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HEARINGS: No

NEWSPAPER ARTICLES: Yes

“Revitalizing cities from the inside,” The Star-Ledger, May 7, 2007, p.13.

RWH 4/29/08

P.L. 2007, CHAPTER 89, *approved May 6, 2007*
Senate, No. 2095 (*First Reprint*)

1 AN ACT concerning State tax credits for neighborhood
2 revitalization and amending P.L.2001, c.415.

3

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

6

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

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

14 a. Credits may be granted in an amount up to **[50]** ¹**[75]** 100¹
15 percent of the approved assistance provided to a nonprofit
16 organization to implement a qualified neighborhood preservation
17 and revitalization project.

18 b. The credit may be applied by the business entity receiving
19 the certificate as credit against tax imposed on business related
20 income, other than tax imposed under the New Jersey Gross Income
21 Tax, including, but not limited to, business income subject to the
22 provisions of the Corporation Business Tax Act (1945), P.L.1945,
23 c.162 (C.54:10A-1 et seq.), "The Savings Institution Tax Act,"
24 P.L.1973, c.31 (C.54:10D-1 et seq.), the tax imposed on marine
25 insurance companies pursuant to R.S.54:16-1 et seq., the tax
26 imposed on insurers generally, pursuant to P.L.1945, c.132
27 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed
28 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the
29 petroleum products gross receipts tax imposed pursuant to section 3
30 of P.L.1990, c.42 (C.54:15B-3).

31 c. The credit allowed to a business entity under this section
32 may not exceed for any taxable year **[\$500,000 or]** ¹\$1,000,000 or¹
33 the total amount of tax otherwise payable by the business entity for
34 the taxable year **[, whichever is less,]** and, in addition, shall not
35 exceed limitations placed on the amounts of credits or carryforward
36 credits allowed, if any, under the relevant statute as enumerated in
37 subsection b. of this section concerning the tax for which a credit is
38 being claimed.

39 d. Credit shall not be allowed for activities for which the
40 business entity is receiving credit under any other provision against
41 any tax on business related income other than the New Jersey Gross
42 Income Tax, including, but not limited to, the corporate business
43 tax, corporate income tax, insurance premiums tax, petroleum
44 products gross receipts tax, public utilities franchise tax, public

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 11, 2006.

S2095 [1R]

2

1 utilities gross receipts tax, public utility excise tax, railroad
2 franchise tax, and the saving institution tax.

3 e. The tax credit shall be awarded only for assistance provided
4 within the same year in which the commissioner issued the
5 certificate, or if the commissioner approved assistance for more
6 than one year, within the year in which payment was scheduled and
7 made. The provisions of this subsection may be waived for good
8 cause shown.

9 f. The total tax credits certified for all qualified projects
10 proposed in a fiscal year shall not exceed \$10,000,000.

11 (cf: P.L.2001, c.415, s.3)

12

13 2. This act shall take effect immediately.

14

15

16

17

18 _____
19 Increases amount of State tax credits under “Neighborhood
Revitalization State Tax Credit Act.”

SENATE, No. 2095

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 26, 2006

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator JOSEPH V. DORIA, JR.

District 31 (Hudson)

Co-Sponsored by:

Senator Turner

SYNOPSIS

Increases amount of State tax credits under “Neighborhood Revitalization State Tax Credit Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/12/2006)

1 AN ACT concerning State tax credits for neighborhood
2 revitalization and amending P.L.2001, c.415.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
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7 1. Section 3 of P.L.2001, c.415 (C.52:27D-492) is amended to
8 read as follows:

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

14 a. Credits may be granted in an amount up to **[50]** 75 percent
15 of the approved assistance provided to a nonprofit organization to
16 implement a qualified neighborhood preservation and revitalization
17 project.

18 b. The credit may be applied by the business entity receiving
19 the certificate as credit against tax imposed on business related
20 income, other than tax imposed under the New Jersey Gross Income
21 Tax, including, but not limited to, business income subject to the
22 provisions of the Corporation Business Tax Act (1945), P.L.1945,
23 c.162 (C.54:10A-1 et seq.), "The Savings Institution Tax Act,"
24 P.L.1973, c.31 (C.54:10D-1 et seq.), the tax imposed on marine
25 insurance companies pursuant to R.S.54:16-1 et seq., the tax
26 imposed on insurers generally, pursuant to P.L.1945, c.132
27 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed
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29 petroleum products gross receipts tax imposed pursuant to section 3
30 of P.L.1990, c.42 (C.54:15B-3).

