

34:1B-137.1 et al LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2015 **CHAPTER:** 194

NJSA: 34:1B-137.1 et al (Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant.)

BILL NO: S3232 (Substituted for A4834 (1R))

SPONSOR(S) Sarlo, Paul A., and others

DATE INTRODUCED: November 5, 2015

COMMITTEE: **ASSEMBLY:** ---

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 12/17/2015

SENATE: 12/17/2015

DATE OF APPROVAL: January 11, 2016

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First Reprint enacted) Yes

S3232

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

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

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

A4834 (1R)

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

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

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Oroho business legislation signed into law", The Advertiser-News, January 14, 2016

end

P.L.2015, CHAPTER 194, *approved January 11, 2016*
Senate, No. 3232 (*First Reprint*)

1 AN ACT authorizing certain tax credits under the Business
2 Employment Incentive Program and amending ¹and
3 supplementing¹ P.L.1996, c.26.
4

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

8 1. Section 2 of P.L.1996, c.26 (C.34:1B-125) is amended to
9 read as follows:

10 2. As used in sections 1 through 17 of P.L.1996, c.26
11 (C.34:1B-124 et seq.) and in sections 9 through 11 of P.L.2003,
12 c.166 (C.34:1B-139.1 through C.34:1B-139.3), unless a different
13 meaning clearly appears from the context:

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

19 "Advanced computing company" means a person, whose
20 headquarters or base of operations is located in New Jersey,
21 engaged in the research, development, production, or provision of
22 advanced computing for the purpose of developing or providing
23 products or processes for specific commercial or public purposes
24 **[;].**

25 "Advanced materials" means materials with engineered
26 properties created through the development of specialized
27 processing and synthesis technology, including ceramics, high
28 value-added metals, electronic materials, composites, polymers, and
29 biomaterials **[;].**

30 "Advanced materials company" means a person, whose
31 headquarters or base of operations is located in New Jersey,
32 engaged in the research, development, production, or provision of
33 advanced materials for the purpose of developing or providing
34 products or processes for specific commercial or public purposes
35 **[;].**

36 "Application year" means the grant year for which an eligible
37 partnership submits the information required under section 8 of
38 P.L.1996, c.26 (C.34:1B-131);

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted December 10, 2015.

1 "Authority" means the New Jersey Economic Development
2 Authority created pursuant to section 4 of P.L.1974, c.80
3 **[(C.34:1B-1 et seq.);] (C.34:1B-4).**

4 "Base years" means the first two complete calendar years
5 following the effective date of an agreement **[:].**

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

12 "Biotechnology company" means a person, whose headquarters
13 or base of operations is located in New Jersey, engaged in the
14 research, development, production, or provision of biotechnology
15 for the purpose of developing or providing products or processes for
16 specific commercial or public purposes, including but not limited
17 to, medical, pharmaceutical, nutritional, and other health-related
18 purposes, agricultural purposes, and environmental purposes, or a
19 person, whose headquarters or base of operations is located in New
20 Jersey, engaged in providing services or products necessary for
21 such research, development, production, or provision **[:].**

22 "Bonds means bonds, notes, or other obligations issued by the
23 authority pursuant to **[this act;] P.L.1996, c.26 (C.34:1B-124 et**
24 **seq.).**

25 "Business" means a corporation; sole proprietorship; partnership;
26 corporation that has made an election under Subchapter S of
27 Chapter One of Subtitle A of the Internal Revenue Code of 1986, or
28 any other business entity through which income flows as a
29 distributive share to its owners; limited liability company; nonprofit
30 corporation; or any other form of business organization located
31 either within or outside this State. A grant received under **[this act]**
32 **P.L.1996, c.26 (C.34:1B-124 et seq.)** by a partnership, Subchapter
33 S-Corporation, or other **[such]** business entity shall be apportioned
34 among the persons to whom the income or profit of the partnership,
35 Subchapter S-Corporation, or other entity is distributed, in the same
36 proportions as those in which the income or profit is distributed **[:].**

37 "Business employment incentive agreement" or "agreement"
38 means the written agreement between the authority and a business
39 proposing a project in this State in accordance with the provisions
40 of **[this act] P.L.1996, c.26 (C.34:1B-124 et seq.)** which establishes
41 the terms and conditions of a grant to be awarded pursuant to **[this**
42 **act;] P.L.1996, c.26 (C.34:1B-124 et seq.).**

43 **["Department" means the New Jersey Commerce and Economic**
44 **Growth Commission;]**

45 "Designated industry" means a business engaged in the field of
46 biotechnology, pharmaceuticals, financial services **[or],**
47 transportation and logistics, advanced computing, advanced

1 materials, electronic device technology, environmental technology,
2 or medical device technology [;].

3 "Director" means the Director of the Division of Taxation [;].

4 "Division" means the Division of Taxation in the Department of
5 the Treasury [;].

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

11 "Electronic device technology company" means a person, whose
12 headquarters or base of operations is located in New Jersey,
13 engaged in the research, development, production, or provision of
14 electronic device technology for the purpose of developing or
15 providing products or processes for specific commercial or public
16 purposes [;].

17 "Eligible partnership" means a partnership or limited liability
18 company that is qualified to receive a grant as established in [this
19 act;] P.L.1996, c.26 (C.34:1B-124 et seq.).

20 "Eligible position" is a new full-time position created by a
21 business in New Jersey or transferred from another state by the
22 business under the terms and conditions set forth in [this act]
23 P.L.1996, c.26 (C.34:1B-124 et seq.) during the base years or in
24 subsequent years of a grant. In determining if positions are eligible
25 positions, the authority shall give greater consideration to positions
26 that average at least 1.5 times the minimum hourly wage during the
27 term of an agreement authorized pursuant to [this act] P.L.1996,
28 c.26 (C.34:1B-124 et seq.). For grants awarded on or after July 1,
29 2003, eligible position includes only a position for which a business
30 provides employee health benefits under a group health plan as
31 defined under section 14 of P.L.1997, c.146 (C.17B:27-54), a health
32 benefits plan as defined under section 1 of P.L.1992, c.162
33 (C.17B:27A-17), or a policy or contract of health insurance
34 covering more than one person issued pursuant to Article 2 of Title
35 17B of the New Jersey Statutes. ["Eligible"] An "eligible position"
36 shall also [includes] include all current and future partners or
37 members of a partnership or limited liability company created by a
38 business in New Jersey or transferred from another state by the
39 business pursuant to the conditions set forth in [this act] P.L.1996,
40 c.26 (C.34:1B-124 et seq.) during the base years or in subsequent
41 years of a grant. An "eligible position" shall also include a position
42 occupied by a resident of this State whose position is relocated to
43 this State from another state but who does not qualify as a "new
44 employee" because prior to relocation [his] the resident's wages or
45 [his] the resident's distributive share of income from a gain, from a
46 loss or deduction, or [his] the resident's guaranteed payments or

1 any combination thereof, prior to the relocation, were not subject to
2 income taxes imposed by the state or municipality in which the
3 position was previously located. An "eligible position" shall also
4 include a position occupied by a resident of another State whose
5 position is relocated to this State but whose income is not subject to
6 the New Jersey gross income tax pursuant to the "New Jersey Gross
7 Income Tax Act," N.J.S.54A:1-1 et seq. An "eligible position" shall
8 not include any position located within New Jersey, which, within a
9 period either three months prior to the business' application for a
10 grant under **[this act]** P.L.1996, c.26 (C.34:1B-124 et seq.) or six
11 months after the date of application, ceases to exist or be located
12 within New Jersey **[:]**.

13 "Employment incentive" means the amount of a grant, either in
14 cash or in tax credits, determined pursuant to subsection a. of
15 section 6 of **[this act;]** P.L.1996, c.26 (C.34:1B-129).

16 "Environmental technology" means assessment and prevention of
17 threats or damage to human health or the environment,
18 environmental cleanup, or the development of alternative energy
19 sources **[:]**.

20 "Environmental technology company" means a person, whose
21 headquarters or base of operations is located in New Jersey,
22 engaged in the research, development, production, or provision of
23 environmental technology for the purpose of developing or
24 providing products or processes for specific commercial or public
25 purposes **[:]**.

26 "Estimated tax" means an amount calculated for a partner in an
27 eligible position equal to **[6.37%]** 6.37 percent of the lesser of
28 **[(i)]:** a. the amount of the partner's net income from the eligible
29 partnership that is sourced to New Jersey as reflected in Column B
30 of the partner's Schedule NJK-1 of the application year less the
31 amount of the partner's net income from the eligible partnership that
32 is sourced to New Jersey as reflected in column B of the partner's
33 Schedule NJK-1 in the foundation year **[:]**; or **[(ii)]** b. the net of all
34 items of partnership income upon which tax has been paid as
35 reflected on the partner's New Jersey Gross Income Tax return in
36 the application year **[:]**.

37 "Foundation year" means the year immediately prior to the
38 creation of the eligible position **[:]**.

39 "Full-time employee" means a person who is employed for
40 consideration for at least 35 hours a week, or who renders any other
41 standard of service generally accepted by custom or practice as full-
42 time employment, whose wages are subject to withholding as
43 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
44 et seq., and who is determined by the authority to be employed in a
45 permanent position according to criteria it develops, or who is a
46 partner of an eligible partnership, who works for the partnership for
47 at least 35 hours a week, or who renders any other standard of

1 service generally accepted by custom or practice as full-time
2 employment, and whose distributive share of income, gain, loss, or
3 deduction, or whose guaranteed payments, or any combination
4 thereof, is subject to the payment of estimated taxes, as provided in
5 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
6 "Full-time employee" shall not include any person who works as an
7 independent contractor or on a consulting basis for the business [;].

8 "Grant" means a business employment incentive grant as
9 established in [this act;] P.L.1996, c.26 (C.34:1B-124 et seq.).

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

15 "Medical device technology company" means a person, whose
16 headquarters or base of operations is located in New Jersey,
17 engaged in the research, development, production, or provision of
18 medical device technology for the purpose of developing or
19 providing products or processes for specific commercial or public
20 purposes [;].

21 "Net income from the eligible partnership" means the net
22 combination of a partner's distributive share of the eligible
23 partnership's income, gain, loss, deduction, or guaranteed payments
24 [;].

25 "New employee" means a full-time employee first employed in
26 an eligible position on the project which is the subject of an
27 agreement or who is a partner of an eligible partnership, who works
28 for the partnership for at least 35 hours a week, or who renders any
29 other standard of service generally accepted by custom or practice
30 as full-time employment, and whose distributive share of income,
31 gain, loss or deduction, or whose guaranteed payments, or any
32 combination thereof, is subject to the payment of estimated taxes, as
33 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
34 et seq.; except that [such] a New Jersey resident whose position is
35 relocated to this State shall not be classified as a "new employee"
36 unless [his] the employee's wages, or [his] the employee's
37 distributive share of income from a gain, from a loss or deduction,
38 or [his] the employee's guaranteed payments or any combination
39 thereof, prior to the relocation, were subject to income taxes
40 imposed by the state or municipality in which the position was
41 previously located. "New employee" may also include an employee
42 rehired or called back from a layoff during or following the base
43 years to a vacant position previously held by that employee or to a
44 new position established during or following the base years. "New
45 employee" shall not include any employee who was previously
46 employed in New Jersey by the business or by a related person as
47 defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the

1 employee is transferred to the business, which is the subject of an
2 agreement, unless the employee's position at **[his]** the employee's
3 previous employer is filled by a new employee. "New employee"
4 also shall not include a child, grandchild, parent, or spouse of an
5 individual associated with the business who has direct or indirect
6 ownership of at least **[15%]** 15 percent of the profits, capital, or
7 value of the business. New employee shall also include an
8 employee whose position is relocated to this State but whose
9 income is not subject to the New Jersey gross income tax pursuant
10 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
11 **[;]**

12 "Partner" means a person who is entitled to either a distributive
13 share of a partnership's income, gain, loss, or deduction, or
14 guaranteed payments, or any combination thereof, by virtue of
15 holding an interest in the partnership. "Partner" also includes a
16 person who is a member of a limited liability company which is
17 treated as a partnership, as provided in the "New Jersey Gross
18 Income Tax Act," N.J.S.54A:1-1 et seq. **[;]**

19 "Refunding Bonds" means bonds, notes or other obligations
20 issued to refinance bonds, notes or other obligations previously
21 issued by the authority pursuant to the provision of **[this act;]**
22 P.L.1996, c.26 (C.34:1B-124 et seq.).

23 "Residual withholdings" means for any period of time, the excess
24 of the estimated cumulative withholdings for all executed
25 agreements eligible for payments under **[this act]** P.L.1996, c.26
26 (C.34:1B-124 et seq.) over the cumulative anticipated grant
27 amounts **[;]**.

28 "Schedule NJK-1" means Schedule NJK-1 as the form existed for
29 taxable year 1997 **[;]**.

