
41 to the amount requested by the nonprofit organization submitting  
42 the project.
- 43       (2) those business entities not specifying a particular project, but  
44 which are willing to provide assistance for approved projects  
45 seeking assistance. The commissioner shall issue each business  
46 entity providing assistance with a certificate specifying the project  
47 to which the assistance will be provided and shall pool applications

1 by business entities in order to provide the amount of assistance  
2 requested by each nonprofit organization submitting each project.

3 (3) those business entities not specifying a particular project, but  
4 which are willing to provide assistance, and for which no project  
5 approved by the department is available. The commissioner shall  
6 issue the certificate without specifying the project to which the  
7 assistance will be provided, and will deposit the amount set forth in  
8 the certificate in the Neighborhood Revitalization Non-lapsing  
9 Trust Fund created pursuant to section 5 of P.L.2003, c.59  
10 (C.52:27D-500) in accordance with the provisions of this section.

11 e. In any year that the dollar amount of assistance sought by  
12 approved projects shall exceed the amount of assistance available,  
13 the department shall allocate any funds in the trust fund for which  
14 no project has been specified to provide assistance to such projects.  
15 At such time the department will issue the business entity an  
16 amended certificate specifying the project for which the assistance  
17 is being provided.

18 f. The department shall use any interest earnings on the funds  
19 in the trust fund in any manner that lawfully furthers the purposes  
20 of P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not  
21 limited to, providing funds to qualified entities to provide training  
22 and technical assistance to nonprofit organizations eligible to  
23 prepare plans and submit projects under P.L. 2001, c. 415 (C.  
24 52:27D-490 et seq.).  
25 (cf: P.L.2003, c.59, s.3)

26

27 5. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to  
28 read as follows:

29 9. a. In order to administer the neighborhood preservation and  
30 revitalization tax credit program, the department shall establish any  
31 necessary forms, procedures or rules to effectuate **[this act]**  
32 P.L.2001, c.415 (C.52:27D-490 et seq.), in accordance with the  
33 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
34 seq.). The department shall seek to foster use of the tax credit and  
35 to make the tax credit simple to apply for and simple to use.

36 b. The department shall act as a clearinghouse. It shall  
37 maintain lists of qualified projects and of business entities that have  
38 expressed a desire to provide assistance to qualified projects. The  
39 department shall pool applications from business entities in order to  
40 provide assistance to qualified projects as provided in section 7 of  
41 P.L.2001, c.415 (C.52:27D-496).

42 c. The department shall give priority in processing to  
43 applications that demonstrate a multi-year commitment by the  
44 business entity to implementation of the neighborhood preservation  
45 and revitalization plan.

46 d. The department shall submit to the Governor and Legislature  
47 an annual report which shall include at least:

48 (1) the purpose and effectiveness of the credit;

- 1 (2) the benefits of the credit to the State;
- 2 (3) any recommendations by the department as to changes in  
3 legislation needed to better carry out the purposes of P.L.2001,  
4 c.415 (C.52:27D-490 et seq.).
- 5 e. For each application by, or on behalf of, a business entity to  
6 approve assistance for a project, the department may charge a fee of  
7 up to **[1.5]** five percent of the amount of assistance proposed, or  
8 approved, whichever is less, to pay for the administration of this  
9 program. The department may require that up to one third of this  
10 amount be paid at the time of submission of the application or  
11 declaration of intent, and that the balance be taken from the amount  
12 deposited into the trust fund upon deposit therein.  
13 (cf: P.L.2003, c.59, s.4)

14

- 15 6. This act shall take effect immediately.

16

17

18

#### STATEMENT

19

20 This bill revises the neighborhood revitalization tax credit  
21 program to increase the total amount of tax credits that may be  
22 annually awarded, amend the definition of an eligible  
23 neighborhood, and provide certain other changes.