31 c. The credit allowed to a business entity under this section
32 may not exceed for any taxable year **[\$500,000 or]** the total amount
33 of tax otherwise payable by the business entity for the taxable
34 year**[, whichever is less,]** and, in addition, shall not exceed
35 limitations placed on the amounts of credits or carryforward credits
36 allowed, if any, under the relevant statute as enumerated in
37 subsection b. of this section concerning the tax for which a credit is
38 being claimed.

39 d. Credit shall not be allowed for activities for which the
40 business entity is receiving credit under any other provision against
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42 Income Tax, including, but not limited to, the corporate business
43 tax, corporate income tax, insurance premiums tax, petroleum
44 products gross receipts tax, public utilities franchise tax, public

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 utilities gross receipts tax, public utility excise tax, railroad
2 franchise tax, and the saving institution tax.

3 e. The tax credit shall be awarded only for assistance provided
4 within the same year in which the commissioner issued the
5 certificate, or if the commissioner approved assistance for more
6 than one year, within the year in which payment was scheduled and
7 made. The provisions of this subsection may be waived for good
8 cause shown.

9 f. The total tax credits certified for all qualified projects
10 proposed in a fiscal year shall not exceed \$10,000,000.

11 (cf: P.L.2001, c.415, s.3)

12

13 2. This act shall take effect immediately.

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16

STATEMENT

17

18 This bill makes revisions to the "Neighborhood Revitalization
19 State Tax Credit Act," P.L.2001, c.415 (C.52:27D-490 et seq.) to
20 encourage corporate participation in the revitalization of distressed
21 New Jersey communities.

22 The bill increases the amount of State tax credits that may be
23 granted to a corporate participant to 75% of the approved assistance
24 provided to a nonprofit organization to implement a qualified
25 neighborhood revitalization project. Currently, the amount of the
26 State tax credit is 50% of the approved assistance.

27 The bill also increases the amount of the tax credit allowed to a
28 business entity. Under current law, the amount of the tax credit
29 granted under the program cannot exceed \$500,000 or the total
30 amount of tax otherwise payable by the business entity for the
31 taxable year, whichever is less. The bill amends this provision to
32 provide that the amount of the tax credit cannot exceed the total
33 amount of tax otherwise payable by the business entity for the
34 taxable year. This amendment allows a participating corporation to
35 obtain a tax credit of 100% of its State obligation.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

[First Reprint]
SENATE, No. 2095

STATE OF NEW JERSEY

DATED: JANUARY 18, 2007

The Assembly Housing and Local Government Committee reports favorably Senate Bill No.2095 (1R) .

This bill makes revisions to the “Neighborhood Revitalization State Tax Credit Act,” P.L.2001, c.415 (C.52:27D-490 et seq.) to encourage corporate participation in the revitalization of distressed New Jersey communities.

The bill increases the amount of State tax credits that may be granted to a corporate participant to 100% of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

The bill also increases the total amount of the tax credit allowed to a business entity for a taxable year. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

This bill is identical to A-3789 which was also released by the committee today.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2095

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 2007

The Assembly Appropriations Committee reports favorably Senate Bill No. 2095 (1R).

This bill makes revisions to the “Neighborhood Revitalization State Tax Credit Act,” P.L.2001, c.415 (C.52:27D-490 et seq.) to encourage corporate participation in the revitalization of distressed New Jersey communities.

This bill increases the amount of State tax credits that may be granted to a corporate participant up to 100% of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

This bill also increases the amount of the tax credit allowed to a business entity. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

As reported, this bill is identical to A-3789 (1R) as also reported by the committee.

FISCAL IMPACT:

The OLS cannot determine the bill's fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Regardless, since the bill does not change the \$10 million cap on total tax credits granted per year, its cost to the State will be no more than \$10 million and could be less depending on the factors indicated. No neighborhood revitalization tax credit was granted in calendar years 2003 and 2004, the most recent tax years for which data are available. If after passage of this bill no tax credit is allowed or if under current law the \$10 million cap would have been reached, no cost to the State will accrue. On the other hand, if the cap would not have been reached under current law and a

corporation applies for a tax credit, it could receive a larger credit amount under the legislation at an additional cost to the State. Current law restricts an individual tax credit amount at \$500,000, while the amended bill increases the limitation to \$1,000,000.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2095

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2095, with committee amendments.