30 "Withholdings" means the amount withheld by a business from
31 the wages of new employees or estimated taxes paid by, or on
32 behalf of, partners that are new employees, or any combination
33 thereof, pursuant to the "New Jersey Gross Income Tax Act,"
34 N.J.S.54A:1-1 et seq., and, if the new employee is an employee
35 whose position has moved to New Jersey but whose income is not
36 subject to the New Jersey gross income tax pursuant to
37 N.J.S.54A:1-1 et seq., the amount of withholding that would occur
38 if the employee were to move to New Jersey.

39 (cf: P.L.2003, c.166, s.1)

40

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

43 6. a. The amount of the employment incentive awarded as a
44 grant **[in]** by the authority shall either be awarded in cash or as a
45 tax credit. In each case, the amount of the grant shall be not less
46 than **[10%]** 10 percent and not more than **[50%]** 50 percent of the
47 withholdings of the business, or not less than **[10%]** 10 percent and

1 not more than **【30%】** 30 percent of the estimated tax of the partners
2 of an eligible partnership whether paid directly by the partner or by
3 the eligible partnership on behalf of **【such】** the partner's account, or
4 any combination thereof, and shall be subject to the provisions of
5 sections 10 and 11 of **【this act】** P.L.1996, c.26 (C.34:1B-133 and
6 C.34:1B-134). In no case shall the aggregate amount of the
7 employment incentive grant awarded pursuant to a business
8 employment incentive agreement entered into on or after July 1,
9 2003 exceed an average of \$50,000 for all new employees over the
10 term of the grant. The employment incentive shall be based on
11 criteria developed by the authority after considering the following:

- 12 (1) The number of eligible positions to be created;
- 13 (2) The expected duration of those positions;
- 14 (3) The type of contribution the business can make to the long-
15 term growth of the State's economy;
- 16 (4) The amount of other financial assistance the business will
17 receive from the State for the project;
- 18 (5) The total dollar investment the business is making in the
19 project;
- 20 (6) Whether the business is a designated industry;
- 21 (7) Impact of the business on State tax revenues; and
- 22 (8) Such other related factors determined by the authority.

23 b. A business may be eligible to be awarded a grant, either in
24 cash or in tax credits, of up to **【80%】** 80 percent of the
25 withholdings of the business or up to **【50%】** 50 percent of the
26 estimated tax of the partners of an eligible partnership if the grant
27 promotes smart growth and the goals, strategies, and policies of the
28 State Development and Redevelopment Plan, established pursuant
29 to section 5 of P.L.1985, c.398 (C.52:18A-200), as determined by
30 and based upon criteria promulgated by the authority following
31 consultation with the **【Department of Community Affairs,】** Office
32 of **【Smart Growth】** State Planning in the Department of State.

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

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

37 e. Within 180 days of the date of enactment of P.L. _____,
38 c. (C. _____) (pending before the Legislature as this bill), a
39 business that was approved for a grant prior to the enactment of the
40 P.L. _____, c. (C. _____) (pending before the Legislature as this bill),
41 may direct the authority to convert the grant to a tax credit against
42 the tax liability otherwise due pursuant to section 5 of P.L.1945,
43 c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-
44 2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
45 N.J.S.17B:23-5. The direction to convert the grant to a tax credit
46 shall be irrevocable. An approved tax credit shall be issued in the
47 manner and for the amounts as follows and may only be applied in

1 the tax period for which they are issued and shall not be carried
2 forward:

3 (1) For grants accrued but not paid during calendar years 2008
4 through 2013, the tax credit shall be equal to an approved amount
5 and shall be issued in five installments over a five year period
6 beginning in the 2017 tax accounting or privilege period of the
7 business or tax credit transferee in the following percentages: in
8 year one, 30 percent of the accrued amount; in year two, 30 percent
9 of the accrued amount; in year three, 20 percent of the accrued
10 amount; in year four, 10 percent of the accrued amount; in year
11 five, 10 percent of the accrued amount. To the extent any amount
12 in this paragraph has not been approved by the authority by the
13 commencement of State fiscal year 2017, the aggregate tax credit
14 that would have been issued in State fiscal year 2017 shall be issued
15 in the year the amount is approved and the five-year period shall
16 commence in that fiscal year;

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

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

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

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

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

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

47 (8) For a grant accrued but not paid during calendar year 2020,
48 the tax credit shall be equal to any approved amount and shall be

1 issued in two equal installments over a two-year period beginning
2 in the 2023 tax accounting or privilege period of the business or tax
3 credit transferee;

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

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

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

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

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

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

37 g. A business that does not pay taxes under section 5 of
38 P.L.1945, c.162 (C.54:10A-5) sections 2 and 3 of P.L.1945, c.132
39 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-
40 15), or N.J.S.17B:23-5 may apply to the executive director of the
41 authority for a tax credit transfer certificate, covering one or more
42 years. The tax credit transfer certificate, upon receipt thereof by the
43 business from the ¹ [director and the] ¹ executive director of the
44 authority, may be sold or assigned, in full or in part, in an amount
45 not less than \$100,000, or the amount of the refundable tax credit
46 issued if less than \$100,000, of tax credits to any other person that
47 may have a tax liability pursuant to section 5 of P.L.1945, c.162
48 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and

1 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
2 N.J.S.17B:23-5. The tax credit transfer certificate provided to the
3 business shall include a statement waiving the business's right to
4 claim that amount of the credit against the taxes that the business
5 has elected to sell or assign. The sale or assignment of any amount
6 of a tax credit transfer certificate allowed under this section shall
7 not be exchanged for consideration received by the business of less
8 than ¹~~90~~ 75¹ percent of the transferred credit amount before
9 considering any further discounting to present value which shall be
10 permitted. Any amount of a tax credit transfer certificate used by a
11 purchaser or assignee against a tax liability shall be subject to the
12 same privileges, limitations, and conditions that apply to the use of
13 the credit by the business that originally applied for and was
14 allowed the tax credit, including treating the amount of excess as an
15 overpayment under subsection f. of this section. The tax credit
16 transferee may not transfer its tax credit to any other party.
17 (cf: P.L.2003, c.166, s.4)

18
19 3. Section 15 of P.L.1996, c.26 (C.34:1B-138) is amended to
20 read as follows:

21 15. The **【New Jersey Commerce and Economic Growth**
22 **Commission】** authority shall submit a report on the Business
23 Employment Incentive Program to the Governor **【**, President of the
24 Senate, and Speaker of the General Assembly**】** and, pursuant to
25 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on or
26 before October 31 of each year. The report shall include
27 information on the number of agreements entered into during the
28 preceding fiscal year, a description of the project under each
29 agreement, the number of jobs created, new income tax revenue
30 received from withholdings, amounts awarded as grants and an
31 update on the status of projects under agreement before the
32 preceding fiscal year.

33 (cf: P.L.2003, c.166, s.8)

34
35 ¹4. Notwithstanding any provisions of the “Administrative
36 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), to the
37 contrary, the Executive Director of the New Jersey Economic
38 Development Authority may adopt immediately upon filing with the
39 Office of Administrative Law such rules and regulations as the
40 executive director determines to be necessary and appropriate to
41 effectuate the purposes of P.L. , c. (C.) (pending before the
42 Legislature as this bill), which rules and regulations shall be
43 effective for a period not to exceed 360 calendar days following the
44 effective date of P.L. , c. (C.) (pending before the
45 Legislature as this bill) and may thereafter be amended, adopted, or
46 readopted by the executive director in accordance with the
47 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).¹

1 ~~1~~**[4.]** 5¹. This act shall take effect immediately ~~1~~**[**and be
2 operative as of January 1, 2016~~]~~¹.

3

4

5

6

7 Allows businesses due to receive grant under Business
8 Employment Incentive Program to receive tax credit instead of
9 grant.

SENATE, No. 3232

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED NOVEMBER 5, 2015

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing certain tax credits under the Business
2 Employment Incentive Program and amending P.L.1996, c.26.

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.1996, c.26 (C.34:1B-125) is amended to
8 read as follows:

9 2. As used in sections 1 through 17 of P.L.1996, c.26
10 (C.34:1B-124 et seq.) and in sections 9 through 11 of P.L.2003,
11 c.166 (C.34:1B-139.1 through C.34:1B-139.3), unless a different
12 meaning clearly appears from the context:

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

18 "Advanced computing company" means a person, whose
19 headquarters or base of operations is located in New Jersey,
20 engaged in the research, development, production, or provision of
21 advanced computing for the purpose of developing or providing
22 products or processes for specific commercial or public purposes
23 **【;】**.

24 "Advanced materials" means materials with engineered
25 properties created through the development of specialized
26 processing and synthesis technology, including ceramics, high
27 value-added metals, electronic materials, composites, polymers, and
28 biomaterials **【;】**.

29 "Advanced materials company" means a person, whose
30 headquarters or base of operations is located in New Jersey,
31 engaged in the research, development, production, or provision of
32 advanced materials for the purpose of developing or providing
33 products or processes for specific commercial or public purposes
34 **【;】**.

35 "Application year" means the grant year for which an eligible
36 partnership submits the information required under section 8 of
37 P.L.1996, c.26 (C.34:1B-131);

38 "Authority" means the New Jersey Economic Development
39 Authority created pursuant to section 4 of P.L.1974, c.80
40 **【(C.34:1B-1 et seq.);】** (C.34:1B-4).

41 "Base years" means the first two complete calendar years
42 following the effective date of an agreement **【;】**.

43 "Biotechnology" means the continually expanding body of
44 fundamental knowledge about the functioning of biological systems
45 from the macro level to the molecular and sub-atomic levels, as

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 well as novel products, services, technologies, and sub-technologies
2 developed as a result of insights gained from research advances
3 which add to that body of fundamental knowledge [;].

4 "Biotechnology company" means a person, whose headquarters
5 or base of operations is located in New Jersey, engaged in the
6 research, development, production, or provision of biotechnology
7 for the purpose of developing or providing products or processes for
8 specific commercial or public purposes, including but not limited
9 to, medical, pharmaceutical, nutritional, and other health-related
10 purposes, agricultural purposes, and environmental purposes, or a
11 person, whose headquarters or base of operations is located in New
12 Jersey, engaged in providing services or products necessary for
13 such research, development, production, or provision [;].

14 "Bonds means bonds, notes, or other obligations issued by the
15 authority pursuant to [this act;] P.L.1996, c.26 (C.34:1B-124 et
16 seq.).

17 "Business" means a corporation; sole proprietorship; partnership;
18 corporation that has made an election under Subchapter S of
19 Chapter One of Subtitle A of the Internal Revenue Code of 1986, or
20 any other business entity through which income flows as a
21 distributive share to its owners; limited liability company; nonprofit
22 corporation; or any other form of business organization located
23 either within or outside this State. A grant received under [this act]
24 P.L.1996, c.26 (C.34:1B-124 et seq.) by a partnership, Subchapter
25 S-Corporation, or other [such] business entity shall be apportioned
26 among the persons to whom the income or profit of the partnership,
27 Subchapter S-Corporation, or other entity is distributed, in the same
28 proportions as those in which the income or profit is distributed [;].

29 "Business employment incentive agreement" or "agreement"
30 means the written agreement between the authority and a business
31 proposing a project in this State in accordance with the provisions
32 of [this act] P.L.1996, c.26 (C.34:1B-124 et seq.) which establishes
33 the terms and conditions of a grant to be awarded pursuant to [this
34 act;] P.L.1996, c.26 (C.34:1B-124 et seq.).

35 ["Department" means the New Jersey Commerce and Economic
36 Growth Commission;]

37 "Designated industry" means a business engaged in the field of
38 biotechnology, pharmaceuticals, financial services [or],
39 transportation and logistics, advanced computing, advanced
40 materials, electronic device technology, environmental technology,
41 or medical device technology [;].

42 "Director" means the Director of the Division of Taxation [;].

43 "Division" means the Division of Taxation in the Department of
44 the Treasury [;].

45 "Electronic device technology" means a technology involving
46 microelectronics, semiconductors, electronic equipment, and

1 instrumentation, radio frequency, microwave, and millimeter
2 electronics, and optical and optic-electrical devices, or data and
3 digital communications and imaging devices **;**.

4 "Electronic device technology company" means a person, whose
5 headquarters or base of operations is located in New Jersey,
6 engaged in the research, development, production, or provision of
7 electronic device technology for the purpose of developing or
8 providing products or processes for specific commercial or public
9 purposes **;**.

10 "Eligible partnership" means a partnership or limited liability
11 company that is qualified to receive a grant as established in **[this**
12 **act;]** P.L.1996, c.26 (C.34:1B-124 et seq.).

