

18A:36C-7.1 et al.
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2014 **CHAPTER:** 61

NJSA: 18A:36C-7.1 et al. (Extends application period for certain urban hope projects and permits
reconstructed facilities as part of projects)

BILL NO: S2264 (Substituted for A3459)

SPONSOR(S) Beach and others

DATE INTRODUCED: June 23, 2014

COMMITTEE: **ASSEMBLY:** ---

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** September 29, 2014

SENATE: September 22, 2014

DATE OF APPROVAL: October 6, 2014

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second reprint enacted)

S2264

SPONSOR'S STATEMENT: (Begins on page 24 of introduced bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY: No
	SENATE: Yes

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

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	Yes

A3459

SPONSOR'S STATEMENT: (Begins on page 24 of introduced bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY: Yes
	SENATE: No
FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	Yes

(continued)

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Christie Extends Deadline for 'Renaissance' Charter Schools, South Jersey Times, 10-8-14

"'Renaissance schools' bill wins Christie's approval," The Star-Ledger, 10-7-14

"Senate Backs Christie on Urban Hope Act," The Star-Ledger, 9-23-14

"Despite veto, a Camden school renaissance in the works," The Star-Ledger, 8-20-14

"Bill to Benefit employees, Schools in Camden OK'd," the Record, 6-27-14

"NJ lawmakers advance bill to give public Camden employees up to \$6K a year in added retirement benefits," northjersey.com, 6-26-14

LAWRWH

P.L.2014, CHAPTER 61, *approved October 6, 2014*
Senate, No. 2264 (*Second Reprint*)

1 AN ACT concerning renaissance school districts, revising various
2 parts of the statutory law, and supplementing P.L.2011, c.176.

3

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

6

7 ²**[1.** Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to
8 read as follows:

9 2. Notwithstanding the provisions of any other law or any debt
10 limitation or requirement for down payment or for referendum or
11 other action by legal voters, refunding bonds may be authorized and
12 issued for the purpose of paying, funding or refunding: any
13 refunded bonds; the cost of retiring the present value of the
14 unfunded accrued liability due and owing by a board of education,
15 as calculated by the system actuary for a date certain upon the
16 request of a board of education, for early retirement incentive
17 benefits granted by the board of education pursuant to P.L.1991,
18 c.231, P.L.1993, c.163 **[and]**, P.L.2003, c.129, and P.L. _____,
19 c. _____ (pending before the Legislature as this bill); and the cost or
20 expense of issuing refunding bonds including printing, advertising,
21 accounting, financial, legal or other expense in connection
22 therewith. Obligations to be paid, funded or refunded with respect
23 to which an ordinance authorizing the issuance of refunding bonds
24 has been adopted pursuant to this act and not otherwise deductible
25 shall be excluded in calculating the net school debt of a
26 municipality or a district. Refunding bonds shall be authorized (a)
27 in the case of any county or municipality by a refunding bond
28 ordinance enacted in the manner or mode of procedure provided for
29 adoption of a refunding bond ordinance pursuant to the Local Bond
30 Law, constituting chapter 2 of Title 40A, Municipalities and
31 Counties, of the New Jersey Statutes, and (b) in the case of a Type
32 II school district by an ordinance (herein called the "refunding bond
33 ordinance") adopted by the board of education of such school
34 district as provided in this chapter.

35 (cf: P.L.2003, c.129, s.12)**]**²

36

37 ²**[2.]** 1.² Section 3 of P.L.2011, c.176 (C.18A:36C-3) is
38 amended to read as follows:

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 June 23, 2014.

²Senate amendments adopted in accordance with Governor's
recommendations September 22, 2014.

1 3. As used in this act:

2 "Commissioner" means the Commissioner of Education.

3 "Failing district" means: in accordance with data from the
4 Statewide assessment reports issued by the Department of
5 Education (1) in the case of a school district located in a city of the
6 first class, a school district in which at least 40% of the students
7 scored in the partially proficient range in the language arts and
8 mathematics sections of each State assessment administered in the
9 2009-2010 school year; and (2) in the case of a school district
10 located in a city of the second class, a school district in which at
11 least 45% of the students scored in the partially proficient range in
12 the language arts and mathematics sections of each State assessment
13 administered in the 2009-2010 school year.

14 "Per pupil expenditure" means the sum of the budget year
15 equalization aid per pupil, budget year adjustment aid per pupil, and
16 the prebudget year general fund tax levy per pupil inflated by the
17 CPI rate most recent to the calculation.

18 "School facility" means and includes any structure, building, or
19 facility used wholly or in part for educational purposes by the
20 students of a school district.

21 "Renaissance school district" is a failing district in which
22 renaissance school projects shall be established.

23 "Renaissance school project" means a newly-constructed school,
24 or group of schools in an urban campus area, that provides an
25 educational program for students enrolled in grades pre-K through
26 12 or in a grade range less than pre-K through 12, that is agreed to
27 by the school district, and is operated and managed by a nonprofit
28 entity in a renaissance school district. A school or group of schools
29 may include existing facilities that have undergone substantial
30 reconstruction by the renaissance school project applicant. A
31 substantial reconstruction shall ¹:¹ meet all applicable building
32 codes ¹; comply with the Uniform Construction Code enhancements
33 where the health and safety of the building occupants are affected;
34 comply with all "Americans with Disabilities Act of 1990"
35 regulations outlined in the New Jersey Barrier Free Subcode at
36 N.J.A.C.5:23-7 et seq.; and comply with the Uniform Construction
37 Code and other applicable State and federal laws for radon, lead,
38 asbestos, and other contaminants and be subject to the enforcement
39 of such standards by the applicable State or federal agency¹. The
40 first facility of a renaissance school project shall be a newly-
41 constructed school facility which is designed to house, upon
42 completion, at least 20 percent of the total number of students to be
43 enrolled in the renaissance school project. A renaissance school
44 project may include a dormitory and related facilities as permitted
45 pursuant to section 5 of P.L.2011, c.176 (C.18A:36C-5).