24 The neighborhood revitalization tax credit program provides tax  
25 credits to business entities that provide financial assistance to non-  
26 profit organizations to support housing and economic development  
27 projects in eligible neighborhoods. Under current law, the State  
28 may annually allocate a maximum of \$10 million in neighborhood  
29 revitalization tax credits. The bill increases this amount to \$15  
30 million per fiscal year. This revision is intended to allow the State  
31 to expend the \$15 million in neighborhood revitalization tax credits  
32 that were anticipated in the FY2019 budget.

33 The bill also amends the definition of an “eligible neighborhood”  
34 for the purposes of the neighborhood revitalization tax credit  
35 program. Provided certain exceptions, an eligible neighborhood is  
36 currently required to be located in: (1) a municipality that was  
37 previously eligible for “Special Municipal Aid,” or (2) a school  
38 district that previously qualified as an “Abbott district.”

39 The bill instead provides that an eligible neighborhood includes  
40 any contiguous area located in one or more municipalities that is  
41 designated by the Commissioner of Community Affairs based on  
42 factors including, but not limited to: population change, non-  
43 seasonal housing vacancy rates, total household and child recipients  
44 of the Temporary Assistance for Needy Families or a successor  
45 program, poverty levels, unemployment rates, high school  
46 completion rates, median household income, property tax rates, and  
47 equalized property valuation per capita.

**A5185 WIMBERLY, JASEY**

10

- 1       In addition, the bill makes the following revisions to the  
2 neighborhood revitalization tax credit program:
- 3       (1) reduces the period of time in which a business entity is  
4 required to provide program funding from 60 days to 30 days  
5 following the receipt of a tax credit certification;
- 6       (2) reduces the period of time in which a business entity may  
7 request a payment extension from 15 days to seven days prior to the  
8 payment due date;
- 9       (3) increases the application fee that may be imposed by the  
10 Department of Community Affairs to support the administrative  
11 costs of the program;
- 12       (4) replaces reference to “neighborhood empowerment plans,”  
13 which are no longer in effect;
- 14       (5) removes the requirement that a neighborhood preservation  
15 and revitalization plan cover a period of no less than two years; and
- 16       (6) removes reference to “The Savings Institution Tax Act,”  
17 which was repealed in 2002.

ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT  
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5185

**STATE OF NEW JERSEY**

DATED: MAY 13, 2019

The Assembly Housing and Community Development Committee reports favorably Assembly Bill No. 5185.

This bill revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be annually awarded, amend the definition of an eligible neighborhood, and provide certain other changes.

Under the neighborhood revitalization tax credit program, the Department of Community Affairs (“DCA”) awards tax credits to business entities that provide approved financial assistance for non-profit organizations that complete qualified projects in eligible neighborhoods. Under current law, the State cannot award more than \$10 million in neighborhood revitalization tax credits per year. The bill amends this law to allow the award of up to \$15 million in neighborhood revitalization tax credits per year.

The bill also amends the definition of “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Under current law, an eligible neighborhood is required to be located in (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district,” with certain exceptions. Under the bill, an eligible neighborhood would instead include any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program:

(1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification;

(2) reduces the period of time in which a business entity may request a payment extension from 15 days to seven days prior to the payment due date;

(3) increases the application fee that may be imposed by the DCA to support the administrative costs of the program;

(4) removes reference to “neighborhood empowerment plans,” which are no longer in effect;

(5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than two years; and

(6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5185

# STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Assembly Budget Committee reports favorably Assembly Bill No. 5185.

This bill revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be annually awarded, amend the definition of an eligible neighborhood, and provide certain other changes.

Under the neighborhood revitalization tax credit program, the Department of Community Affairs (“DCA”) awards tax credits to business entities that provide approved financial assistance for non-profit organizations that complete qualified projects in eligible neighborhoods. Under current law, the State cannot award more than \$10 million in neighborhood revitalization tax credits per year. The bill amends this law to allow the award of up to \$15 million in neighborhood revitalization tax credits per year.