13 "Eligible position" is a new full-time position created by a
14 business in New Jersey or transferred from another state by the
15 business under the terms and conditions set forth in **[this act]**
16 P.L.1996, c.26 (C.34:1B-124 et seq.) during the base years or in
17 subsequent years of a grant. In determining if positions are eligible
18 positions, the authority shall give greater consideration to positions
19 that average at least 1.5 times the minimum hourly wage during the
20 term of an agreement authorized pursuant to **[this act]** P.L.1996,
21 c.26 (C.34:1B-124 et seq.). For grants awarded on or after July 1,
22 2003, eligible position includes only a position for which a business
23 provides employee health benefits under a group health plan as
24 defined under section 14 of P.L.1997, c.146 (C.17B:27-54), a health
25 benefits plan as defined under section 1 of P.L.1992, c.162
26 (C.17B:27A-17), or a policy or contract of health insurance
27 covering more than one person issued pursuant to Article 2 of Title
28 17B of the New Jersey Statutes. **["Eligible]** An "eligible position"
29 shall also [includes] include all current and future partners or
30 members of a partnership or limited liability company created by a
31 business in New Jersey or transferred from another state by the
32 business pursuant to the conditions set forth in **[this act]** P.L.1996,
33 c.26 (C.34:1B-124 et seq.) during the base years or in subsequent
34 years of a grant. An "eligible position" shall also include a position
35 occupied by a resident of this State whose position is relocated to
36 this State from another state but who does not qualify as a "new
37 employee" because prior to relocation **[his]** the resident's wages or
38 **[his]** the resident's distributive share of income from a gain, from a
39 loss or deduction, or **[his]** the resident's guaranteed payments or
40 any combination thereof, prior to the relocation, were not subject to
41 income taxes imposed by the state or municipality in which the
42 position was previously located. An "eligible position" shall also
43 include a position occupied by a resident of another State whose
44 position is relocated to this State but whose income is not subject to
45 the New Jersey gross income tax pursuant to the "New Jersey Gross
46 Income Tax Act," N.J.S.54A:1-1 et seq. An "eligible position" shall
47 not include any position located within New Jersey, which, within a

1 period either three months prior to the business' application for a
2 grant under **[this act]** P.L.1996, c.26 (C.34:1B-124 et seq.) or six
3 months after the date of application, ceases to exist or be located
4 within New Jersey **;**.

5 "Employment incentive" means the amount of a grant, either in
6 cash or in tax credits, determined pursuant to subsection a. of
7 section 6 of **[this act;]** P.L.1996, c.26 (C.34:1B-129).

8 "Environmental technology" means assessment and prevention of
9 threats or damage to human health or the environment,
10 environmental cleanup, or the development of alternative energy
11 sources **;**.

12 "Environmental technology company" means a person, whose
13 headquarters or base of operations is located in New Jersey,
14 engaged in the research, development, production, or provision of
15 environmental technology for the purpose of developing or
16 providing products or processes for specific commercial or public
17 purposes **;**.

18 "Estimated tax" means an amount calculated for a partner in an
19 eligible position equal to **[6.37%]** 6.37 percent of the lesser of
20 **[(i)]**: a. the amount of the partner's net income from the eligible
21 partnership that is sourced to New Jersey as reflected in Column B
22 of the partner's Schedule NJK-1 of the application year less the
23 amount of the partner's net income from the eligible partnership that
24 is sourced to New Jersey as reflected in column B of the partner's
25 Schedule NJK-1 in the foundation year **;** or **[(ii)]** b. the net of all
26 items of partnership income upon which tax has been paid as
27 reflected on the partner's New Jersey Gross Income Tax return in
28 the application year **;**.

29 "Foundation year" means the year immediately prior to the
30 creation of the eligible position **;**.

31 "Full-time employee" means a person who is employed for
32 consideration for at least 35 hours a week, or who renders any other
33 standard of service generally accepted by custom or practice as full-
34 time employment, whose wages are subject to withholding as
35 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
36 et seq., and who is determined by the authority to be employed in a
37 permanent position according to criteria it develops, or who is a
38 partner of an eligible partnership, who works for the partnership for
39 at least 35 hours a week, or who renders any other standard of
40 service generally accepted by custom or practice as full-time
41 employment, and whose distributive share of income, gain, loss, or
42 deduction, or whose guaranteed payments, or any combination
43 thereof, is subject to the payment of estimated taxes, as provided in
44 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
45 "Full-time employee" shall not include any person who works as an
46 independent contractor or on a consulting basis for the business **;**.

1 "Grant" means a business employment incentive grant as
2 established in **[this act;]** P.L.1996, c.26 (C.34:1B-124 et seq.).

3 "Medical device technology" means a technology involving any
4 medical equipment or product **[(other), other** than a pharmaceutical
5 **[product)]** product, that has therapeutic value, diagnostic value, or
6 both, and is regulated by the federal Food and Drug Administration
7 **[:].**

8 "Medical device technology company" means a person, whose
9 headquarters or base of operations is located in New Jersey,
10 engaged in the research, development, production, or provision of
11 medical device technology for the purpose of developing or
12 providing products or processes for specific commercial or public
13 purposes **[:].**

14 "Net income from the eligible partnership" means the net
15 combination of a partner's distributive share of the eligible
16 partnership's income, gain, loss, deduction, or guaranteed payments
17 **[:].**

18 "New employee" means a full-time employee first employed in
19 an eligible position on the project which is the subject of an
20 agreement or who is a partner of an eligible partnership, who works
21 for the partnership for at least 35 hours a week, or who renders any
22 other standard of service generally accepted by custom or practice
23 as full-time employment, and whose distributive share of income,
24 gain, loss or deduction, or whose guaranteed payments, or any
25 combination thereof, is subject to the payment of estimated taxes, as
26 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
27 et seq.; except that **[such]** a New Jersey resident whose position is
28 relocated to this State shall not be classified as a "new employee"
29 unless **[his]** the employee's wages, or **[his]** the employee's
30 distributive share of income from a gain, from a loss or deduction,
31 or **[his]** the employee's guaranteed payments or any combination
32 thereof, prior to the relocation, were subject to income taxes
33 imposed by the state or municipality in which the position was
34 previously located. "New employee" may also include an employee
35 rehired or called back from a layoff during or following the base
36 years to a vacant position previously held by that employee or to a
37 new position established during or following the base years. "New
38 employee" shall not include any employee who was previously
39 employed in New Jersey by the business or by a related person as
40 defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the
41 employee is transferred to the business, which is the subject of an
42 agreement, unless the employee's position at **[his]** the employee's
43 previous employer is filled by a new employee. "New employee"
44 also shall not include a child, grandchild, parent, or spouse of an
45 individual associated with the business who has direct or indirect
46 ownership of at least **[15%]** 15 percent of the profits, capital, or
47 value of the business. New employee shall also include an

1 employee whose position is relocated to this State but whose
2 income is not subject to the New Jersey gross income tax pursuant
3 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
4 **[:]**

5 "Partner" means a person who is entitled to either a distributive
6 share of a partnership's income, gain, loss, or deduction, or
7 guaranteed payments, or any combination thereof, by virtue of
8 holding an interest in the partnership. "Partner" also includes a
9 person who is a member of a limited liability company which is
10 treated as a partnership, as provided in the "New Jersey Gross
11 Income Tax Act," N.J.S.54A:1-1 et seq. **[:]**

12 "Refunding Bonds" means bonds, notes or other obligations
13 issued to refinance bonds, notes or other obligations previously
14 issued by the authority pursuant to the provision of **[this act;]**
15 P.L.1996, c.26 (C.34:1B-124 et seq.).

16 "Residual withholdings" means for any period of time, the excess
17 of the estimated cumulative withholdings for all executed
18 agreements eligible for payments under **[this act]** P.L.1996, c.26
19 (C.34:1B-124 et seq.) over the cumulative anticipated grant
20 amounts **[:]**.

21 "Schedule NJK-1" means Schedule NJK-1 as the form existed for
22 taxable year 1997 **[:]**.

23 "Withholdings" means the amount withheld by a business from
24 the wages of new employees or estimated taxes paid by, or on
25 behalf of, partners that are new employees, or any combination
26 thereof, pursuant to the "New Jersey Gross Income Tax Act,"
27 N.J.S.54A:1-1 et seq., and, if the new employee is an employee
28 whose position has moved to New Jersey but whose income is not
29 subject to the New Jersey gross income tax pursuant to
30 N.J.S.54A:1-1 et seq., the amount of withholding that would occur
31 if the employee were to move to New Jersey.

32 (cf: P.L.2003, c.166, s.1)

33

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

36 6. a. The amount of the employment incentive awarded as a
37 grant **[in]** by the authority shall either be awarded in cash or as a
38 tax credit. In each case, the amount of the grant shall be not less
39 than **[10%]** 10 percent and not more than **[50%]** 50 percent of the
40 withholdings of the business, or not less than **[10%]** 10 percent and
41 not more than **[30%]** 30 percent of the estimated tax of the partners
42 of an eligible partnership whether paid directly by the partner or by
43 the eligible partnership on behalf of **[such]** the partner's account, or
44 any combination thereof, and shall be subject to the provisions of
45 sections 10 and 11 of **[this act]** P.L.1996, c.26 (C.34:1B-133 and
46 C.34:1B-134). In no case shall the aggregate amount of the
47 employment incentive grant awarded pursuant to a business

1 employment incentive agreement entered into on or after July 1,
2 2003 exceed an average of \$50,000 for all new employees over the
3 term of the grant. The employment incentive shall be based on
4 criteria developed by the authority after considering the following:

5 (1) The number of eligible positions to be created;

6 (2) The expected duration of those positions;

7 (3) The type of contribution the business can make to the long-
8 term growth of the State's economy;

9 (4) The amount of other financial assistance the business will
10 receive from the State for the project;

11 (5) The total dollar investment the business is making in the
12 project;

13 (6) Whether the business is a designated industry;

14 (7) Impact of the business on State tax revenues; and

15 (8) Such other related factors determined by the authority.

16 b. A business may be eligible to be awarded a grant, either in
17 cash or in tax credits, of up to **【80%】** 80 percent of the
18 withholdings of the business or up to **【50%】** 50 percent of the
19 estimated tax of the partners of an eligible partnership if the grant
20 promotes smart growth and the goals, strategies, and policies of the
21 State Development and Redevelopment Plan, established pursuant
22 to section 5 of P.L.1985, c.398 (C.52:18A-200), as determined by
23 and based upon criteria promulgated by the authority following
24 consultation with the **【Department of Community Affairs,】** Office
25 of **【Smart Growth】** State Planning in the Department of State.

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

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

30 e. Within 180 days of the date of enactment of P.L. _____,
31 c. _____ (C. _____) (pending before the Legislature as this bill), a
32 business that was approved for a grant prior to the enactment of the
33 P.L. _____, c. _____ (C. _____) (pending before the Legislature as this bill),
34 may direct the authority to convert the grant to a tax credit against
35 the tax liability otherwise due pursuant to section 5 of P.L.1945,
36 c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-
37 2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
38 N.J.S.17B:23-5. The direction to convert the grant to a tax credit
39 shall be irrevocable. An approved tax credit shall be issued in the
40 manner and for the amounts as follows and may only be applied in
41 the tax period for which they are issued and shall not be carried
42 forward:

43 (1) For grants accrued but not paid during calendar years 2008
44 through 2013, the tax credit shall be equal to an approved amount
45 and shall be issued in five installments over a five year period
46 beginning in the 2017 tax accounting or privilege period of the
47 business or tax credit transferee in the following percentages: in
48 year one, 30 percent of the accrued amount; in year two, 30 percent

1 of the accrued amount; in year three, 20 percent of the accrued
2 amount; in year four, 10 percent of the accrued amount; in year
3 five, 10 percent of the accrued amount. To the extent any amount
4 in this paragraph has not been approved by the authority by the
5 commencement of State fiscal year 2017, the aggregate tax credit
6 that would have been issued in State fiscal year 2017 shall be issued
7 in the year the amount is approved and the five-year period shall
8 commence in that fiscal year;

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

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

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

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

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

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

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

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

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

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

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

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

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

29 g. A business that does not pay taxes under section 5 of
30 P.L.1945, c.162 (C.54:10A-5) sections 2 and 3 of P.L.1945, c.132
31 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-
32 15), or N.J.S.17B:23-5 may apply to the executive director of the
33 authority for a tax credit transfer certificate, covering one or more
34 years. The tax credit transfer certificate, upon receipt thereof by the
35 business from the director and the executive director of the
36 authority, may be sold or assigned, in full or in part, in an amount
37 not less than \$100,000, or the amount of the refundable tax credit
38 issued if less than \$100,000, of tax credits to any other person that
39 may have a tax liability pursuant to section 5 of P.L.1945, c.162
40 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and
41 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
42 N.J.S.17B:23-5. The tax credit transfer certificate provided to the
43 business shall include a statement waiving the business's right to
44 claim that amount of the credit against the taxes that the business
45 has elected to sell or assign. The sale or assignment of any amount
46 of a tax credit transfer certificate allowed under this section shall
47 not be exchanged for consideration received by the business of less
48 than 90 percent of the transferred credit amount before considering

1 any further discounting to present value which shall be permitted.
2 Any amount of a tax credit transfer certificate used by a purchaser
3 or assignee against a tax liability shall be subject to the same
4 privileges, limitations, and conditions that apply to the use of the
5 credit by the business that originally applied for and was allowed
6 the tax credit, including treating the amount of excess as an
7 overpayment under subsection f. of this section. The tax credit
8 transferee may not transfer its tax credit to any other party.