This bill makes revisions to the “Neighborhood Revitalization State Tax Credit Act,” P.L.2001, c.415 (C.52:27D-490 et seq.) to encourage corporate participation in the revitalization of distressed New Jersey communities.

As amended, the bill increases the amount of State tax credits that may be granted to a corporate participant to 100% of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

As amended, the bill also increases the amount of the tax credit allowed to a business entity. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

COMMITTEE AMENDMENTS:

The committee amendments:

- 1) Increase the amount of State tax credits that may be granted from 50% to 100% of the approved assistance provided to a nonprofit corporation to implement a qualified neighborhood assistance project; and
- 2) Increase the amount of the tax credit granted under the program to \$1,000,000 (or the total amount otherwise payable) from the current cap of \$500,000 (or the total amount otherwise payable).

FISCAL IMPACT:

The OLS cannot determine the bill's fiscal impact, as the number of future credit applications and the amount of creditable expenditures is unknown. Regardless, since the bill does not change the \$10 million

cap on total tax credits granted per year, its cost to the State will be no more than \$10 million and could be less depending on the factors indicated. No neighborhood revitalization tax credit was granted in calendar years 2003 and 2004, the most recent tax years for which data are available. If after passage of this bill no tax credit is allowed or if under current law the \$10 million cap would have been reached, no cost to the State will accrue. On the other hand, if the cap would not have been reached under current law and a corporation applies for a tax credit, it could receive a larger credit amount under the legislation at an additional cost to the State. Current law restricts an individual tax credit amount at \$500,000, while the amended bill increases the limitation to \$1,000,000.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2095
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: DECEMBER 27, 2006

SUMMARY

Synopsis: Increases amount of State tax credits under “Neighborhood Revitalization State Tax Credit Act.”

Type of Impact: Potential Recurring Foregone State General Fund Revenue.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
State Cost	Up to \$10,000,000 per Fiscal Year		

- The Office of Legislative Services (OLS) cannot gauge the bill’s fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Depending on the circumstances, however, the bill may have no fiscal impact or produce a state cost of at most \$10 million per year, which reflects the annual cap on neighborhood revitalization State tax credits granted.
- The legislation authorizes higher individual credit amounts than current law provides. Current law restricts an individual tax credit to \$500,000, while the legislation increases the limit to \$10 million, the annual cap for the neighborhood revitalization State tax credit.
- No neighborhood revitalization State tax credit was granted in tax years 2003 and 2004.

BILL DESCRIPTION

Senate Bill No. 2095 of 2006 increases the amount of the neighborhood revitalization State tax credit under P.L.2001, c.415 (C.52:27D-490 et seq.) that may be granted to a corporation from 50 percent to 75 percent of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project.

The bill also caps a business entity's tax credit at 100 percent of its State tax liability. The current cap is the lower of 100 percent of a corporation's State tax liability or \$500,000. Lastly, the bill maintains the \$10 million limitation on total credits approved per year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received, but the Division of Taxation within the Department of the Treasury has informed the OLS that no neighborhood revitalization State tax credit was granted in calendar years 2003 and 2004, the most recent tax years for which data are available.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot gauge the bill's fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Depending on the circumstances, however, the bill may have no fiscal impact or produce a state cost of at most \$10 million per year, which reflects the annual cap on neighborhood revitalization State tax credits granted.

The bill's annual cost is the difference between the amount of tax credits granted under the legislation and the amount of tax credits that would have been granted under existing law in the same year. Since the legislation authorizes higher individual credit amounts than current law provides, the difference could be relatively substantial. Current law restricts an individual tax credit to \$500,000, while the legislation increases the limit to \$10 million, the tax credit's annual cap. Hence, whereas current law requires 20 successful credit applications at the maximum of \$500,000 per application to reach the \$10 million cap, the legislation creates the possibility that only one successful applicant could cause the State to reach the \$10 million threshold.