46 "Urban campus area" means the area within a 1.5-mile radius of
47 the site of the initial school of a renaissance school project, except
48 that a high school building which is part of the renaissance school

1 project may be located within a two-mile radius of the site of the
2 initial school of a renaissance school project.

3 (cf: P.L.2013, c.149, s.1)

4

5 ²**[3.] 2.**² Section 4 of P.L.2011, c.176 (C.18A:36C-4) is
6 amended to read as follows:

7 4. a. A nonprofit entity, in partnership with the renaissance
8 school district, may submit to the commissioner an application to
9 create a renaissance school project no later than three years
10 following the effective date of **[this act]** P.L.2011, c.176
11 (C.18A:36C-1 et seq.); except that in the case of a project to be
12 located in a renaissance school district which is in a municipality
13 that is subject to the “Municipal Rehabilitation and Economic
14 Recovery Act,” P.L.2002, c.43 (C.52:27BBB-1 et al.), the
15 application must be submitted no later than four years following the
16 effective date of P.L.2011, c.176 (C.18A:36C-1 et seq.). A
17 nonprofit entity seeking to create a renaissance school project shall
18 have experience in operating a school in a high-risk, low-income
19 urban district. In addition, an entity retained by the nonprofit entity
20 for the purpose of financing or constructing the renaissance school
21 project shall also have appropriate experience.

22 b. The application shall be in a form prescribed by the
23 commissioner, but at a minimum it shall contain the following:

24 (1) except as otherwise provided in this paragraph, a resolution
25 adopted in a public meeting by the board of education of the
26 renaissance school district in which the renaissance school project
27 will be located certifying the support of the board for the
28 application. In the case of a district under full or partial State
29 intervention with an advisory board of education, the application
30 shall contain evidence that that State district superintendent or
31 superintendent, as applicable, convened at least three public
32 meetings to discuss the merits of the renaissance school project.
33 The evidence shall include, at a minimum, any written public
34 comments received during those meetings. In the case of these
35 districts, the application shall contain a resolution from the advisory
36 board of education reflecting the board's approval or disapproval of
37 the renaissance school project. While a successful application does
38 not require approval from the advisory board of education, the
39 commissioner, in considering the application, shall give due
40 consideration to any disapproval from the advisory board;

41 (2) a copy of the amendment to the renaissance school district's
42 long-range facilities plan which has been submitted to the
43 commissioner pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4)
44 that includes the proposed renaissance school project;

45 (3) the educational goals of the renaissance school project, the
46 curriculum to be offered, and the methods of assessing whether
47 students are meeting the proffered educational goals;

- 1 (4) any testing and academic performance standards to be
2 mandated by the renaissance school project beyond those required
3 by State law and regulation;
- 4 (5) the admission policy and criteria for evaluating the
5 admission of students to the renaissance school project, which shall
6 comply with the provisions of section 8 of this act;
- 7 (6) the age or grade range of students to be enrolled in the
8 renaissance school project;
- 9 (7) the total number of students to be enrolled in each grade
10 level of the renaissance school project;
- 11 (8) the renaissance school project calendar and school day
12 schedule;
- 13 (9) the financial plan for the renaissance school project and the
14 provisions that will be made for auditing pursuant to N.J.S.18A:23-
15 1;
- 16 (10) a description of, and address for, the initial school facility
17 in which the renaissance school project will be located and an
18 affirmation that any other school facility or facilities in which the
19 renaissance school project will be located will be in the required
20 urban campus area. For any school facility other than the initial
21 school facility included in the application pursuant to this
22 paragraph, the nonprofit entity shall notify the Commissioner of
23 Education of the location of the facility at least one year prior to the
24 opening of the facility;
- 25 (11) documentation that the proposed renaissance school project
26 meets **【any】** school facility regulations promulgated by the State
27 Board of Education **【or the Department of Community Affairs ,**
28 **other than the facilities efficiency standards developed by the**
29 **Commissioner of Education pursuant to subsection h. of section 4**
30 **of P.L.2000, c.72 (C.18A:7G-4)】** pertaining to the health and safety
31 of the pupils;
- 32 (12) documentation of a funding plan to acquire necessary lands
33 and to construct a renaissance school project thereon, including the
34 terms of any financing secured for such purpose;
- 35 (13) (Deleted by amendment, P.L.2013, c.149)
- 36 (14) identification of the attendance area of the renaissance
37 school project, if the renaissance school project will not be built on
38 land owned by the New Jersey Schools Development Authority or
39 the renaissance school district;
- 40 (15) a description of the process employed by the renaissance
41 school district to find and partner with the chosen nonprofit entity
42 to create a renaissance school project. The description shall be
43 sufficient to show that the process employed by the renaissance
44 school district was open, fair, and subject to public input and
45 comment. The description shall, at a minimum, include any
46 requests for proposals issued by the renaissance school district, the
47 number of responses received, and the process and criteria

1 employed by the renaissance school district to select the chosen
2 nonprofit entity among the respondents; and

3 (16) such other information as the commissioner may require.
4 (cf: P.L.2013, c.149, s.2)

5

6 ²[4.] 3.² Section 7 of P.L.2011, c.176 (C.18A:36C-7) is
7 amended to read as follows:

8 7. a. Notwithstanding that a renaissance school project shall be
9 constructed, controlled, operated, and managed by a nonprofit
10 entity, and not the local board of education, it shall be a public
11 school. However nothing contained herein shall restrict a for-profit
12 entity from constructing a renaissance school project, or a
13 renaissance school project from being located on land owned by a
14 for-profit entity. Further, the renaissance school project shall be
15 authorized to retain any business entity, however formed, whose
16 primary purpose is the staffing, operation, and management of
17 elementary schools, middle schools, or high schools in the United
18 States, except as it relates to instructional services.