9 (cf: P.L.2003, c.166, s.4)

10
11 3. Section 15 of P.L.1996, c.26 (C.34:1B-138) is amended to
12 read as follows:

13 15. The **【New Jersey Commerce and Economic Growth**
14 **Commission】** authority shall submit a report on the Business
15 Employment Incentive Program to the Governor **【**, President of the
16 Senate, and Speaker of the General Assembly**】** and, pursuant to
17 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on or
18 before October 31 of each year. The report shall include
19 information on the number of agreements entered into during the
20 preceding fiscal year, a description of the project under each
21 agreement, the number of jobs created, new income tax revenue
22 received from withholdings, amounts awarded as grants and an
23 update on the status of projects under agreement before the
24 preceding fiscal year.

25 (cf: P.L.2003, c.166, s.8)

26
27 4. This act shall take effect immediately and be operative as of
28 January 1, 2016.

29
30
31 STATEMENT

32
33 This bill allows a business that is eligible to receive a grant
34 under the Business Employment Incentive Program (BEIP) to direct
35 the New Jersey Economic Development Authority (authority) to
36 convert the grant to a refundable tax credit against its corporate,
37 gross income, or insurance premium tax liability in an amount equal
38 to the credit payment schedule provided in the bill. The direction to
39 convert the grant to a tax credit is to be irrevocable. Approved tax
40 credits may only be applied in the tax period for which they are
41 issued and are not to be carried forward. If the credit exceeds the
42 amount of tax liability otherwise due from a business that pays
43 corporate business taxes, the amount of excess is to be deemed an
44 overpayment and the business is to receive a refund without interest
45 due to it.

46 The bill allows a business that does not pay corporate business
47 taxes to apply to the executive director of the authority for a tax
48 credit transfer certificate, covering one or more years. The tax

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12

1 credit transfer certificate may be sold or assigned, in full or in part,
2 in an amount not less than \$100,000, or the amount of the
3 refundable tax credit issued if less than \$100,000, of tax credits to
4 any other person that may have a corporate, gross income, or
5 insurance premium tax liability. The sale or assignment of any
6 amount of a tax credit transfer certificate is not to be exchanged for
7 consideration received by the business of less than 90 percent of the
8 transferred credit amount before considering any further
9 discounting to present value which is permitted. The tax credit
10 transferee may not transfer its tax credit to any other party.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3232

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2015

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3232, with committee amendments.

As amended, this bill allows certain businesses that have previously been approved for a grant under the Business Employment Incentive Program to direct the New Jersey Economic Development Authority to convert the grant to a tax credit.

The Business Employment Incentive Program is a State economic development program that was created in 1996 to provide grants to businesses that create jobs in New Jersey. Under the program, grants may be awarded for up to 10 years and are equal to a percentage of the gross income taxes withheld by the business from wages of new employees subject to the grant agreement. To qualify for a grant, applicants must create a certain number of new jobs and certify that receipt of the grant is a “material” factor in the business’s decision to invest in New Jersey.

In 2013, the program was scheduled to be phased out as part of a larger consolidation of the State’s economic development incentive programs. In accordance with the “New Jersey Economic Opportunity Act of 2013,” the authority ceased accepting new applications for assistance and took final action on all pending applications under the program on or before December 31, 2013.

Despite the phase out, the State did not cancel future payments to businesses that were approved prior to December 31, 2013. The phase out prohibited the authority from accepting and approving new applications for assistance, but due to grant award terms it did not preclude the authority from incurring obligations that would be required to be paid to businesses following the phase out of the program.

In addition, recent funding shortages and a lack of appropriations in the last two fiscal years have resulted in a backlog of unpaid grant obligations. This backlog of unpaid grant obligations dates back to fiscal year 2008, and represents amounts that were scheduled to be paid to businesses but were not paid due to insufficient funds.

This bill provides the State with an alternative means, outside of the annual State budget process, to satisfy this backlog of unpaid grant obligations and to fulfill agreements with businesses that were

approved for assistance prior to the phase out of the program. Under the bill, businesses that were approved for a grant may direct the authority to convert the grant to a tax credit. The bill provides that this direction to convert a grant must be made within 180 days of the date of the bill's enactment, and that once made the direction to convert cannot be revoked.

The bill establishes a priority schedule for the issuance of tax credits that favors older, outstanding grant obligations over grants that will become newly payable in future years. In accordance with this schedule, the bill provides:

-- For grants accrued but not paid during calendar year 2008 through 2013, the tax credit is equal to any approved amount and will be issued in five installments over a five-year period beginning in the 2017 tax accounting or privilege period of the business in the following percentages: 30% of the accrued amount in year one, 30% of the accrued amount in year two, 20% of the accrued amount in year three, 10% of the accrued amount in year four, and 10% of the accrued amount in year five;

-- For grants accrued but not paid during calendar year 2014, the tax credit is equal to any approved amount and will be issued in four equal installments over a four-year period beginning in the 2019 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2015, the tax credit is equal to any approved amount and will be issued in four equal installments over a four-year period beginning in the 2019 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2016, the tax credit is equal to any approved amount and will be issued in three equal installments over a three-year period beginning in the 2020 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2017, the tax credit is equal to any approved amount and will be issued in three equal installments over a three-year period beginning in the 2020 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2018, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2022 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2019, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2022 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2020, the tax credit is equal to any approved amount and will be issued in four equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2021, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2022, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2023, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2024, the tax credit is equal to any approved amount and will be issued in the 2025 tax accounting or privilege period of the business; and

-- For grants accrued but not paid during calendar year 2025, the tax credit is equal to any approved amount and will be issued in the 2025 tax accounting or privilege period of the business.

The bill provides for tax credits issued in accordance with the bill to be applied to reduce a business's tax liability under the corporation business tax or insurance premium tax liability, prior to all other credits and payments. If the tax credit issued exceeds the amount of the tax liability otherwise due from a business that pays tax under the corporation business tax, the bill provides for the amount of the excess to be treated as an overpayment of tax and refunded to the business.

The bill permits businesses that do not pay corporation business tax or insurance premium tax to apply to the executive director of the authority for a tax credit transfer certificate in order to receive the benefit of the credit. Under the bill, once a tax credit transfer certificate is issued to a business, the transfer certificate may be sold or assigned, in full or in part, in an amount not less than \$100,000 (or the amount of the refundable tax credit issued if less than \$100,000), to any other person who may have a corporation business tax or insurance premium tax liability.

The bill imposes certain additional restrictions on the sale or assignment of tax credit transfer certificates issued by the authority. The bill prohibits the sale or assignment of any amount of a tax credit transfer certificate for consideration received by the business of less than 75% of the transferred tax credit amount (before considering any further discounting to present value), and bars tax credit transferees from transferring its tax credit to any other party.

The bill authorizes the executive director of the authority to adopt rules and regulations necessary to effectuate the purposes of the bill, and allows for the immediate filing of those rules and regulations with the Office of Administrative Law, effective for a period not to exceed 360 days following the bill's effective date.

The bill takes effect immediately upon enactment.

COMMITTEE AMENDMENTS:

The amendments reduce (from 90% to 75%) the minimum amounts of consideration that are required to be received by businesses from sales or assignments of tax credit transfer certificates.

The amendments also authorize the executive director of the authority to adopt temporary rules and regulations necessary to effectuate the purposes of the bill, revise the effective date and title of the bill, and omit references to the Director of the Division of Taxation.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that over time, the total fiscal impact to the State of the bill should equal the total impact of appropriated Business Employment Incentive Program grants, since the bill only allows a transfer or shift of the value of grants to tax credits. The bill does not explicitly increase or decrease the total overall amount of the benefit awarded under the program.

However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of program grants is unknown and subject to appropriation.

Using the schedule of conversions from grants to tax credits provided by the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years.

The OLS also notes that to the extent program grants are converted to corporation business tax credits, annual corporation business tax revenues constitutionally dedicated to certain environmental programs will be reduced. The State Constitution currently dedicates 4% of corporation business tax revenues through FY 2019, and dedicates 6% annually beginning in FY 2020.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3232 STATE OF NEW JERSEY 216th LEGISLATURE

DATED: DECEMBER 17, 2015

SUMMARY

- Synopsis:** Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant.
- Type of Impact:** Shift of appropriated grant funding to tax credits. Reduction in annual Constitutional dedication of certain corporation business tax revenues to certain environmental programs.
- Agencies Affected:** Department of the Treasury. Economic Development Authority. Department of Environmental Protection.

Office of Legislative Services Estimate

Fiscal Impact	<u>Long Run Total Impact</u>
State Cost Savings	\$1.267 billion in General Fund grant expenditures
State Revenue (Loss)	(\$1.267 billion in General Fund tax revenues)
Net State Impact	\$0

- The Office of Legislative Services (OLS) estimates that over time and in the aggregate the bill will have no impact on State finances. This is so because the bill shifts the disbursement method for some Business Employment Incentive Program (BEIP) grants, at the election of concerned beneficiary businesses, from the current appropriations-backed grant payments to tax credits. The bill does not change the total amount of BEIP benefit awards.
- However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of BEIP grants is unknown and subject to appropriation.
- Using the schedule of conversions from grants to tax credits outlined in the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years.

- To the extent that the BEIP grants are converted to corporation business tax credits, annual corporation business tax revenues Constitutionally dedicated to certain environmental programs will be reduced.

BILL DESCRIPTION

Senate Bill No. 3232 (1R) of 2015 allows a business that is eligible to receive a BEIP grant to direct the New Jersey Economic Development Authority (EDA) to convert the grant to a tax credit against its corporate or insurance premium tax liability, subject to the credit payment schedule provided in the bill. The conversion is irrevocable. Approved tax credits may only be applied in the tax period for which they are issued and are not to be carried forward. If the credit exceeds the amount of tax liability otherwise due from a business that pays corporate business taxes, the amount of excess is to be deemed an overpayment and the business is to receive a refund without interest.

The bill allows a business that does not pay corporate business taxes to apply to the EDA for a tax credit transfer certificate covering one or more years. The tax credit transfer certificate may be sold or assigned, in full or in part, in an amount not less than \$100,000, or the amount of the refundable tax credit issued if less than \$100,000, of tax credits to any other person that may have a corporate or insurance premium tax liability. The sale or assignment of any amount of a tax credit transfer certificate is not to be exchanged for consideration received by the business of less than 75 percent of the transferred credit amount before considering any further discounting to present value which is permitted. The tax credit transferee may not transfer its tax credit to any other party.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that over time and in the aggregate the bill will have no impact on State finances. This is so because the bill shifts the disbursement method for some BEIP grants, at the election of concerned beneficiary businesses, from the current appropriations-backed grant payments to tax credits. The bill does not change the total amount of BEIP benefit awards. However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of BEIP grants is unknown and subject to appropriation. BEIP grants received no State appropriation in FY 2015 and FY 2016.

According to the EDA, in response to FY 2015-16 OLS Discussion Points, future BEIP grant payment obligations through FY 2030 may total \$1.267 billion. Therefore, the total, long-term impact of this bill may be to convert those BEIP grant obligations into \$1.267 billion in tax credits. Of that total amount, the EDA further reports that \$635 million in grants were issued for FY 2008 through FY 2013 and are undelivered at this time, an additional \$289.3 million are projected to become payable by FY 2016, and another \$342.2 million may be payable in future years. Because BEIP grants are currently subject to appropriation through the annual State

budget process, there is no BEIP grant payment schedule indicating how these obligations would be paid out.

The estimates of the tax credit impact of the bill are also subject to significant annual uncertainty. It is unknown how many businesses will elect to convert the grant awards to tax credits. Moreover, the impact that the potential sale of tax credit transfer certificates may have on the timing of the tax credit process is also uncertain, and the annual timing of projected additional benefits may vary in a process that the bill authorizes through at least Tax Year 2025.

Using the schedule of conversions from grants to tax credits outlined in the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years. As noted above, this fiscal impact cannot be compared to an annual BEIP grant payment schedule, so the net impact on the State compared to current law in any specific year is unknown, but in the long run the total State fiscal impact of the tax credits should be the same as BEIP grant payments under current law.

The OLS notes that, to the extent that the BEIP grants are converted to corporation business tax credits, annual corporation business tax revenues constitutionally dedicated to certain environmental programs will be reduced. The State Constitution currently dedicates 4.0 percent of corporation tax revenues through FY 2019, and 6.0 percent annually beginning in FY 2020. If the corporate tax credits match the schedule outlined above, 4.0 percent of the revenue decline in Fiscal Years 2017 through 2019 would total \$16.0 million, and 6.0 percent of the revenue decline for years FY 2020 and thereafter would total \$52.0 million. These amounts would not be available for the Constitutional dedication.

Lastly, the OLS notes that as grants, the Executive and the Legislature currently retain some control over the payout of BEIP obligations. With the enactment of this bill, that control would be shifted to the tax administrative process.