The Division of Taxation in the Department of the Treasury reports that no neighborhood revitalization State tax credit was granted in tax years 2003 and 2004. Notwithstanding the present utilization rate, the OLS discerns five scenarios under which the bill's fiscal impact would be either negative or null:

- **State Cost of \$10 Million:** If, in a given year, the State approves one tax credit under the bill equaling the \$10 million cap and if the same application had not been submitted under current law because the applicant had perceived the \$500,000 benefit as piffling, the difference between the two scenarios will be \$10 million.
- **State Cost of \$9.5 Million:** If, in a given year, the State approves one tax credit under the bill in an amount of the \$10 million cap and if it had granted the same applicant a credit of the \$500,000 individual limit under current law, the difference between the two scenarios will be \$9.5 million.
- **State Cost under \$9.5 Million:** If, in a given year, the State approves tax credits for less than the \$10 million cap under the bill and if under current law it had approved the same applications or if it had not approved any applications, the difference between the two scenarios will be a State cost of less than \$9.5 million.
- **No Fiscal Impact:** If, in a given year, the State does not approve any credit application under the bill and if it had not approved any application under current law, the difference between the two scenarios will be zero.

- No Fiscal Impact: If, in a given tax year, the State approves tax credits equaling the \$10 million cap under the bill and if it had approved applications under current law for \$10 million, the difference between the two scenarios will be zero.

Section: Revenue, Finance and Appropriations

*Analyst: Thomas Koenig
Associate Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2095 STATE OF NEW JERSEY 212th LEGISLATURE

DATED: MARCH 8, 2007

SUMMARY

- Synopsis:** Increases amount of State tax credits under “Neighborhood Revitalization State Tax Credit Act.”
- Type of Impact:** Potential Recurring Foregone State General Fund Revenue.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
State Revenue Loss	Up to \$10,000,000 per Fiscal Year		

- The Office of Legislative Services (OLS) cannot gauge the bill’s fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Depending on the circumstances, however, the bill may have no fiscal impact or produce a state cost of at most \$10 million per year, which reflects the annual cap on neighborhood revitalization State tax credits granted.
- The legislation authorizes higher individual credit amounts than current law provides. Current law restricts an individual tax credit to \$500,000, while the legislation increases the limit to \$1 million.
- No neighborhood revitalization State tax credit was granted in tax years 2003 and 2004.

BILL DESCRIPTION

Senate Bill No. 2095 (1R) of 2006 increases the amount of the neighborhood revitalization State tax credit under P.L.2001, c.415 (C.52:27D-490 et seq.) that may be granted to a corporation from 50 percent to 100 percent of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project.

The bill also limits the tax credit to the lower of 100 percent of a business entity’s State tax liability or \$1 million, which reflects an increase of \$500,000 over the existing \$500,000 cap.

Lastly, the bill maintains the \$10 million restriction on total credits approved per year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received, but the Division of Taxation within the Department of the Treasury has informed the OLS that no neighborhood revitalization State tax credit was granted in calendar years 2003 and 2004, the most recent tax years for which data are available.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot gauge the bill's fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Depending on the circumstances, however, the bill may have no fiscal impact or produce a state cost of at most \$10 million per year, which reflects the annual cap on neighborhood revitalization State tax credits granted.

The bill's annual cost is the difference between the amount of tax credits granted under the legislation and the amount of tax credits that would have been granted under existing law in the same year. The legislation increases the maximal individual credit amount from \$500,000 to \$1 million. Hence, whereas current law requires 20 successful credit applications at the maximum of \$500,000 per application to reach the \$10 million cap, the legislation creates the possibility that ten successful applicants could cause the State to reach the \$10 million threshold.

The OLS discerns three scenarios under which the bill's fiscal impact would be either \$10 million or zero. Any alternative scenario would create a State revenue loss ranging from more than zero to less than \$10 million.

- State Cost of \$10 Million: If, in a given year, the State approves ten tax credits under the bill equaling the individual \$1 million cap and if the same applications had not been submitted under current law because the applicants had perceived the \$500,000 benefit as piffling, the difference between the two scenarios will be \$10 million.
- No Fiscal Impact: If, in a given year, the State does not approve any credit application under the bill and if it had not approved any application under current law, the difference between the two scenarios will be zero.
- No Fiscal Impact: If, in a given year, the State approves tax credits equaling the \$10 million cap under the bill and if it had approved applications under current law for \$10 million, the difference between the two scenarios will be zero.

The Division of Taxation in the Department of the Treasury reports that no neighborhood revitalization State tax credit was granted in tax years 2003 and 2004.