19 b. The costs of a renaissance school project including, but not
20 limited to, the costs of land acquisition, site remediation, site
21 development, design, construction, and any other costs required to
22 place into service the school facility or facilities constituting the
23 renaissance school project shall be at the sole expense of the
24 nonprofit entity. The nonprofit entity may use State funds to pay
25 for a lease, debt service, or mortgage for any facility constructed or
26 otherwise acquired.

27 c. Notwithstanding the provisions of the "Educational Facilities
28 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
29 al.), or any other law or regulation to the contrary, there shall be no
30 State share for the costs of a renaissance school project.

31 d. Notwithstanding the provisions of the "Public School
32 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or
33 regulation to the contrary, the nonprofit entity or any entity acting
34 in cooperation with a renaissance school project shall not be subject
35 to public bidding for goods and services, and any contracts entered
36 into by the nonprofit entity shall not be deemed public contracts or
37 public works; except that any contract entered into by the nonprofit
38 entity or any entity acting in cooperation with a renaissance school
39 project shall be deemed a public work for the purposes of the "New
40 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
41 seq.), and subject to the applicable provisions of that act.

42 e. The renaissance school district in which a renaissance school
43 project is located shall pay to the nonprofit entity in 12 equal
44 monthly installments an amount per pupil equal to 95% of the
45 district's per pupil expenditure. In addition the 12 monthly
46 installments shall include the security categorical aid attributable to
47 the student, a percentage of the district's special education
48 categorical aid equal to the percentage of the district's special

1 education students enrolled in the renaissance school project, and if
2 applicable 100% of preschool education aid. The district shall also
3 pay directly to the renaissance school project any federal funds
4 attributable to the student.

5 f. Renaissance school projects shall be required to meet the
6 same testing and academic performance standards established by
7 law and regulation for public school students, and shall meet any
8 additional testing and academic performance standards established
9 by the nonprofit entity and approved by the commissioner.

10 g. The nonprofit entity shall have complete discretion in
11 naming the renaissance school project. The nonprofit entity may
12 not realize a net profit from its operation of a renaissance school
13 project. A private or parochial school shall not be eligible for
14 renaissance school project status.

15 h. A nonprofit entity shall operate a renaissance school project
16 in accordance with the contract entered into pursuant to section 6 of
17 this act, the provisions of this act, and the laws and regulations that
18 govern **【other public】** charter schools which are not inconsistent
19 with this act.

20 (cf: P.L.2011, c.176, s.7)

21

22 ²**【5.】**^{4.} Section 10 of P.L.2013, c.149 (C.18A:36C-19) is
23 amended to read as follows:

24 10. **【A】** Notwithstanding the provisions of any law, rule, or
25 regulation to the contrary, a renaissance school project shall not be
26 subject to the facility efficiency standards developed by the
27 Commissioner of Education pursuant to subsection h. of section 4
28 of P.L.2000, c. 72 (C.18A:7G-4) or any other public school facility
29 regulations, except those pertaining to the health and safety of the
30 pupils.

31 (cf: P.L.2013, c.149, s.10)

32

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

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

36 "Affiliate" means an entity that directly or indirectly controls, is
37 under common control with, or is controlled by the business.
38 Control exists in all cases in which the entity is a member of a
39 controlled group of corporations as defined pursuant to section 1563
40 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the
41 entity is an organization in a group of organizations under common
42 control as defined pursuant to subsection (b) or (c) of section 414 of
43 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer
44 may establish by clear and convincing evidence, as determined by
45 the Director of the Division of Taxation in the Department of the
46 Treasury, that control exists in situations involving lesser
47 percentages of ownership than required by those statutes. An
48 affiliate of a business may contribute to meeting either the qualified

1 investment or full-time employee requirements of a business that
2 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
3 209).

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

6 "Aviation district" means the area within a one-mile radius of the
7 outermost boundary of the "Atlantic City International Airport,"
8 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
9 24).

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

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

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

17 a partnership;

18 an S corporation;

19 a limited liability company; or

20 a non-profit corporation.

21 If the business or tenant is a cooperative or part of a cooperative,
22 then the cooperative may qualify for credits by counting the full-
23 time employees and capital investments of its member
24 organizations, and the cooperative may distribute credits to its
25 member organizations. If the business or tenant is a cooperative
26 that leases to its member organizations, the lease shall be treated as
27 a lease to an affiliate or affiliates.

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

31 "Capital investment" in a qualified business facility means
32 expenses by a business or any affiliate of the business incurred after
33 application for:

34 a. site acquisition, if purchased within 24 months prior to
35 project application, site preparation and construction, repair,
36 renovation, improvement, equipping, or furnishing on real property
37 or of a building, structure, facility, or improvement to real property;

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

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

47 d. any of the foregoing.