Section: Revenue, Finance and Appropriations

*Analyst: Martin Poethke
Principal Revenue 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. 4834

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED DECEMBER 3, 2015

Sponsored by:

Assemblyman JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblywoman GAIL PHOEBUS

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

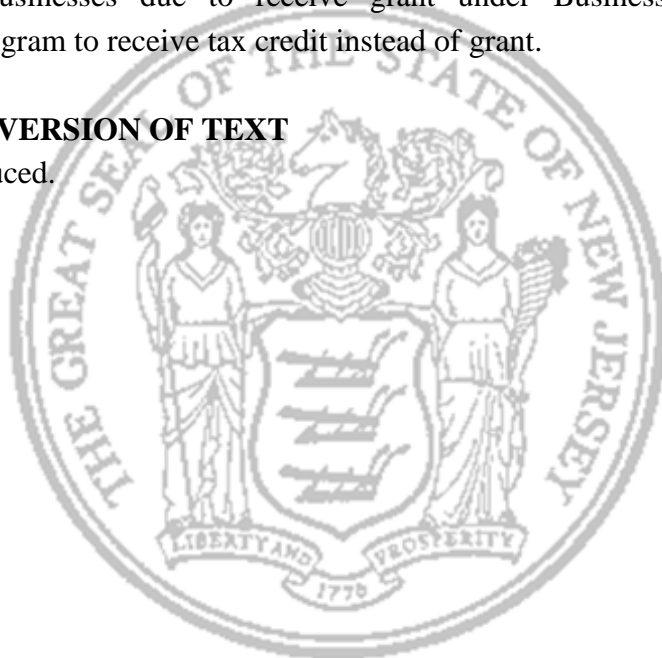
Assemblyman A.M.Bucco

SYNOPSIS

Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/11/2015)

1 AN ACT authorizing certain tax credits under the Business
2 Employment Incentive Program and amending P.L.1996, c.26.

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.1996, c.26 (C.34:1B-125) is amended to
8 read as follows:

9 2. As used in sections 1 through 17 of P.L.1996,
10 c.26 (C.34:1B-124 et seq.) and in sections 9 through 11 of
11 P.L.2003, c.166 (C.34:1B-139.1 through C.34:1B-139.3), unless a
12 different meaning clearly appears from the context:

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

18 "Advanced computing company" means a person, whose
19 headquarters or base of operations is located in New Jersey,
20 engaged in the research, development, production, or provision of
21 advanced computing for the purpose of developing or providing
22 products or processes for specific commercial or public purposes
23 **【;】**.

24 "Advanced materials" means materials with engineered
25 properties created through the development of specialized
26 processing and synthesis technology, including ceramics, high
27 value-added metals, electronic materials, composites, polymers, and
28 biomaterials **【;】**.

29 "Advanced materials company" means a person, whose
30 headquarters or base of operations is located in New Jersey,
31 engaged in the research, development, production, or provision of
32 advanced materials for the purpose of developing or providing
33 products or processes for specific commercial or public purposes
34 **【;】**.

35 "Application year" means the grant year for which an eligible
36 partnership submits the information required under section 8 of
37 P.L.1996, c.26 (C.34:1B-131);

38 "Authority" means the New Jersey Economic Development
39 Authority created pursuant to section 4 of P.L.1974,
40 c.80 **【(C.34:1B-1 et seq.);】** (C.34:1B-4).

41 "Base years" means the first two complete calendar years
42 following the effective date of an agreement **【;】**.

43 "Biotechnology" means the continually expanding body of
44 fundamental knowledge about the functioning of biological systems
45 from the macro level to the molecular and sub-atomic levels, as
46 well as novel products, services, technologies, and sub-technologies

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 developed as a result of insights gained from research advances
2 which add to that body of fundamental knowledge [;].

3 "Biotechnology company" means a person, whose headquarters
4 or base of operations is located in New Jersey, engaged in the
5 research, development, production, or provision of biotechnology
6 for the purpose of developing or providing products or processes for
7 specific commercial or public purposes, including but not limited
8 to, medical, pharmaceutical, nutritional, and other health-related
9 purposes, agricultural purposes, and environmental purposes, or a
10 person, whose headquarters or base of operations is located in New
11 Jersey, engaged in providing services or products necessary for
12 such research, development, production, or provision [;].

13 "Bonds means bonds, notes, or other obligations issued by the
14 authority pursuant to [this act;] P.L.1996, c.26 (C.34:1B-124 et
15 seq.).

16 "Business" means a corporation; sole proprietorship; partnership;
17 corporation that has made an election under Subchapter S of
18 Chapter One of Subtitle A of the Internal Revenue Code of 1986, or
19 any other business entity through which income flows as a
20 distributive share to its owners; limited liability company; nonprofit
21 corporation; or any other form of business organization located
22 either within or outside this State. A grant received under [this act]
23 P.L.1996, c.26 (C.34:1B-124 et seq.) by a partnership, Subchapter
24 S-Corporation, or other [such] business entity shall be apportioned
25 among the persons to whom the income or profit of the partnership,
26 Subchapter S-Corporation, or other entity is distributed, in the same
27 proportions as those in which the income or profit is distributed [;].

28 "Business employment incentive agreement" or "agreement"
29 means the written agreement between the authority and a business
30 proposing a project in this State in accordance with the provisions
31 of [this act] P.L.1996, c.26 (C.34:1B-124 et seq.) which establishes
32 the terms and conditions of a grant to be awarded pursuant to [this
33 act;] P.L.1996, c.26 (C.34:1B-124 et seq.).

34 ["Department" means the New Jersey Commerce and Economic
35 Growth Commission;]

36 "Designated industry" means a business engaged in the field of
37 biotechnology, pharmaceuticals, financial services [or],
38 transportation and logistics, advanced computing, advanced
39 materials, electronic device technology, environmental technology,
40 or medical device technology [;].

41 "Director" means the Director of the Division of Taxation [;].

42 "Division" means the Division of Taxation in the Department of
43 the Treasury [;].

44 "Electronic device technology" means a technology involving
45 microelectronics, semiconductors, electronic equipment, and
46 instrumentation, radio frequency, microwave, and millimeter

1 electronics, and optical and optic-electrical devices, or data and
2 digital communications and imaging devices [;].

3 "Electronic device technology company" means a person, whose
4 headquarters or base of operations is located in New Jersey,
5 engaged in the research, development, production, or provision of
6 electronic device technology for the purpose of developing or
7 providing products or processes for specific commercial or public
8 purposes [;].

9 "Eligible partnership" means a partnership or limited liability
10 company that is qualified to receive a grant as established in [this
11 act;] P.L.1996, c.26 (C.34:1B-124 et seq.).

12 "Eligible position" is a new full-time position created by a
13 business in New Jersey or transferred from another state by the
14 business under the terms and conditions set forth in [this act]
15 P.L.1996, c.26 (C.34:1B-124 et seq.) during the base years or in
16 subsequent years of a grant. In determining if positions are eligible
17 positions, the authority shall give greater consideration to positions
18 that average at least 1.5 times the minimum hourly wage during the
19 term of an agreement authorized pursuant to [this act] P.L.1996,
20 c.26 (C.34:1B-124 et seq.). For grants awarded on or after July 1,
21 2003, eligible position includes only a position for which a business
22 provides employee health benefits under a group health plan as
23 defined under section 14 of P.L.1997, c.146 (C.17B:27-54), a health
24 benefits plan as defined under section 1 of P.L.1992,
25 c.162 (C.17B:27A-17), or a policy or contract of health insurance
26 covering more than one person issued pursuant to Article 2 of Title
27 17B of the New Jersey Statutes. ["Eligible"] An "eligible position"
28 shall also [includes] include all current and future partners or
29 members of a partnership or limited liability company created by a
30 business in New Jersey or transferred from another state by the
31 business pursuant to the conditions set forth in [this act] P.L.1996,
32 c.26 (C.34:1B-124 et seq.) during the base years or in subsequent
33 years of a grant. An "eligible position" shall also include a position
34 occupied by a resident of this State whose position is relocated to
35 this State from another state but who does not qualify as a "new
36 employee" because prior to relocation [his] the resident's wages or
37 [his] the resident's distributive share of income from a gain, from a
38 loss or deduction, or [his] the resident's guaranteed payments or
39 any combination thereof, prior to the relocation, were not subject to
40 income taxes imposed by the state or municipality in which the
41 position was previously located. An "eligible position" shall also
42 include a position occupied by a resident of another State whose
43 position is relocated to this State but whose income is not subject to
44 the New Jersey gross income tax pursuant to the "New Jersey Gross
45 Income Tax Act," N.J.S.54A:1-1 et seq. An "eligible position" shall
46 not include any position located within New Jersey, which, within a
47 period either three months prior to the business' application for a

1 grant under **[this act]** P.L.1996, c.26 (C.34:1B-124 et seq.) or six
2 months after the date of application, ceases to exist or be located
3 within New Jersey **;**.

4 "Employment incentive" means the amount of a grant, either in
5 cash or in tax credits, determined pursuant to subsection a. of
6 section 6 of **[this act;]** P.L.1996, c.26 (C.34:1B-129).

7 "Environmental technology" means assessment and prevention of
8 threats or damage to human health or the environment,
9 environmental cleanup, or the development of alternative energy
10 sources **;**.

11 "Environmental technology company" means a person, whose
12 headquarters or base of operations is located in New Jersey,
13 engaged in the research, development, production, or provision of
14 environmental technology for the purpose of developing or
15 providing products or processes for specific commercial or public
16 purposes **;**.

17 "Estimated tax" means an amount calculated for a partner in an
18 eligible position equal to **[6.37%]** 6.37 percent of the lesser of
19 **[(i)]**: a. the amount of the partner's net income from the eligible
20 partnership that is sourced to New Jersey as reflected in Column B
21 of the partner's Schedule NJK-1 of the application year less the
22 amount of the partner's net income from the eligible partnership that
23 is sourced to New Jersey as reflected in column B of the partner's
24 Schedule NJK-1 in the foundation year **;** or **[(ii)]** b. the net of all
25 items of partnership income upon which tax has been paid as
26 reflected on the partner's New Jersey Gross Income Tax return in
27 the application year **;**.

28 "Foundation year" means the year immediately prior to the
29 creation of the eligible position **;**.

30 "Full-time employee" means a person who is employed for
31 consideration for at least 35 hours a week, or who renders any other
32 standard of service generally accepted by custom or practice as full-
33 time employment, whose wages are subject to withholding as
34 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
35 et seq., and who is determined by the authority to be employed in a
36 permanent position according to criteria it develops, or who is a
37 partner of an eligible partnership, who works for the partnership for
38 at least 35 hours a week, or who renders any other standard of
39 service generally accepted by custom or practice as full-time
40 employment, and whose distributive share of income, gain, loss, or
41 deduction, or whose guaranteed payments, or any combination
42 thereof, is subject to the payment of estimated taxes, as provided in
43 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
44 "Full-time employee" shall not include any person who works as an
45 independent contractor or on a consulting basis for the business **;**.

46 "Grant" means a business employment incentive grant as
47 established in **[this act;]** P.L.1996, c.26 (C.34:1B-124 et seq.).

1 "Medical device technology" means a technology involving any
2 medical equipment or product ~~[(other), other than a pharmaceutical~~
3 ~~[product)]~~ product, that has therapeutic value, diagnostic value, or
4 both, and is regulated by the federal Food and Drug Administration
5 ~~[:].~~

6 "Medical device technology company" means a person, whose
7 headquarters or base of operations is located in New Jersey,
8 engaged in the research, development, production, or provision of
9 medical device technology for the purpose of developing or
10 providing products or processes for specific commercial or public
11 purposes ~~[:].~~

12 "Net income from the eligible partnership" means the net
13 combination of a partner's distributive share of the eligible
14 partnership's income, gain, loss, deduction, or guaranteed payments
15 ~~[:].~~

16 "New employee" means a full-time employee first employed in
17 an eligible position on the project which is the subject of an
18 agreement or who is a partner of an eligible partnership, who works
19 for the partnership for at least 35 hours a week, or who renders any
20 other standard of service generally accepted by custom or practice
21 as full-time employment, and whose distributive share of income,
22 gain, loss or deduction, or whose guaranteed payments, or any
23 combination thereof, is subject to the payment of estimated taxes, as
24 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
25 et seq.; except that ~~[such]~~ a New Jersey resident whose position is
26 relocated to this State shall not be classified as a "new employee"
27 unless ~~[his]~~ the employee's wages, or ~~[his]~~ the employee's
28 distributive share of income from a gain, from a loss or deduction,
29 or ~~[his]~~ the employee's guaranteed payments or any combination
30 thereof, prior to the relocation, were subject to income taxes
31 imposed by the state or municipality in which the position was
32 previously located. "New employee" may also include an employee
33 rehired or called back from a layoff during or following the base
34 years to a vacant position previously held by that employee or to a
35 new position established during or following the base years. "New
36 employee" shall not include any employee who was previously
37 employed in New Jersey by the business or by a related person as
38 defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the
39 employee is transferred to the business, which is the subject of an
40 agreement, unless the employee's position at ~~[his]~~ the employee's
41 previous employer is filled by a new employee. "New employee"
42 also shall not include a child, grandchild, parent, or spouse of an
43 individual associated with the business who has direct or indirect
44 ownership of at least ~~[15%]~~ 15 percent of the profits, capital, or
45 value of the business. New employee shall also include an
46 employee whose position is relocated to this State but whose
47 income is not subject to the New Jersey gross income tax pursuant

1 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
2 **【;】**

3 "Partner" means a person who is entitled to either a distributive
4 share of a partnership's income, gain, loss, or deduction, or
5 guaranteed payments, or any combination thereof, by virtue of
6 holding an interest in the partnership. "Partner" also includes a
7 person who is a member of a limited liability company which is
8 treated as a partnership, as provided in the "New Jersey Gross
9 Income Tax Act," N.J.S.54A:1-1 et seq. **【;】**

10 "Refunding Bonds" means bonds, notes or other obligations
11 issued to refinance bonds, notes or other obligations previously
12 issued by the authority pursuant to the provision of **【this act;】**
13 P.L.1996, c.26 (C.34:1B-124 et seq.).