The bill also amends the definition of “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Under current law, an eligible neighborhood is required to be located in (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district,” with certain exceptions. Under the bill, an eligible neighborhood would instead include any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program:

(1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification;

(2) reduces the period of time in which a business entity may request a payment extension from 15 days to seven days prior to the payment due date;

(3) increases the application fee that may be imposed by the DCA to support the administrative costs of the program;

(4) removes reference to “neighborhood empowerment plans,” which are no longer in effect;

(5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than two years; and

(6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will cause an annual State revenue loss of up to \$5 million, reflecting the increase in the cap on neighborhood revitalization tax credits from \$10 million to \$15 million per year.

Additionally, the bill may raise annual State revenue collections but only if the Department of Community Affairs were to exercise the authority granted under the bill to increase the application fee it imposes on businesses that apply for neighborhood revitalization tax credits. Absent information from the department, the OLS cannot determine whether, and to what extent, the department may exercise this authority. The bill increases the maximum fee percentage from 1.5 percent to 5.0 percent of the amount of assistance proposed, or approved, whichever is less, to pay for the administration of the program.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 5185**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JUNE 25, 2019

**SUMMARY**

**Synopsis:** Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**Type of Impact:** Annual State revenue decrease.

**Agencies Affected:** Department of the Treasury; Department of Community Affairs.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1 and Thereafter</u></b>
<b>State Revenue Decrease</b>	Up to \$5 Million

- The Office of Legislative Services (OLS) estimates that the bill would result in an annual decrease in State revenues, not to exceed \$5 million, by increasing the annual cap on neighborhood revitalization tax credits from \$10 million to \$15 million and expanding the program’s eligibility criteria.
- The bill permits the Department of Community Affairs (DCA) to increase the application fees imposed on neighborhood revitalization tax credit applicants. The bill is, therefore, expected to increase annual State revenues if the DCA increases application fees.

**BILL DESCRIPTION**

This bill revises the neighborhood revitalization tax credit program to increase the total amount of tax credits that may be awarded annually, amends the definition of an eligible neighborhood, and provides certain other changes.

The neighborhood revitalization tax credit program provides tax credits to business entities that provide funding to non-profit organizations to support housing and economic development projects in eligible neighborhoods. Under current law, the State may annually allocate a maximum of \$10 million in neighborhood revitalization tax credits. The bill increases this amount to \$15 million per fiscal year.

The bill also amends the definition of an “eligible neighborhood” for the purposes of the neighborhood revitalization tax credit program. Under current law, an eligible neighborhood is

required to be located in: (1) a municipality that was previously eligible for “Special Municipal Aid,” or (2) a school district that previously qualified as an “Abbott district.” The bill instead provides that an eligible neighborhood includes any contiguous area located in one or more municipalities that is designated by the Commissioner of Community Affairs based on factors including, but not limited to: population change, non-seasonal housing vacancy rates, total household and child recipients of the Temporary Assistance for Needy Families or a successor program, poverty levels, unemployment rates, high school completion rates, median household income, property tax rates, and equalized property valuation per capita.

In addition, the bill makes the following revisions to the neighborhood revitalization tax credit program: (1) reduces the period of time in which a business entity is required to provide program funding from 60 days to 30 days following the receipt of a tax credit certification; (2) reduces the period of time in which a business entity may request a payment extension from 15 days to 7 days prior to the payment due date; (3) increases the application fee that may be imposed by the Department of Community Affairs to support the administrative costs of the program; (4) removes reference to “neighborhood empowerment plans,” which are no longer in effect; (5) removes the requirement that a neighborhood preservation and revitalization plan cover a period of no less than 2 years; and (6) removes reference to “The Savings Institution Tax Act,” which was repealed in 2002.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that this bill would result in an annual decrease in State revenues, not to exceed \$5 million, if the annual tax credit cap is raised from \$10 million to \$15 million. The bill may also increase DCA revenues if the department elects to increase the application fee imposed on business entities, as permitted by the bill.

#### **The Neighborhood Revitalization Tax Credit Program**

The DCA administers the tax credit program, which currently operates as follows: (1) business entities apply to the DCA and pledge funds for eligible projects in return for credits against certain State tax liabilities, including the corporation business tax and the gross income tax; (2) the DCA issues the tax credits to those business entities, not to exceed \$10 million in total per fiscal year, and the business pays the amount pledged for deposit into a non-lapsing trust fund; (3) qualified non-profit organizations submit applications (i.e. neighborhood revitalization plans) to the DCA to request financial assistance to defray the costs of completing projects; and (4) the DCA awards funds out of the amounts submitted by the business entities to selected non-profit organizations that complete the projects.