1 In addition to the foregoing, in a Garden State Growth Zone, the
2 following qualify as a capital investment: any and all
3 redevelopment and relocation costs, including, but not limited to,
4 site acquisition if made within 24 months of application to the
5 authority, engineering, legal, accounting, and other professional
6 services required; and relocation, environmental remediation, and
7 infrastructure improvements for the project area, including, but not
8 limited to, on- and off-site utility, road, pier, wharf, bulkhead, or
9 sidewalk construction or repair.

10 In addition to the foregoing, if a business acquires or leases a
11 qualified business facility, the capital investment made or acquired
12 by the seller or owner, as the case may be, if pertaining primarily to
13 the premises of the qualified business facility, shall be considered a
14 capital investment by the business and, if pertaining generally to the
15 qualified business facility being acquired or leased, shall be
16 allocated to the premises of the qualified business facility on the
17 basis of the gross leasable area of the premises in relation to the
18 total gross leasable area in the qualified business facility. The
19 capital investment described herein may include any capital
20 investment made or acquired within 24 months prior to the date of
21 application so long as the amount of capital investment made or
22 acquired by the business, any affiliate of the business, or any owner
23 after the date of application equals at least 50 percent of the amount
24 of capital investment, allocated to the premises of the qualified
25 business facility being acquired or leased on the basis of the gross
26 leasable area of such premises in relation to the total gross leasable
27 area in the qualified business facility made or acquired prior to the
28 date of application.

29 "Commitment period" means the period of time that is 1.5 times
30 the eligibility period.

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

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

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

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

18 "Eligible position" or "full-time job" means a full-time position
19 in a business in this State which the business has filled with a full-
20 time employee.

21 "Full-time employee" means a person:

22 a. who is employed by a business for consideration for at least
23 35 hours a week, or who renders any other standard of service
24 generally accepted by custom or practice as full-time employment,
25 or

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

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

44 d. who is provided, by the business, with employee health
45 benefits under a health benefits plan authorized pursuant to State or
46 federal law.

47 With respect to a logistics, manufacturing, energy, defense,
48 aviation, or maritime business, excluding primarily warehouse or

1 distribution operations, located in a port district having a container
2 terminal:

3 the requirement that employee health benefits are to be provided
4 shall be deemed to be satisfied if such benefits are provided in
5 accordance with industry practice by a third party obligated to
6 provide such benefits pursuant to a collective bargaining agreement;

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

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

13 For any project located in a Garden State Growth Zone which
14 qualifies under the "Municipal Rehabilitation and Economic
15 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
16 project located in the Atlantic City Tourism District as established
17 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
18 by the Casino Reinvestment Development Authority, and which
19 will include a retail facility of at least 150,000 square feet, of which
20 at least 50 percent will be occupied by either a full-service
21 supermarket or grocery store, the authority shall accept a standard
22 of service generally accepted by custom or practice as full-time
23 employment in a supermarket, grocery store, or other like retail
24 industry.

25 "Full-time employee" shall not include any person who works as
26 an independent contractor or on a consulting basis for the business.

27 "Garden State Growth Zone" or "growth zone" means the four
28 New Jersey cities with the lowest median family income based on
29 the 2009 American Community Survey from the US Census, (Table
30 708. Household, Family, and Per Capita Income and Individuals,
31 and Families Below Poverty Level by City: 2009).

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

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

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

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

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

3 "Mega project" means:

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

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

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

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

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

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

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

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

33 "Moderate-income housing" means housing affordable,
34 according to United States Department of Housing and Urban
35 Development or other recognized standards for home ownership
36 and rental costs, and occupied or reserved for occupancy by
37 households with a gross household income equal to more than 50
38 percent but less than 80 percent of the median gross household
39 income for households of the same size within the housing region in
40 which the housing is located.

41 "Municipal Revitalization Index" means the 2007 index by the
42 Office for Planning Advocacy within the Department of State
43 measuring or ranking municipal distress.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 complex of buildings or structural components of buildings, and all
2 machinery and equipment located within a qualified incentive area,
3 are used in connection with the operation of:

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

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

11 c. a construction project under section 3 of P.L.2011, c.176
12 (C.18A:36C-3) located in a Garden State Growth Zone.

13 "Qualified incentive area" means:

14 a. an aviation district;

15 b. a port district;

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

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

19 (a) Planning Area 1 (Metropolitan);

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

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

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

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

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

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

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

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

44 (8) located only within the following portions of the areas
45 designated pursuant to the "State Planning Act," P.L.1985, c.398
46 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),
47 Planning Area 4B (Rural/Environmentally Sensitive) or Planning
48 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural

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

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

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

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

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

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

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

24 "Qualified incentive area" shall not include any property located
25 within the preservation area of the Highlands Region as defined in
26 the "Highlands Water Protection and Planning Act," P.L.2004,
27 c.120 (C.13:20-1 et al.).

28 "Qualified incubator facility" means a commercial building
29 located within a qualified incentive area: which contains 100,000 or
30 more square feet of office, laboratory, or industrial space; which is
31 located near, and presents opportunities for collaboration with, a
32 research institution, teaching hospital, college, or university; and
33 within which, at least 75 percent of the gross leasable area is
34 restricted for use by one or more technology startup companies
35 during the commitment period.