14 "Residual withholdings" means for any period of time, the excess
15 of the estimated cumulative withholdings for all executed
16 agreements eligible for payments under **【this act】** P.L.1996,
17 c.26 (C.34:1B-124 et seq.) over the cumulative anticipated grant
18 amounts **【;】**.

19 "Schedule NJK-1" means Schedule NJK-1 as the form existed for
20 taxable year 1997 **【;】**.

21 "Withholdings" means the amount withheld by a business from
22 the wages of new employees or estimated taxes paid by, or on
23 behalf of, partners that are new employees, or any combination
24 thereof, pursuant to the "New Jersey Gross Income Tax Act,"
25 N.J.S.54A:1-1 et seq., and, if the new employee is an employee
26 whose position has moved to New Jersey but whose income is not
27 subject to the New Jersey gross income tax pursuant to
28 N.J.S.54A:1-1 et seq., the amount of withholding that would occur
29 if the employee were to move to New Jersey.

30 (cf: P.L.2003, c.166, s.1)

31

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

34 6. a. The amount of the employment incentive awarded as a
35 grant **【in】** by the authority shall either be awarded in cash or as a
36 tax credit. In each case, the amount of the grant shall be not less
37 than **【10%】** 10 percent and not more than **【50%】** 50 percent of the
38 withholdings of the business, or not less than **【10%】** 10 percent and
39 not more than **【30%】** 30 percent of the estimated tax of the partners
40 of an eligible partnership whether paid directly by the partner or by
41 the eligible partnership on behalf of **【such】** the partner's account, or
42 any combination thereof, and shall be subject to the provisions of
43 sections 10 and 11 of **【this act】** P.L.1996, c.26 (C.34:1B-133 and
44 C.34:1B-134). In no case shall the aggregate amount of the
45 employment incentive grant awarded pursuant to a business
46 employment incentive agreement entered into on or after July 1,
47 2003 exceed an average of \$50,000 for all new employees over the

- 1 term of the grant. The employment incentive shall be based on
2 criteria developed by the authority after considering the following:
- 3 (1) The number of eligible positions to be created;
 - 4 (2) The expected duration of those positions;
 - 5 (3) The type of contribution the business can make to the long-
6 term growth of the State's economy;
 - 7 (4) The amount of other financial assistance the business will
8 receive from the State for the project;
 - 9 (5) The total dollar investment the business is making in the
10 project;
 - 11 (6) Whether the business is a designated industry;
 - 12 (7) Impact of the business on State tax revenues; and
 - 13 (8) Such other related factors determined by the authority.
- 14 b. A business may be eligible to be awarded a grant, either in
15 cash or in tax credits, of up to **【80%】** 80 percent of the
16 withholdings of the business or up to **【50%】** 50 percent of the
17 estimated tax of the partners of an eligible partnership if the grant
18 promotes smart growth and the goals, strategies, and policies of the
19 State Development and Redevelopment Plan, established pursuant
20 to section 5 of P.L.1985, c.398 (C.52:18A-200), as determined by
21 and based upon criteria promulgated by the authority following
22 consultation with the **【Department of Community Affairs,】** Office
23 of **【Smart Growth】** State Planning in the Department of State.
- 24 c. The term of the grant shall not exceed 10 years.
- 25 d. At the discretion of the authority, the grant may apply to
26 new employees or partners in eligible positions created during the
27 base years, and during the remainder of the term of the grant.
- 28 e. Within 180 days of the date of enactment of P.L. _____,
29 c. (C. _____) (pending before the Legislature as this bill), a
30 business that was approved for a grant prior to the enactment of the
31 P.L. _____, c. (C. _____) (pending before the Legislature as this bill),
32 may direct the authority to convert the grant to a tax credit against
33 the tax liability otherwise due pursuant to section 5 of P.L.1945,
34 c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-
35 2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
36 N.J.S.17B:23-5. The direction to convert the grant to a tax credit
37 shall be irrevocable. An approved tax credit shall be issued in the
38 manner and for the amounts as follows and may only be applied in
39 the tax period for which they are issued and shall not be carried
40 forward:
- 41 (1) For grants accrued but not paid during calendar years 2008
42 through 2013, the tax credit shall be equal to an approved amount
43 and shall be issued in five installments over a five year period
44 beginning in the 2017 tax accounting or privilege period of the
45 business or tax credit transferee in the following percentages: in
46 year one, 30 percent of the accrued amount; in year two, 30 percent
47 of the accrued amount; in year three, 20 percent of the accrued
48 amount; in year four, 10 percent of the accrued amount; in year

1 five, 10 percent of the accrued amount. To the extent any amount
2 in this paragraph has not been approved by the authority by the
3 commencement of State fiscal year 2017, the aggregate tax credit
4 that would have been issued in State fiscal year 2017 shall be issued
5 in the year the amount is approved and the five-year period shall
6 commence in that fiscal year;

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

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

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

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

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

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

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

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

47 (10) For a grant accrued but not paid during calendar year 2022,
48 the tax credit shall be equal to any approved amount and shall be

1 paid in two equal installments over a two-year period beginning in
2 the 2023 tax accounting or privilege period of the business or tax
3 credit transferee;

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

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

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

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

27 g. A business that does not pay taxes under section 5 of
28 P.L.1945, c.162 (C.54:10A-5) sections 2 and 3 of P.L.1945,
29 c.132 (C.54:18A-2 and 54:18A-3), section 1 of P.L.1950,
30 c.231 (C.17:32-15), or N.J.S.17B:23-5 may apply to the executive
31 director of the authority for a tax credit transfer certificate, covering
32 one or more years. The tax credit transfer certificate, upon receipt
33 thereof by the business from the director and the executive director
34 of the authority, may be sold or assigned, in full or in part, in an
35 amount not less than \$100,000, or the amount of the refundable tax
36 credit issued if less than \$100,000, of tax credits to any other person
37 that may have a tax liability pursuant to section 5 of P.L.1945,
38 c.162 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-
39 2 and 54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
40 N.J.S.17B:23-5. The tax credit transfer certificate provided to the
41 business shall include a statement waiving the business's right to
42 claim that amount of the credit against the taxes that the business
43 has elected to sell or assign. The sale or assignment of any amount
44 of a tax credit transfer certificate allowed under this section shall
45 not be exchanged for consideration received by the business of less
46 than 90 percent of the transferred credit amount before considering
47 any further discounting to present value which shall be permitted.
48 Any amount of a tax credit transfer certificate used by a purchaser

1 or assignee against a tax liability shall be subject to the same
2 privileges, limitations, and conditions that apply to the use of the
3 credit by the business that originally applied for and was allowed
4 the tax credit, including treating the amount of excess as an
5 overpayment under subsection f. of this section. The tax credit
6 transferee may not transfer its tax credit to any other party.

7 (cf: P.L.2003, c.166, s.4)

8

9 3. Section 15 of P.L.1996, c.26 (C.34:1B-138) is amended to
10 read as follows:

11 15. The **【New Jersey Commerce and Economic Growth**
12 **Commission】** authority shall submit a report on the Business
13 Employment Incentive Program to the Governor **【**, President of the
14 Senate, and Speaker of the General Assembly**】** and, pursuant to
15 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on or
16 before October 31 of each year. The report shall include
17 information on the number of agreements entered into during the
18 preceding fiscal year, a description of the project under each
19 agreement, the number of jobs created, new income tax revenue
20 received from withholdings, amounts awarded as grants and an
21 update on the status of projects under agreement before the
22 preceding fiscal year.

23 (cf: P.L.2003, c.166, s.8)

24

25 4. This act shall take effect immediately and be operative as of
26 January 1, 2016.

27

28

29

STATEMENT

30

31 This bill allows a business that is eligible to receive a grant
32 under the Business Employment Incentive Program (BEIP) to direct
33 the New Jersey Economic Development Authority (authority) to
34 convert the grant to a refundable tax credit against its corporate,
35 gross income, or insurance premium tax liability in an amount equal
36 to the credit payment schedule provided in the bill. The direction to
37 convert the grant to a tax credit is to be irrevocable. Approved tax
38 credits may only be applied in the tax period for which they are
39 issued and are not to be carried forward. If the credit exceeds the
40 amount of tax liability otherwise due from a business that pays
41 corporate business taxes, the amount of excess is to be deemed an
42 overpayment and the business is to receive a refund without interest
43 due to it.

44

45 The bill allows a business that does not pay corporate business
46 taxes to apply to the executive director of the authority for a tax
47 credit transfer certificate, covering one or more years. The tax
48 credit transfer certificate may be sold or assigned, in full or in part,
in an amount not less than \$100,000, or the amount of the

1 refundable tax credit issued if less than \$100,000, of tax credits to
2 any other person that may have a corporate, gross income, or
3 insurance premium tax liability. The sale or assignment of any
4 amount of a tax credit transfer certificate is not to be exchanged for
5 consideration received by the business of less than 90 percent of the
6 transferred credit amount before considering any further
7 discounting to present value which is permitted. The tax credit
8 transferee may not transfer its tax credit to any other party.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4834

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2015

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4834, with committee amendments.

As amended, this bill allows certain businesses that have previously been approved for a grant under the Business Employment Incentive Program to direct the New Jersey Economic Development Authority to convert the grant to a tax credit.

The Business Employment Incentive Program is a State economic development program that was created in 1996 to provide grants to businesses that create jobs in New Jersey. Under the program, grants may be awarded for up to 10 years and are equal to a percentage of the gross income taxes withheld by the business from wages of new employees subject to the grant agreement. To qualify for a grant, applicants must create a certain number of new jobs and certify that receipt of the grant is a “material” factor in the business’s decision to invest in New Jersey.

In 2013, the program was scheduled to be phased out as part of a larger consolidation of the State’s economic development incentive programs. In accordance with the “New Jersey Economic Opportunity Act of 2013,” the authority ceased accepting new applications for assistance and took final action on all pending applications under the program on or before December 31, 2013.

Despite the phase out, the State did not cancel future payments to businesses that were approved prior to December 31, 2013. The phase out prohibited the authority from accepting and approving new applications for assistance, but due to grant award terms it did not preclude the authority from incurring obligations that would be required to be paid to businesses following the phase out of the program.

In addition, recent funding shortages and a lack of appropriations in the last two fiscal years have resulted in a backlog of unpaid grant obligations. This backlog of unpaid grant obligations dates back to fiscal year 2008, and represents amounts that were scheduled to be paid to businesses but were not paid due to insufficient funds for the program.

This bill provides the State with an alternative means, outside of the annual State budget process, to satisfy this backlog of unpaid grant obligations and to fulfill agreements with business that were approved for assistance prior to the phase out of the program. Under the bill, businesses that were approved for a grant may direct the authority to convert the grant to a tax credit. The bill provides that this direction to convert a grant must be made within 180 days of the date of the bill's enactment, and that once made the direction to convert cannot be revoked.

The bill establishes a priority schedule for the issuance of tax credits that favors older, outstanding grant obligations over grants that will become newly payable in future years. In accordance with this schedule, the bill provides:

-- For grants accrued but not paid during calendar year 2008 through 2013, the tax credit is equal to any approved amount and will be issued in five installments over a five-year period beginning in the 2017 tax accounting or privilege period of the business in the following percentages: 30% of the accrued amount in year one, 30% of the accrued amount in year two, 20% of the accrued amount in year three, 10% of the accrued amount in year four, and 10% of the accrued amount in year five;

-- For grants accrued but not paid during calendar year 2014, the tax credit is equal to any approved amount and will be issued in four equal installments over a four-year period beginning in the 2019 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2015, the tax credit is equal to any approved amount and will be issued in four equal installments over a four-year period beginning in the 2019 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2016, the tax credit is equal to any approved amount and will be issued in three equal installments over a three-year period beginning in the 2020 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2017, the tax credit is equal to any approved amount and will be issued in three equal installments over a three-year period beginning in the 2020 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2018, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2022 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2019, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2022 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2020, the tax credit is equal to any approved amount and will be issued in four equal

installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2021, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2022, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2023, the tax credit is equal to any approved amount and will be issued in two equal installments over a two-year period beginning in the 2023 tax accounting or privilege period of the business;

-- For grants accrued but not paid during calendar year 2024, the tax credit is equal to any approved amount and will be issued in the 2025 tax accounting or privilege period of the business; and

-- For grants accrued but not paid during calendar year 2025, the tax credit is equal to any approved amount and will be issued in the 2025 tax accounting or privilege period of the business.