The OLS estimates that the bill would result in an annual decrease in State revenues, not to exceed \$5 million, by increasing the annual cap on neighborhood revitalization tax credits from \$10 million to \$15 million and broadening program’s eligibility criteria. Although the OLS is unable to determine exactly how much of the additional cap space will be utilized, program information in the FY 2019 OLS Discussion Points shows that the \$10 million tax credit ceiling was attained annually since FY 2010.

Application fees

The bill also permits the DCA to increase the application fee imposed on business entities that apply for neighborhood revitalization tax credits from 1.5 percent to 5 percent of the amount of assistance proposed, or approved, whichever is less. The application fees are used to pay for the administration of the program. As a result, the OLS expects the bill to increase DCA revenues to the extent that the department exercises this authority. However, absent information from the department, the OLS is unable to determine whether, and to what extent, the DCA will increase application fees.

*Section: Local Government*

*Analyst: Joseph A. Pezzulo  
Associate Research Analyst*

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

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

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

# Governor Murphy Signs Fiscal Year 2020 Budget into Law and Acts on Other Legislation

06/30/2019

**TRENTON** - Today, Governor Phil Murphy took action on the following bills:

## **BILLS SIGNED:**

**A-5601/S-3956 (Pintor Marin, Jones, Johnson/Sarlo)** – with Line Item Veto – Makes Fiscal Year 2019 State supplemental appropriations totaling \$34,208,000.

[Line Item Veto of A-5601](#)

[Line Item Veto Message on A-5601](#)

**S-3042/A-4619 (Sarlo, Oroho/Pintor Marin, Wirths)** – Creates subaccounts for SHBP and SEHBP health care services and prescription drug claims; requires procurement by State of third-party medical claims reviewer.

**S-3599/A-5185 (Singleton/Wimberly, Jasey, Speight)** – Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**A-5604/S-2298 (Freiman, Pinkin, Milam, DePhillips, Zwicker, Land/Corrado, Singleton)** – Increases tax credit provided for qualified investments under "New Jersey Angel Investor Tax Credit Act."

**A-5609/S-3960 (Land, Freiman, Armato, Johnson, Mukherji, Milam, Mazzeo/Sarlo, Addiego)** – Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**A-5385/S-3877 (Burzichelli, Pintor Marin, Reynolds-Jackson/Sarlo, Singleton)** – Concerns sale, taxation, and forfeiture of container e-liquid.

**A-5603/S-3957 (McKeon, Jones/Pou)** – Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

**A-5607/S-3958 (Murphy, Johnson/Sweeney)** – Provides limited period for dissolution or reinstatement of revoked or inactive business charters using expedited process, allows for payment of reduced administrative fee, and revises certain business filing fees.

**S-2020/A-5600 (Sarlo/Pintor Marin, Burzichelli)** – with Line Item Veto – Appropriates \$38,748,610,000 in State funds and \$16,748,645,972 in federal funds for the State budget for fiscal year 2019-2020.

[Line Item Veto of S-2020](#)

[Line Item Veto Message on S-2020](#)

**A-5610/S-3984 (McKnight, Quijano, Mosquera, Mukherji/Weinberg)** – Makes FY 2020 supplemental appropriation of \$12.453 million; amends appropriations for Camp Irvington and Turtle Back Zoo; adds language provision appropriating \$3.1 million for immigration status-related legal assistance.

**A-5611/S-3987 (Timberlake, Giblin, McKeon/Codey, Gill)** – Makes Fiscal Year 2020 State supplemental appropriation of \$7,500,000 for East Orange General Hospital.

## **BILLS VETOED:**

**A-5098/S-3491 (Pintor Marin, Chaparro, Jimenez/Ruiz, Codey)** – CONDITIONAL – Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.

[Copy of Message on A-5098](#)