36 "Retained full-time job" means an eligible position that currently
37 exists in New Jersey and is filled by a full-time employee but
38 which, because of a potential relocation by the business, is at risk of
39 being lost to another state or country, or eliminated. For the
40 purposes of determining a number of retained full-time jobs, the
41 eligible positions of an affiliate shall be considered eligible
42 positions of the business.

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

45 "SDA municipality" means a municipality in which an SDA
46 district is situate.

47 "Targeted industry" means any industry identified from time to
48 time by the authority including initially, a transportation,

1 manufacturing, defense, energy, logistics, life sciences, technology,
2 health, and finance business, but excluding a primarily warehouse
3 or distribution business.

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

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

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

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

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

35 (cf: P.L.2013, c.161, s.7)]¹

36

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

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

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

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

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

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

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

17 (2) the qualified business facility shall be constructed in
18 accordance with the minimum environmental and sustainability
19 standards;

20 (3) the capital investment resultant from the award of tax credits
21 and the resultant retention and creation of full-time jobs will yield a
22 net positive benefit to the State, equaling at least 110 percent of the
23 requested tax credit allocation amount, which determination is
24 calculated prior to taking into account the value of the requested tax
25 credit and shall be based on the benefits generated during the first
26 20 years following the completion of the project, except that for a
27 mega project or a project located in a Garden State Growth Zone,
28 the determination shall be based on the benefits generated during a
29 period of up to 30 years following the completion of the project, as
30 determined by the authority, and except that, for a project located in
31 a Garden State Growth Zone which qualified for the "Municipal
32 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
33 (C.52:27BBB-1 et al.), the net positive benefit determination shall
34 be based on the benefits generated during a period of up to 35 years
35 following completion of the project, as determined by the authority,
36 and shall equal at least 100 percent of the requested tax credit
37 allocation amount and may utilize the value of those property taxes
38 subject to the provisions of section 24 of P.L.2013 c.161
39 (C.52:27D-489r) and incremental sales and excise taxes that are
40 derived from activities within the area and which are rebated or
41 retained by the municipality pursuant to the "New Jersey Urban
42 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) or
43 any other law providing for such rebate or retention; and

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

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

5 A construction project under section 3 of P.L.2011, c.176
6 (C.18A:36C-3) located in a Garden State Growth Zone shall not be
7 subject to the requirements that the application and award of any
8 tax credits, grants, or other benefits provided under P.L.2011, c.149
9 (C.34:1B-242 et al.) be provided prior to the commencement of the
10 construction project.

11 b. The minimum capital investment required to be eligible
12 under this program shall be as follows:

13 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
14 existing industrial premises for continued industrial use by the
15 business, a minimum investment of \$20 per square foot of gross
16 leasable area;

17 (2) for the new construction of an industrial premises for
18 industrial use by the business, a minimum investment of \$60 per
19 square foot of gross leasable area;

20 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
21 existing non-industrial premises for continued non-industrial use by
22 the business, a minimum investment of \$40 per square foot of gross
23 leasable area; and

24 (4) for the new construction of a non-industrial premises for
25 non-industrial use by the business, a minimum investment of \$120
26 per square foot of gross leasable area.

27 The minimum capital investment required by this subsection
28 shall be reduced by one-third for projects located in a Garden State
29 Growth Zone or projects located within Atlantic, Burlington,
30 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
31 counties.

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

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

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

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

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

47 d. To assist the authority in determining whether a proposed
48 capital investment will yield a net positive benefit, the business's

1 chief executive officer, or equivalent officer, shall submit a
2 certification to the authority indicating: (1) that any existing full-
3 time jobs are at risk of leaving the State or being eliminated; (2)
4 that any projected creation or retention, as applicable, of new full-
5 time jobs would not occur but for the provision of tax credits under
6 the program; and (3) that the business's chief executive officer, or
7 equivalent officer, has reviewed the information submitted to the
8 authority and that the representations contained therein are accurate,
9 provided however, that in satisfaction of the provisions of
10 paragraphs (1) and (2) of this subsection, the certification with
11 respect to a project in a Garden State Growth Zone that qualifies
12 under the "Municipal Rehabilitation and Economic Recovery Act,"
13 P.L.2002, c.43 (C.52:27BBB-1 et al.), shall indicate that **[.]** the
14 provision of tax credits under the program is a material factor in the
15 business decision to make a capital investment and locate in a
16 Garden State Growth Zone that qualifies under the "Municipal
17 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
18 (C.52:27BBB-1 et al.), and provided further that in satisfaction of
19 the provisions of paragraphs (1) and (2) of this subsection, the
20 certification with respect to a construction project under section 3
21 of P.L.2011, c.176 (C.18A:36C-3) in a Garden State Growth Zone
22 shall indicate that the provision of tax credits under the program is a
23 material factor in the business decision to make a capital investment
24 or, in the event construction commenced prior to the application for
25 tax credits being filed, a material factor to the business's ability to
26 complete the project. In the event that this certification by the
27 business's chief executive officer, or equivalent officer, is found to
28 be willfully false, the authority may revoke any award of tax credits
29 in their entirety, which revocation shall be in addition to any other
30 criminal or civil penalties that the business and the officer may be
31 subject to. When considering an application involving intra-State
32 job transfers, the authority shall require the business to submit the
33 following information as part of its application: a full economic
34 analysis of all locations under consideration by the business; all
35 lease agreements, ownership documents, or substantially similar
36 documentation for the business's current in-State locations; and all
37 lease agreements, ownership documents, or substantially similar
38 documentation for the potential out-of-State location alternatives, to
39 the extent they exist. Based on this information, and any other
40 information deemed relevant by the authority, the authority shall
41 independently verify and confirm, by way of making a factual
42 finding by separate vote of the authority's board, the business's
43 assertion that the jobs are actually at risk of leaving the State, and
44 as to the date or dates at which the authority expects that those jobs
45 would actually leave the State, or, with respect to projects located in
46 a Garden State Growth Zone that qualifies under the "Municipal
47 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
48 (C.52:27BBB-1 et al.), the business's assertion that the provision of