The bill provides for tax credits issued in accordance with the bill to be applied to reduce a business's tax liability under the corporation business tax or insurance premium tax liability, prior to all other credits and payments. If the tax credit issued exceeds the amount of the tax liability otherwise due from a business that pays tax under the corporation business tax, the bill provides for the amount of the excess to be treated as an overpayment of tax and refunded to the business.

The bill permits businesses that do not pay corporation business tax or insurance premium tax to apply to the executive director of the authority for a tax credit transfer certificate in order to receive the benefit of the credit. Under the bill, once a tax credit transfer certificate is issued to a business, the transfer certificate may be sold or assigned, in full or in part, in an amount not less than \$100,000 (or the amount of the refundable tax credit issued if less than \$100,000), to any other person who may have a corporation business tax or insurance premium tax liability.

The bill imposes certain additional restrictions on the sale or assignment of tax credit transfer certificates issued by the authority. The bill prohibits the sale or assignment of any amount of a tax credit transfer certificate for consideration received by the business of less than 75% of the transferred tax credit amount (before considering any further discounting to present value), and bars tax credit transferees from transferring its tax credit to any other party.

The bill authorizes the executive director of the authority to adopt rules and regulations necessary to effectuate the purposes of the bill, and allows for the immediate filing of those rules and regulations with

the Office of Administrative Law, effective for a period not to exceed 360 days following the bill's effective date.

The bill takes effect immediately upon enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that over time, the total fiscal impact to the State of the bill should equal the total impact of appropriated Business Employment Incentive Program grants, since the bill only allows a transfer or shift of the value of grants to tax credits. The bill does not explicitly increase or decrease the total overall amount of the benefit awarded under the program.

However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of program grants is unknown and subject to appropriation.

Using the schedule of conversions from grants to tax credits provided by the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years.

The OLS also notes that to the extent program grants are converted to corporation business tax credits, annual corporation business tax revenues constitutionally dedicated to certain environmental programs will be reduced. The State Constitution currently dedicates 4% of corporation business tax revenues through FY 2019, and dedicates 6% annually beginning in FY 2020.

COMMITTEE AMENDMENTS:

The amendments reduce (from 90% to 75%) the minimum amounts of consideration that are to be received by businesses from sales or assignments of tax credit transfer certificates.

The amendments also authorize the executive director of the authority to adopt temporary rules and regulations necessary to effectuate the purposes of the bill, revise the effective date and title of the bill, and omit references to the Director of the Division of Taxation.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4834

STATE OF NEW JERSEY 216th LEGISLATURE

DATED: DECEMBER 17, 2015

SUMMARY

- Synopsis:** Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant.
- Type of Impact:** Shift of appropriated grant funding to tax credits. Reduction in annual Constitutional dedication of certain corporation business tax revenues to certain environmental programs.
- Agencies Affected:** Department of the Treasury. Economic Development Authority. Department of Environmental Protection.

Office of Legislative Services Estimate

Fiscal Impact	<u>Long Run Total Impact</u>
State Cost Savings	\$1.267 billion in General Fund grant expenditures
State Revenue (Loss)	(\$1.267 billion in General Fund tax revenues)
Net State Impact	\$0

- The Office of Legislative Services (OLS) estimates that over time and in the aggregate the bill will have no impact on State finances. This is so because the bill shifts the disbursement method for some Business Employment Incentive Program (BEIP) grants, at the election of concerned beneficiary businesses, from the current appropriations-backed grant payments to tax credits. The bill does not change the total amount of BEIP benefit awards.
- However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of BEIP grants is unknown and subject to appropriation.
- Using the schedule of conversions from grants to tax credits outlined in the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years.

- To the extent that the BEIP grants are converted to corporation business tax credits, annual corporation business tax revenues constitutionally dedicated to certain environmental programs will be reduced.

BILL DESCRIPTION

Assembly Bill No. 4834 (1R) of 2015 allows a business that is eligible to receive a BEIP grant to direct the New Jersey Economic Development Authority (EDA) to convert the grant to a tax credit against its corporate or insurance premium tax liability, subject to the credit payment schedule provided in the bill. The conversion is irrevocable. Approved tax credits may only be applied in the tax period for which they are issued and are not to be carried forward. If the credit exceeds the amount of tax liability otherwise due from a business that pays corporate business taxes, the amount of excess is to be deemed an overpayment and the business is to receive a refund without interest.

The bill allows a business that does not pay corporate business taxes to apply to the EDA for a tax credit transfer certificate covering one or more years. The tax credit transfer certificate may be sold or assigned, in full or in part, in an amount not less than \$100,000, or the amount of the refundable tax credit issued if less than \$100,000, of tax credits to any other person that may have a corporate or insurance premium tax liability. The sale or assignment of any amount of a tax credit transfer certificate is not to be exchanged for consideration received by the business of less than 75 percent of the transferred credit amount before considering any further discounting to present value which is permitted. The tax credit transferee may not transfer its tax credit to any other party.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that over time and in the aggregate the bill will have no impact on State finances. This is so because the bill shifts the disbursement method for some BEIP grants, at the election of concerned beneficiary businesses, from the current appropriations-backed grant payments to tax credits. The bill does not change the total amount of BEIP benefit awards. However, while the total overall fiscal impact of the bill should be neutral in the long run, the net impact in any specific year could vary widely and is subject to considerable uncertainty. The State's current plan for annual payment of BEIP grants is unknown and subject to appropriation. BEIP grants received no State appropriation in FY 2015 and FY 2016.

According to the EDA, in response to FY 2015-16 OLS Discussion Points, future BEIP grant payment obligations through FY 2030 may total \$1.267 billion. Therefore, the total, long-term impact of this bill may be to convert those BEIP grant obligations into \$1.267 billion in tax credits. Of that total amount, the EDA further reports that \$635 million in grants were issued for FY 2008 through FY 2013 and are undelivered at this time, an additional \$289.3 million are projected to become payable by FY 2016, and another \$342.2 million may be payable in future

years. Because BEIP grants are currently subject to appropriation through the annual State budget process, there is no BEIP grant payment schedule indicating how these obligations would be paid out.

The estimates of the tax credit impact of the bill are also subject to significant annual uncertainty. It is unknown how many businesses will elect to convert the grant awards to tax credits. Moreover, the impact that the potential sale of tax credit transfer certificates may have on the timing of the tax credit process is also uncertain, and the annual timing of projected additional benefits may vary in a process that the bill authorizes through at least Tax Year 2025.

Using the schedule of conversions from grants to tax credits outlined in the bill, the OLS estimates a potential annual reduction in corporation business or insurance premiums tax revenues of \$1.267 billion as follows: \$190.6 million in FY 2017; \$190.6 million in FY 2018; \$199.4 million in FY 2019; \$135.9 million in FY 2020; \$135.9 million in FY 2021; \$72.3 million in FY 2022; and the remaining \$342.2 million in unknown increments in subsequent fiscal years. As noted above, this fiscal impact cannot be compared to an annual BEIP grant payment schedule, so the net impact on the State compared to current law in any specific year is unknown, but in the long run the total State fiscal impact of the tax credits should be the same as BEIP grant payments under current law.

The OLS notes that, to the extent that the BEIP grants are converted to corporation business tax credits, annual corporation business tax revenues constitutionally dedicated to certain environmental programs will be reduced. The State Constitution currently dedicates 4.0 percent of corporation tax revenues through FY 2019, and 6.0 percent annually beginning in FY 2020. If the corporate tax credits match the schedule outlined above, 4.0 percent of the revenue decline in Fiscal Years 2017 through 2019 would total \$16.0 million, and 6.0 percent of the revenue decline for years FY 2020 and thereafter would total \$52.0 million. These amounts would not be available for the Constitutional dedication.

Lastly, the OLS notes that as grants, the Executive and the Legislature currently retain some control over the payout of BEIP obligations. With the enactment of this bill, that control would be shifted to the tax administrative process.

Section: Revenue, Finance and Appropriations

*Analyst: Martin Poethke
Principal Revenue 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 Christie Takes Action On Pending Legislation

Monday, January 11, 2016 Tags: [Bill Action](#)



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Trenton, NJ – Governor Chris Christie today took action on legislation, including a bill aimed at helping inmates who were victims of domestic violence and a second bill designed to help non-violent drug offenders reclaim their lives by streamlining the process for expungement of their criminal records.

The Governor suggested minor changes to strengthen Senate Bill No. 995, which seeks to help domestic violence victims who have been convicted of crimes against their abusers by establishing a community reentry program to assist victim-offenders assimilate into society upon release from custody and prevent further victimization.

Governor Christie conditionally vetoed the bill, proposing that the program be established solely in the Department of Corrections.

"The goal of this bill is commendable and I sincerely support its objective," Governor Christie said. "Domestic violence is tragic, and victims deserve support and counseling. However, the bill conflates the statutory and regulatory responsibilities of the Department of Corrections and the State Parole Board, combining the agencies' separate residential program functions. Accordingly, I suggest minor amendments, in accordance with the intent of the legislation to establish this program within the Department of Corrections, consistent with its existing reintegration programming and tailored to the specific needs of this limited inmate population."

The bill as written also called for an automatic early release program for this specific subset of inmates upon successful completion of the reentry program, an element of the bill that Governor Christie does not support.

"I cannot support the creation of early release programs because they would begin to chisel away at the long-standing function of the State Parole Board," Governor Christie said. "For decades, the State Parole Board has faithfully fulfilled its charge to carefully review and consider the underlying facts and circumstances of each applicant for parole. While I continue to encourage the Legislature to explore reforms that will create efficiencies in State government, I remain grounded in my belief that the review of parole applications is best accomplished through the reasoned, compassionate, experienced and individualized judgment of the State Parole Board and not through an automatic process based upon one factor."

Governor Christie similarly took action to strengthen the Assembly Committee Substitute for Assembly Bills Nos. 206, 471, 1663, 2879, 3060 and 3108, and urged quick approval from the Legislature.

The bill proposes to allow those who have successfully completed the Drug Court program to expunge the related criminal charges, and it further aims to make the expungement process more efficient.

Seeking to balance the needs of non-violent ex-offenders with public safety, Governor Christie conditionally vetoed the bill, retaining the current waiting period for expungements for indictable offenses, currently 10 years, or five years if a court determines that expungement is in the public's interest.

"While I support breaking down barriers to employment and education for non-violent ex-offenders, I cannot endorse a bill that compromises public safety," Governor Christie said. "As written, this bill would cut in half the presumptive waiting period to expunge indictable offenses, often felonies, from ten years to five years, and eliminate an important safeguard which allows a judge to consider whether granting an expungement is in the public's interest. The current public interest exception to the presumptive waiting period is an effective and efficient way to help ex-offenders combat the collateral consequences of their offense, while also ensuring that public safety is not compromised."

Governor Christie further suggested retaining the five-year waiting period for disorderly persons offenses, while adopting the bill's provision to lower this waiting period to three years, if a court determines that expungement is in the public interest.