Section: Revenue, Finance and Appropriations
Analyst: Thomas Koenig
Associate Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 3789

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 11, 2006

Sponsored by:

**Assemblywoman BONNIE WATSON COLEMAN
District 15 (Mercer)**

Co-Sponsored by:

Assemblyman Chivukula

SYNOPSIS

Increases amount of State tax credits under “Neighborhood Revitalization State Tax Credit Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/19/2007)

1 AN ACT concerning State tax credits for neighborhood
2 revitalization and amending P.L.2001, c.415.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
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10 neighborhood revitalization State tax credits if it has provided
11 funding for a qualified project that has been approved in accordance
12 with sections 4 and 5 of P.L.2001, c.415 (C.52:27D-493 and
13 C.52:27D-494).

14 a. Credits may be granted in an amount up to **[50]** 75 percent
15 of the approved assistance provided to a nonprofit organization to
16 implement a qualified neighborhood preservation and revitalization
17 project.

18 b. The credit may be applied by the business entity receiving
19 the certificate as credit against tax imposed on business related
20 income, other than tax imposed under the New Jersey Gross Income
21 Tax, including, but not limited to, business income subject to the
22 provisions of the Corporation Business Tax Act (1945), P.L.1945,
23 c.162 (C.54:10A-1 et seq.), "The Savings Institution Tax Act,"
24 P.L.1973, c.31 (C.54:10D-1 et seq.), the tax imposed on marine
25 insurance companies pursuant to R.S.54:16-1 et seq., the tax
26 imposed on insurers generally, pursuant to P.L.1945, c.132
27 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed
28 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the
29 petroleum products gross receipts tax imposed pursuant to section 3
30 of P.L.1990, c.42 (C.54:15B-3).

31 c. The credit allowed to a business entity under this section
32 may not exceed for any taxable year **[\$500,000 or]** the total amount
33 of tax otherwise payable by the business entity for the taxable
34 year**[, whichever is less,]** and, in addition, shall not exceed
35 limitations placed on the amounts of credits or carryforward credits
36 allowed, if any, under the relevant statute as enumerated in
37 subsection b. of this section concerning the tax for which a credit is
38 being claimed.

39 d. Credit shall not be allowed for activities for which the
40 business entity is receiving credit under any other provision against
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42 Income Tax, including, but not limited to, the corporate business
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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 utilities gross receipts tax, public utility excise tax, railroad
2 franchise tax, and the saving institution tax.

3 e. The tax credit shall be awarded only for assistance provided
4 within the same year in which the commissioner issued the
5 certificate, or if the commissioner approved assistance for more
6 than one year, within the year in which payment was scheduled and
7 made. The provisions of this subsection may be waived for good
8 cause shown.

9 f. The total tax credits certified for all qualified projects
10 proposed in a fiscal year shall not exceed \$10,000,000.

11 (cf: P.L.2001, c.415, s.3)

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13 2. This act shall take effect immediately.

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STATEMENT

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18 This bill makes revisions to the "Neighborhood Revitalization
19 State Tax Credit Act," P.L.2001, c.415 (C.52:27D-490 et seq.) to
20 encourage corporate participation in the revitalization of distressed
21 New Jersey communities.

22 The bill increases the amount of State tax credits that may be
23 granted to a corporate participant to 75% of the approved assistance
24 provided to a nonprofit organization to implement a qualified
25 neighborhood revitalization project. Currently, the amount of the
26 State tax credit is 50% of the approved assistance.

27 The bill also increases the amount of the tax credit allowed to a
28 business entity. Under current law, the amount of the tax credit
29 granted under the program cannot exceed \$500,000 or the total
30 amount of tax otherwise payable by the business entity for the
31 taxable year, whichever is less. The bill amends this provision to
32 provide that the amount of the tax credit cannot exceed the total
33 amount of tax otherwise payable by the business entity for the
34 taxable year. This amendment allows a participating corporation to
35 obtain a tax credit of 100% of its State obligation.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3789

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 18, 2007

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 3789 with committee amendments.

This bill, as amended, makes revisions to the "Neighborhood Revitalization State Tax Credit Act," P.L.2001, c.415 (C.52:27D-490 et seq.) to encourage corporate participation in the revitalization of distressed New Jersey communities.

The bill, as amended, increases the amount of State tax credits that may be granted to a corporate participant to 100% of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

The bill, as amended, also increases the total amount of the tax credit allowed to a business entity for a taxable year. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

Committee amendments

The committee amended the bill to raise the basis for the tax credit from 75% of the assistance provided to 100% of the assistance provided. The overall cap on the tax credits granted to any one entity was also reinserted into the bill, at an amount of \$1 million, or the tax liability of the entity, whichever is less.