1 tax credits under the program is a material factor in the business's
2 decision to make a capital investment and locate in a Garden State
3 Growth Zone that qualifies under the "Municipal Rehabilitation and
4 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
5 with respect to a construction project under section 3 of P.L.2011,
6 c.176 (C.18A:36C-3) in a Garden State Growth Zone, the business's
7 assertion that the provision of tax credits under the program is a
8 material factor in the business decision to make a capital
9 investment, or in the event construction commenced prior to the
10 application for tax credits being filed, a material factor to the
11 business's ability to complete the project, before a business may be
12 awarded any tax credits under this section.

13 e. A project that consists solely of point-of-final-purchase
14 retail facilities shall not be eligible for a grant of tax credits. If a
15 project consists of both point-of-final-purchase retail facilities and
16 non-retail facilities, only the portion of the project consisting of
17 non-retail facilities shall be eligible for a grant of tax credits. In a
18 Garden State Growth Zone or the Atlantic City Tourism District as
19 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
20 regulated by the Casino Reinvestment Development Authority, up
21 to 7.5 percent of retail facilities included in a mixed use project
22 shall be eligible for a grant of tax credits along with the non-retail
23 facilities. If a warehouse facility is part of a point-of-final-purchase
24 retail facility and supplies only that facility, the warehouse facility
25 shall not be eligible for a grant of tax credits. For the purposes of
26 this section, a retail facility of at least 150,000 square feet, of which
27 at least 50 percent is occupied by a full-service supermarket or
28 grocery store, located in a Garden State Growth Zone which
29 qualified under the "Municipal Rehabilitation and Economic
30 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
31 destination project in the Atlantic City Tourism District as
32 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
33 catalog distribution centers shall not be considered point-of-final-
34 purchase retail facilities.

35 f. (1) The authority may determine as eligible for tax credits
36 under the program any business that is required to respond to a
37 request for proposals and to fulfill a contract with the federal
38 government although the business's chief executive officer or
39 equivalent officer has not demonstrated to the authority that the
40 award of tax credits will be a material factor in the business's
41 decision to retain the minimum number of retained full-time jobs, as
42 otherwise required by this section. The authority may, in its
43 discretion, consider the economic benefit of the retained jobs
44 servicing the contract in conducting a net benefit analysis required
45 by paragraph (4) of subsection a. of this section. For the purposes
46 of this subsection, "retained full-time jobs" includes jobs that are at
47 risk of being eliminated. Applications to the authority for eligibility
48 under the program pursuant to the criteria set forth in this

1 subsection shall be completed by December 31, 2013. Submission
2 of a proposal to the federal government prior to authority approval
3 shall not disqualify a business from the program.

4 (2) The authority may determine as eligible for tax credits under
5 the program a construction project under section 3 of P.L.2011,
6 c.176 (C.18A:36C-3) located in a Garden State Growth Zone. The
7 project shall not be subject to the requirements that the application
8 and award of any tax credits, grants, or other benefits provided
9 under P.L.2011, c.149 (C.34:1B-242 et al.) be provided prior to the
10 commencement of the construction project.

11 g. Nothing shall preclude a business from applying for tax
12 credits under the program for more than one project pursuant to one
13 or more applications.

14 (cf: P.L.2013, c.161, s.8)]¹

15

16 ¹[8.] ²[6.1] 5.² (New section) Notwithstanding the provisions
17 of subsection e. of section 7 of P.L.2011, c.176 (C.18A:36C-7) to
18 the contrary, if after approval, a renaissance school project is
19 located in a temporary facility pending completion of the newly
20 constructed facility or substantially reconstructed facility, the
21 renaissance school project shall be funded pursuant to subsection b.
22 of section 12 of P.L.1995, c.426 (C.18A:36A-12) until it has
23 obtained final site plan approval for the newly constructed facility
24 or begun construction on the facility to be substantially
25 reconstructed, provided that a renaissance school project shall not
26 be located in a temporary facility for more than three years.

27

28 ¹[9.] ²[7.1] (New section) a. An employee of a school district
29 under the Teachers' Pension and Annuity Fund (TPAF) or Public
30 Employees' Retirement System (PERS) that elects to provide the
31 benefits authorized under this section who:

32 is at least 50 years of age and has at least 25 years, or at least 60
33 years of age and has at least 20 but less than 25 years, of service
34 credit under the PERS or the TPAF;

35 files an application to retire within one month after the effective
36 date of the resolution adopted by the governing body of the
37 employee's employer pursuant to subsection c. of this section; and

38 retires under the retirement system within two months after the
39 effective date of the resolution,

40 other than a veteran who retires on a special veteran's retirement,
41 shall receive an additional three years of service credit under PERS
42 or TPAF. If a member of the PERS or TPAF is under age 55 at the
43 time of retirement, the member's retirement allowance shall not be
44 reduced.