The Governor also took the following action on other pending legislation:

BILL SIGNINGS:

S-475/A-3223 (Madden, Sweeney/Mosquera, Webber, Moriarty, Mukherji, Garcia, Munoz, Lampitt) - Requires certain information regarding Down syndrome be provided to certain parents and families

S-650 (Doherty, Beach/DiMaio, Andrzejczak, Peterson, DeAngelo) - Designates State Route 173 between Clinton and Phillipsburg as "173rd Airborne Brigade Highway"

S-835/A-1972 (Bateman/Garcia, Danielson) - Enhances penalties for false incrimination and making fictitious reports

S-939/A-2913 (Bateman, A.R. Bucco/Caride, Dancer, A.M. Bucco) - Designates Black Swallowtail butterfly as State Butterfly

S-1940/A-2893 (Oroho, Van Drew/Burzichelli, Space) - Exempts board of education and local government payments to entities under BPU jurisdiction from certain certification requirements

S-2145/A-631 (Van Drew, Madden/Moriarty, Burzichelli, Tucker, DeAngelo, Danielson, Mukherji) - Authorizes hiring preference for veterans in non-civil service jurisdictions

S-2301/A-3522 (Greenstein, Stack/Stender, Mukherji, Lagana, Diegnan) - Regulates pharmacy benefits managers and requires certain disclosures concerning multiple source generic drug pricing

S-2432/A-4720 (Madden/Moriarty, Mosquera) - Requires notification of member or retiree of State-administered retirement system under certain circumstances when member or retiree requests change in beneficiary for group life insurance

S-2453/A-3805 (Weinberg, Allen/Burzichelli, Singleton) - Requires earlier mandatory polling hours for school elections; requires discretionary additional polling hours be consistent with current primary and general elections

S-2523/A-3917 (Gill, Greenstein, Benson/DeAngelo, Johnson) - Permits municipalities and municipal parking authorities to create Senior Citizen Priority Parking Program

SCS for S-2586, 2587, A-3217, and 3218 (Stack, Cunningham, Mukherji, Pintor Marin, Garcia) - Requires certain sanitary and protective procedures for used mattresses

SCS for S-2668/A-4270 (Beach, Madden/Lampitt, Vainieri Huttle, Benson, Spencer, Wimberly, Mosquera) - Establishes "MVP Emergency Alert System" for missing persons with mental, intellectual, or developmental disabilities

SS for S-2770/AS for A-3956 (Sweeney, Addiego/Lampitt, Greenwald, Vainieri Huttle, Benson, Mazzeo) - Authorizes establishment of Achieving a Better Life Experience accounts for persons with certain disabilities

S-2940/A-4531 (Singer, Sweeney/Spencer, Benson, Casagrande, Muoio) - Creates new criminal offenses concerning endangering another person; repeals N.J.S.2C:12-2 and N.J.S.2C:24-7

S-2961/A-4188 (Codey, Vitale/Garcia, Lagana, Taliaferro, Vainieri Huttle, Danielsens, Holley, Benson, Jimenez) - Clarifies that Alzheimer's disease and related disorders may be listed as secondary cause of death on death certificate when appropriate

S-2978/A-4194 (Van Drew, Oroho/Burzichelli, Spencer, Rumana, Webber, Benson) - Authorizes mobile electronic waste destruction units to operate without DEP permit

S-3004/A-4685 (Cunningham, Van Drew/Andrzejczak, Johnson, Muoio, Wimberly) - Permits municipality with UEZ to participate in Downtown Business Improvements Zone Loan Fund

S-3076/A-4621 (Weinberg, Bateman/Johnson, Caride) - Increases maximum legal fee to represent victims from \$1,000 to \$3,000

S-3110/A-4617 (Scutari/Johnson, Webber) - Permits certain health clubs to offer swimming lessons and otherwise remain exempt from first aid personnel and lifeguarding requirements

S-3117/A-4781 (Gordon, Bateman, Sweeney, T. Kean/Vainieri Huttle, Eustace, Gusciora, Lampitt, Angelini, Moriarty) - Prohibits Division of Developmental Disabilities from compelling transfers of individuals with developmental disabilities from out-of-State to in-State facilities unless certain exceptions apply

S-3220/A-4790 (Sweeney, O'Toole, Vitale/Greenwald, Conaway, Vainieri Huttle, Handlin, Garcia) - Establishes a process to integrate certain health data and other data from publicly supported programs for population health research

S-3232/A-4834 (Sarlo, Oroho/Lagana, Burzichelli, Schaer, DeAngelo, Phoebus) - Allows businesses due to receive grant under Business Employment Incentive Program to receive tax credit instead of grant

S-3270/A-4705 (Gill, Bateman/Schaer, Coughlin, Lagana, S. Kean, Ciattarelli) - "Certificates of Insurance Act;" governs use of certificates of insurance; provides DOBI with enforcement authority

SJR-81/AJR-122 (Barnes/Vainieri Huttle, Schaer, Lampitt) - Condemns Boycott, Divestment, and Sanctions movement against Israel

A-308/S-2203 (Russo, Rumana/O'Toole, Smith) - Prohibits escrow agent evaluation services from charging escrow agents fees

A-1098/S-671 (Vainieri Huttle, Eustace, Diegnan, Giblin/Pou, Sarlo, Weinberg) - Requires DHS and DMVA to conduct or contract for follow-up studies of former residents transitioning to community from their facilities

A-1355/S-2963 (Stender, Lampitt, Holley, Moriarty/T. Kean, Vitale) - Requires DOH to provide information about crib safety on its Internet website

A-1783/S-2020 (McKeon, Rible, Sumter, Moriarty/Vitale, Cunningham) - "Art Therapist Licensing Act"

A-2023/S-2675 (Greenwald, Benson/Cruz-Perez) - Revises definition of "responsible charge" as it pertains to licensed professional engineers and licensed architects

A-2229 (Wisniewski, Diegnan) - Concerns contracts for asphalt work under the "Local Public Contracts Law"

A-2301/S-1481 (Andrzejczak/Van Drew) - Designates certain interchanges of Garden State Parkway in honor of Melvin M. Loftus and Christopher Meyer

A-3052/S-1090 (Mazzeo, Pinkin, Mukherji, Wimberly/A.R. Bucco, Whelan) - Concerns property taxes due and owing on real property damaged or destroyed during, or as the result of, a natural disaster when a state of emergency is declared by the Governor

A-3246/S-3069 (Dancer, Burzichelli, Vainieri Huttle/Oroho, Sarlo) - Requires timeframe of standardbred mare residing in New Jersey breeding farm be inclusive of foaling instead of between foal's conception and birth

A-3293/S-2146 (Mazzeo, Andrzejczak, Pinkin, Webber, Simon, Mukherji/Van Drew, Doherty) - Allows military personnel and veterans to present certain identifying documents in lieu of municipal beach tags to gain admission to certain beaches

A-3331/S-3111 (Benson, Rodriguez-Gregg, Coughlin/Gill, Beach) - Requires health benefits coverage for synchronization of prescribed medications under certain circumstances

A-3390/S-2309 (Coughlin, Pinkin, Webber, Diegnan/Vitale) - Permits transmittal of certain land use documents via email

A-3395/S-2294 (Wisniewski/Sacco) - Allows insurer to obtain certificates of ownership or salvage certificates of title for motor vehicles under certain circumstances

A-3499/S-2256 (Andrzejczak, Mazzeo, Johnson, Pinkin, DeAngelo/Van Drew) - Requires DMVA to encourage and facilitate returning service members' registration with VA

A-3507/S-2677 (Eustace, Webber, Munoz, Schepisi, Rumana/Gordon, Sarlo) - Amends law concerning county and municipal stream cleaning activities

A-3749/S-2568 (Lampitt, Mazzeo, Andrzejczak, Mukherji, Pinkin/Beach, Allen) - Establishes program to provide assistance to qualified veterans in in-patient and out-patient treatment programs to travel to medical counseling in State

A-3849/SCS for S-2466 (DeAngelo, Eustace, Mazzeo, Pintor Marin, Benson/Turner, Singer) - Requires BPU to provide links to pricing information to customers from electric and gas public utilities, and third-party electric power and gas suppliers

A-3950/S-2832 (Prieto, Jimenez, Quijano/Greenstein, Turner) - Permits correctional facilities to utilize body imaging scanning equipment

A-4079/S-2819 (Eustace, Andrzejczak, Taliaferro, Benson, Dancer/Van Drew, Beach) - Directs Department of Agriculture to publish on its website "New Jersey Gleaning Week" and "Farmers Against Hunger Day" page

A-4094/S-2884 (Conaway, Singleton, Wimberly, Lampitt, Benson/Whelan, Madden) - Permits administration of epinephrine auto-injector device by persons who complete approved educational program

A-4438/S-3202 (Mukherji, Burzichelli/Scutari, Madden) - Raises maximum workers' compensation fees for evaluating physicians

A-4518/S-3010 (Schaer, Eustace, Benson, Pintor Marin/Sarlo) - Modifies and clarifies provisions of certain economic incentive programs

AJR-57/SJR-42 (Space/Oroho) - Designates April of each year as "Sarcoidosis Awareness Month"

AJR-93/SJR-73 (Eustace, Andrzejczak, Taliaferro, Benson/Van Drew, Beach) - Designates third week of September as "New Jersey Gleaning Week"

AJR-94/SJR-74 (Eustace, Andrzejczak, Taliaferro, Benson/Van Drew, Beach) - Designates Wednesday of third week of September as "Farmers Against Hunger Day"

AJR-100/SJR-70 (Andrzejczak, Tucker, DeAngelo, Mazzeo/Van Drew, Whelan) - Designates first week in August of each year as "Coast Guard Week" and honors Cape May as U.S. Coast Guard's enlisted accession point and recruit training center

BILLS VETOED:

S-264/A-1347 (Greenstein, Cunningham/Stender, Egan, O'Donnell, Wimberly) – **ABSOLUTE** - "Thomas P. Canzanella Twenty First Century First Responders Protection Act"; concerns workers compensation for public safety workers

S-374/A-3403 (Scutari, Beck/Rible, DeAngelo, Mukherji) - **ABSOLUTE** - Concerns attorney fees for workers' compensation awards

SCS for S-779, 1952/ACS for A-2474 (Weinberg, Sarlo, Lesniak/Johnson, Garcia, Vainieri Huttie, Lagana, Mukherji, Moriarty) - **ABSOLUTE** - "Garden State Film and Digital Media Jobs Act" expands existing film and digital media production tax credit programs

S-995/A-1677 (Weinberg, Allen/Johnson, Vainieri Huttie, Lampitt, Mosquera) – **CONDITIONAL** - Establishes in DOC, supervised community reintegration program for certain victims of domestic abuse

S-1346/A-3837 (Rice/Coughlin, Garcia, Rodriguez-Gregg, Pintor Marin, Jasey) - **CONDITIONAL** - Concerns the recording of mortgages

S-2260/A-688 (Scutari, Cardinale/Schaer) - **CONDITIONAL** - Modifies certain fees charged by, and requirements imposed on, check casher licensees

S-2524/A-4067 (Gill, Allen/Lagana, Singleton, Moriarty) - **CONDITIONAL** - The "Municipal Volunteer Property Tax Reduction Act"; permits certain municipal property owners to perform volunteer services in return for property tax vouchers

S-2577/ACS for A-4139 (Stack, Schaer/Mazzeo, Andrzejczak, Mukherji, Quijano) - **CONDITIONAL** - Establishes temporary mortgage relief programs for certain owners of real property impacted by "Superstorm Sandy"

S-2867/A-4248 (Ruiz, Pou/Jasey, Sumter, Vainieri Huttie, Green, Holley, Wimberly) - **ABSOLUTE** - Permits municipal land banking in conjunction with online property database development

S-3024/A-4463 (Scutari/Giblin, Diegnan, Jimenez, Caputo, Vainieri Huttie) – **CONDITIONAL** - Revises laws concerning real estate licensees

S-3282/A-4850 (Rice, Cunningham/Wimberly, Mainor, Johnson) - **CONDITIONAL** - Expands Police Training Commission membership to include representative from Northern New Jersey and South Jersey Chapters of National Organization of Black Law Enforcement Executives

ACS for A-206, 471, 1663, 2879, 3060, and 3108/S-2663 (Green, Spencer, Gusciora, Johnson, McKeon, Giblin, Wimberly, Mainor, Quijano/Turner, Lesniak, Pou) - **CONDITIONAL** - Shortens waiting periods for expungement of criminal and other records and information; makes various changes to other expungement procedures and requirements

A-3257/S-2125 (Andrzejczak, Mazzeo, Burzichelli/Van Drew) - **CONDITIONAL** - Provides that determination by county agriculture development board or State Agriculture Development Committee as to what qualifies as farm-based recreational activity in pinelands protection area is binding on Pinelands Commission

A-4103/S-2840 (Mazzeo, Andrzejczak, Giblin/Allen, Whelan) - **ABSOLUTE** - Creates workforce training program for former casino workers

A-4233/S-2435 (Jasey, McKeon, Vainieri Huttie, Mukherji, Lampitt/Codey, Vitale) - **ABSOLUTE** - Provides Medicaid coverage for advance care planning

A-4275/S2831 (Prieto, Eustace, Lagana, Greewald, Quijano, Danielsen, Mukherji/Sweeney, Turner, Sarlo) – **CONDITIONAL** - "New Jersey Secure Choice Savings Program Act"; establishes retirement savings program for certain workers

A-4326/S-2942 (Schaer, Lagana, Eustace, Prieto/Gordon, Barnes) - **ABSOLUTE** - Reforms annual State revenue estimating and reporting, and executive State budget presentation and revenue certification processes

A-4386/S-3042 (Coughlin, Pinkin/Vitale, Singer) - **CONDITIONAL** - Permits candidates for school board to circulate petitions jointly and be bracketed together on ballot; permits short nonpolitical designation of principles on petitions and ballots; provides for study of impact of changes

A-4638/S-3118 (Vainieri Huttie, Singleton, Holley, Mosquera, Tucker, Benson/Sweeney, Madden) - **ABSOLUTE** - Requires DCPP to implement policies and procedures to ensure caseworker safety; "Leah's Law"

A-4703/S-3172 (Spencer, Tucker, Pintor Marin, Egan, Muoio, Gusciora/Rice, Smith) - **ABSOLUTE** - Increases tax credit cap by \$165 million for certain qualified residential projects under Economic Redevelopment and Growth Grant program and restricts increase to certain projects

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