This bill is identical to S-2095 [1R] which was also released by the committee today.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3789

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 2007

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3789 (1R).

This bill makes revisions to the "Neighborhood Revitalization State Tax Credit Act," P.L.2001, c.415 (C.52:27D-490 et seq.) to encourage corporate participation in the revitalization of distressed New Jersey communities.

This bill increases the amount of State tax credits that may be granted to a corporate participant up to 100% of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

This bill also increases the amount of the tax credit allowed to a business entity. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

As reported, this bill is identical to S-2095 (1R) as also reported by the committee.

FISCAL IMPACT:

The OLS cannot determine the bill's fiscal impact, as the number of future credit applications and the amount of creditable expenditures remain unknown. Regardless, since the bill does not change the \$10 million cap on total tax credits granted per year, its cost to the State will be no more than \$10 million and could be less depending on the factors indicated. No neighborhood revitalization tax credit was granted in calendar years 2003 and 2004, the most recent tax years for which data are available. If after passage of this bill no tax credit is allowed or if under current law the \$10 million cap would have been reached, no cost to the State will accrue. On the other hand, if the cap would not have been reached under current law and a

corporation applies for a tax credit, it could receive a larger credit amount under the legislation at an additional cost to the State. Current law restricts an individual tax credit amount at \$500,000, while the amended bill increases the limitation to \$1,000,000.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3789

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: FEBRUARY 26, 2007

SUMMARY

Synopsis: Increase amount of State tax credits under "Neighborhood Revitalization State Tax Credit Act."

Type of Impact: Loss of General Fund Revenue.

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

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Loss of General Fund Revenue	Maximum of \$10,000,000	Maximum of \$10,000,000	Maximum of \$10,000,000

- The Office of Legislative Services (OLS) **cannot** provide an accurate cost estimate as to how much General Fund revenue the State will forgo in any given year resulting from this bill's enactment because it has no information concerning the number of qualified projects currently authorized or proposed for future years that would indicate the amount of tax credits that could be claimed under the program.
- The OLS observes this bill limits to \$10,000,000 the total tax credits that can be claimed in any fiscal year.
- This bill increases the amount of State tax credits that may be granted to a corporate participant from 50 percent to 100 percent of the approved assistance provided to a nonprofit organization to implement a qualified neighborhood revitalization project. In addition the bill provides that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

BILL DESCRIPTION

Assembly Bill No. 3789 (1R) of 2006 increases the amount of State tax credits that may be granted to a corporate participant to 100 percent of the approved assistance provided to a

nonprofit organization to implement a qualified neighborhood revitalization project. Currently, the amount of the State tax credit is 50% of the approved assistance.

The bill also increases the total amount of the tax credit allowed to a business entity for a taxable year. Under current law, the amount of the tax credit granted under the program cannot exceed \$500,000 or the total amount of tax otherwise payable by the business entity for the taxable year, whichever is less. The bill amends this provision to provide that the amount of the tax credit cannot exceed \$1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide an accurate cost estimate as to how much General Fund revenue the State will forgo in any given year resulting from this bill's enactment because it has no information concerning the number of qualified projects currently authorized or proposed for future years that would indicate the amount of tax credits that could be claimed under the program. The OLS notes, however, the bill limits the total amount of credits to be claimed in any fiscal year to \$10,000,000. As a result of this limitation the maximum amount of revenue the State could forgo in the ensuing three fiscal years following enactment of the bill would not exceed \$30,000,000.

Section: Local Government

Analyst: Pedro Carrasquillo
Associate Fiscal Analyst

Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

May-06-07 Acting Governor Signs Legislation Expanding Neighborhood Revitalization Tax Credit Program

FOR IMMEDIATE RELEASE:
May 6, 2007

FOR MORE INFORMATION:
Press Office - 609-777-2600

ACTING GOVERNOR SIGNS LEGISLATION EXPANDING NEIGHBORHOOD REVITALIZATION TAX CREDIT PROGRAM

Also signs bills providing short-term tax exemptions for homes renovated by charitable entities

TRENTON – Acting Governor Richard J. Codey today signed legislation expanding the Neighborhood Revitalization Tax Credit (NRTC) program. He also signed two bills, A-3768/S-2419 and A-3334/S-2131, authorizing short-term tax exemptions for families whose homes are modified by charitable entities.