45 For a member of the PERS or the TPAF who is at least age 60
46 with at least 20 but less than 25 years of service credit, the
47 employer shall pay an additional pension of \$500 per month in each
48 of the 24 months following the date of retirement¹, except that the

1 additional pension shall not be paid to any member who upon
2 retirement is eligible for fully paid health care benefits under
3 section 3 of P.L.1987, c.384 (C.52:14-17.32f) or section 2 of
4 P.L.1992, c.126 (C.52:14-17.32f1)¹.

5 An employee who meets the age and service credit requirements
6 and retires on a special veteran's retirement under the PERS or
7 TPAF shall receive an additional pension under the retirement
8 system in the amount of 3/55 of the compensation upon which the
9 retirement allowance is based.

10 The additional retirement benefit under this section is applicable
11 only to the employment with the employer that elects to provide the
12 benefits authorized under this section and from which the employee
13 retires to receive the benefit and the compensation for that
14 employment.

15 The school district shall be responsible for the full cost of health
16 care benefits in retirement provided under section 3 of P.L.1987,
17 c.384 (C.52:14-17.32f) and section 2 of P.L.1992, c.126 (C.52:14-
18 17.32f1) for each employee who is eligible for such benefits and
19 retiring under the provisions of this section for a period of three
20 years following the employee's retirement, except that each
21 employee retiring under this section who would have had to
22 contribute to the cost of health care benefits coverage pursuant to
23 subsection b. of section 40 of P.L.2011, c.78 (C.52:14-17.28d) and
24 section 77 of P.L.2011, c.78 (C.52:14-17.28e) upon retirement shall
25 be required to make that contribution after retirement under this
26 section if eligible for such coverage.

27 b. For an employee of a school district under the PERS or
28 TPAF that elects to provide the benefits authorized under this
29 section who:

30 is at least 60 years of age and has at least 10, but less than 20,
31 years of service credit under the PERS or the TPAF;

32 files an application to retire within one month after the effective
33 date of the resolution adopted by the governing body of the
34 employee's employer pursuant to subsection c. of this section; and

35 retires under the retirement system within two months after the
36 effective date of the resolution, the employer shall pay an additional
37 pension of \$500 per month in each of the 24 months following the
38 date of retirement.

39 c. An employer may elect to provide the benefits under this
40 section by the adoption of a resolution by the governing body,
41 which is to be effective on July 1, within one year of the effective
42 date of this section and the filing of a certified copy of the
43 resolution with the Director of the Division of Pensions and
44 Benefits within three business days after its adoption. The
45 governing body may elect to provide the benefits under this section
46 one time only and the effective date of the resolution shall fall
47 within the 15-month period following the effective date of this
48 section. The employer shall submit to the director any information

1 necessary to provide the benefits or to determine the liability for
2 them.

3 d. The actuaries for the PERS and TPAF shall determine the
4 liability of the retirement systems for the additional service credit or
5 pensions provided under this section and for the early retirement of
6 employees in accordance with the tables of actuarial assumptions
7 adopted by the board of trustees of the retirement systems.

8 For PERS, this liability shall be paid by the employer in level
9 annual payments over a period of 15 years as provided for the
10 unfunded accrued liability of the retirement system under section 24
11 of P.L.1954, c.84 (C.43:15A-24).

12 For TPAF, this liability shall be paid by the employer in level
13 annual payments over a period of 15 years as provided for the
14 unfunded accrued liability of the retirement system under
15 N.J.S.18A:66-18.

16 The retirement systems shall annually certify to each employer
17 the contributions due to the contingent reserve fund for the liability
18 under this section. The contributions certified by the retirement
19 systems shall be paid by the employer to the retirement systems on
20 or before the date prescribed by law for payment of employer
21 contributions for basic retirement benefits. If payment of the full
22 amount of the contribution certified is not made within 30 days
23 after the last date for payment of employer contributions for basic
24 retirement benefits, interest at the rate of 10% per year shall be
25 assessed against the unpaid balance on the first day after the
26 thirtieth day.

27 The employer shall pay the cost of the actuarial work to
28 determine the additional liability of the retirement systems for the
29 benefits under this section and that cost shall be included in the
30 initial contribution required from the employer.

31 e. An employee who receives a benefit under this section shall
32 forfeit all tenure rights.

33 f. When the needs of a school board require the services of an
34 employee who elects to retire and receive a benefit under this
35 section, the school board may delay, with the consent of the
36 employee, the effective retirement date of the employee until the
37 first day of any calendar month after the second month after the
38 effective date of the resolution adopted by the governing body of
39 the employer pursuant to subsection c. this section but not later than
40 one year after that two-month period. A delay in the effective
41 retirement date of an employee shall not extend the dates set forth
42 in sections a. and b. of this section to qualify for benefits under this
43 section.

44 For a member of the PERS or TPAF whose effective retirement
45 date is delayed under this section and who dies before the
46 retirement becomes effective, the retirement shall be effective as of
47 the first day of the month after the date of death of the member if
48 the member's surviving beneficiary requests in writing to the board

1 of trustees of the retirement system that the retirement be effective
2 under the option settlement selected by the member, or under
3 Option 3 if the member did not select an option.

4 g. An employee purchasing service credit on or after the
5 effective date of this section to qualify for a benefit under this
6 section may purchase a portion of the credit that the employee is
7 eligible to purchase.

8 h. For the purposes of this section:

9 “School district” means a ¹~~“failing district”~~ “renaissance
10 school district”¹ as defined in section 3 of P.L.2011, c.176
11 (C.18A:36C-3) ¹which is in a municipality that is subject to the
12 “Municipal Rehabilitation and Economic Recovery Act,” P.L.2002,
13 c.43 (C.52:27BBB-1 et al.)¹.