“Revitalizing our communities needs to be a team effort, and we should be doing everything we can to encourage the private sector to invest in these areas,” Acting Governor Codey said. “This legislation will jumpstart the NRTC program and lead to an influx of much needed private money into neighborhoods that are in need of economic opportunity.”

The NRTC program was designed to provide tax incentives for businesses to invest in revitalization projects in low- and moderate-income neighborhoods. The program currently provides a tax credit to a participating corporation equivalent to 50% of the assistance that corporation provides to a non-profit organization to implement a neighborhood revitalization project; this legislation increases that to 100% of the assistance provided. The legislation also raises the dollar limit of the tax credit from \$500,000 to \$1 million.

“In many of our State’s urban communities, we need to attract private interest to make redevelopment a reality,” said Senator Doria (D-Hudson), a Senate sponsor. “By expanding New Jersey’s ‘Neighborhood Revitalization State Tax Credit,’ we can give our poorer municipalities the tools to develop necessary public-private partnerships. We need to do everything in our power to attract private investment in our State’s urban redevelopment projects.”

S-2095/A3789 was sponsored in the Assembly by Assemblymembers Watson Coleman (D-Mercer) and Vainieri Huttle (D-Bergen).

A-3768/S-2419 and A-3334/S-2131 permit municipalities to create tax exemptions for up to five years for houses that have been renovated or reconstructed by charitable entities or by for-profit entities using exclusively volunteer labor. Both bills allow municipalities to assess taxes on the value of the property before the reconstruction or renovation, not the increased value resulting from the reconstruction or renovation.

A-3768/S-2419 permits exemptions for renovations and improvements carried out to accommodate totally disabled persons, and A-3334/S-2131 permits exemptions for houses which are re-built or renovated after being destroyed by fire.

"Families that have been blessed by the good works of friends and neighbors should not see those blessings turned into a burden," Acting Governor Codey said. "Whether a family is rebuilding after a fire or accommodating the needs of a disabled loved one, this bill will ensure they can receive assistance without having to worry about receiving an unaffordable tax bill the next day."

"Whenever a charity steps in to help a family that's lost it all due to fire, government should do everything it can to help," said Senator Rice, (D-Essex), who sponsored A-3334/S-2131 in the Senate. "However, in many instances, government officials' hands are tied, and major charitable renovations often come with unforeseen tax hikes. This new law ensures that the spirit of charity is not lost when these sort of projects take place."

"When groups like the television show "Extreme Makeover: Home Edition" come in and make millions of dollars of renovations, homeowners receive wonderful home improvements, as well as a sky-high property tax bill," said Senator Weinberg, (D-Bergen), who sponsored A-3768/S-2419 in the Senate. "This legislation will allow them to live in and enjoy their newly renovated home, without the undue burden of not being able to cover the cost of increased property taxes."

"This legislation will allow a family faced with unfortunate circumstances to remain comfortably in their home, which is a cornerstone of the American dream," said Assemblyman Gordon M. Johnson (D-Bergen), an Assembly sponsor of A-3768/S-2419. "It would be unfair for them to be made to pay taxes at a higher rate at this time because of the generosity of Extreme Home Makeover. I appreciate the Acting Governor signing this bill, which will improve the quality of life for this family, for the city of Bergenfield and for the state."

"When volunteer and non-profit organizations help needy owners renovate a home so they can enjoy a productive lifestyle, their good work should be promoted and praised, not taxed," said Assemblywoman Valerie Vainieri Huttle (D-Bergen), an Assembly sponsor of A-3768/S-2419.

"Today, we are encouraging continued public and private investment in New Jersey communities by removing roadblocks from the path of organizations looking to help rebuild our neighborhoods," said Assemblyman Craig A. Stanley (D-Essex), who sponsored A-3334/S-2131. "And we are ensuring beneficiaries of charitable home improvement aid are able to reap the benefits without having to worry about the financial repercussions."

"This measure goes a long way toward protecting owners of renovated homes, like Beverly Turner, who may otherwise be forced to move due to a significantly higher property tax bill," said Assemblywoman Oadline D. Truitt (D-Essex), who also sponsored A-3334/S-2131. "It is a common-sense solution that helps the incredible families who make our communities better places to live."