14 i. Prior to the end of the one-year period following the
15 effective date of this section, as appropriate, each employer covered
16 by the provisions of this section shall meet and consult with the
17 representatives of the bargaining unit or units representing the
18 employees who would be eligible for benefits under this section.

19 j. The Director of the Division of Pensions and Benefits may
20 promulgate rules and regulations that the director deems necessary
21 for the effective implementation of this section.²

22

23 ¹~~10.~~ ²~~8.1~~ 6.² This act shall take effect immediately.

24

25

26

27

28 Extends application period for certain urban hope projects and
29 permits reconstructed facilities as part of projects.

SENATE, No. 2264

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED JUNE 23, 2014

Sponsored by:
Senator JAMES BEACH
District 6 (Burlington and Camden)

SYNOPSIS

Extends application period for certain urban hope projects; permits reconstructed facilities as part of projects; provides additional retirement benefits for certain PERS and TPAF members in urban hope districts; makes projects eligible for tax credits.

CURRENT VERSION OF TEXT

As introduced.



S2264 BEACH

2

1 AN ACT concerning renaissance school districts, revising various
2 parts of the statutory law, and supplementing P.L.2011, c.176.

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.1969, c.130 (C.18A:24-61.2) is amended to
8 read as follows:

9 2. Notwithstanding the provisions of any other law or any debt
10 limitation or requirement for down payment or for referendum or
11 other action by legal voters, refunding bonds may be authorized and
12 issued for the purpose of paying, funding or refunding: any
13 refunded bonds; the cost of retiring the present value of the
14 unfunded accrued liability due and owing by a board of education,
15 as calculated by the system actuary for a date certain upon the
16 request of a board of education, for early retirement incentive
17 benefits granted by the board of education pursuant to P.L.1991,
18 c.231, P.L.1993, c.163 **[and]** , P.L.2003, c.129 , and P.L.____,
19 c. (pending before the Legislature as this bill); and the cost or
20 expense of issuing refunding bonds including printing, advertising,
21 accounting, financial, legal or other expense in connection
22 therewith. Obligations to be paid, funded or refunded with respect
23 to which an ordinance authorizing the issuance of refunding bonds
24 has been adopted pursuant to this act and not otherwise deductible
25 shall be excluded in calculating the net school debt of a
26 municipality or a district. Refunding bonds shall be authorized (a)
27 in the case of any county or municipality by a refunding bond
28 ordinance enacted in the manner or mode of procedure provided for
29 adoption of a refunding bond ordinance pursuant to the Local Bond
30 Law, constituting chapter 2 of Title 40A, Municipalities and
31 Counties, of the New Jersey Statutes, and (b) in the case of a Type
32 II school district by an ordinance (herein called the "refunding bond
33 ordinance") adopted by the board of education of such school
34 district as provided in this chapter.

35 (cf: P.L.2003, c.129, s.12)

36

37 2. Section 3 of P.L.2011, c.176 (C.18A:36C-3) is amended to
38 read as follows:

39 3. As used in this act:

40 "Commissioner" means the Commissioner of Education.

41 "Failing district" means: in accordance with data from the
42 Statewide assessment reports issued by the Department of
43 Education (1) in the case of a school district located in a city of the
44 first class, a school district in which at least 40% of the students
45 scored in the partially proficient range in the language arts and

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.

S2264 BEACH

1 mathematics sections of each State assessment administered in the
2 2009-2010 school year; and (2) in the case of a school district
3 located in a city of the second class, a school district in which at
4 least 45% of the students scored in the partially proficient range in
5 the language arts and mathematics sections of each State assessment
6 administered in the 2009-2010 school year.

7 "Per pupil expenditure" means the sum of the budget year
8 equalization aid per pupil, budget year adjustment aid per pupil, and
9 the prebudget year general fund tax levy per pupil inflated by the
10 CPI rate most recent to the calculation.

11 "School facility" means and includes any structure, building, or
12 facility used wholly or in part for educational purposes by the
13 students of a school district.

14 "Renaissance school district" is a failing district in which
15 renaissance school projects shall be established.

16 "Renaissance school project" means a newly-constructed school,
17 or group of schools in an urban campus area, that provides an
18 educational program for students enrolled in grades pre-K through
19 12 or in a grade range less than pre-K through 12, that is agreed to
20 by the school district, and is operated and managed by a nonprofit
21 entity in a renaissance school district. A school or group of schools
22 may include existing facilities that have undergone substantial
23 reconstruction by the renaissance school project applicant. A
24 substantial reconstruction shall meet all applicable building codes.
25 The first facility of a renaissance school project shall be a newly-
26 constructed school facility which is designed to house, upon
27 completion, at least 20 percent of the total number of students to be
28 enrolled in the renaissance school project. A renaissance school
29 project may include a dormitory and related facilities as permitted
30 pursuant to section 5 of P.L.2011, c.176 (C.18A:36C-5).

31 "Urban campus area" means the area within a 1.5-mile radius of
32 the site of the initial school of a renaissance school project, except
33 that a high school building which is part of the renaissance school
34 project may be located within a two-mile radius of the site of the
35 initial school of a renaissance school project.

36 (cf: P.L.2013, c.149, s.1)

37

38 3. Section 4 of P.L.2011, c. 176 (C.18A:36C-4) is amended to
39 read as follows:

40 4. a. A nonprofit entity, in partnership with the renaissance
41 school district, may submit to the commissioner an application to
42 create a renaissance school project no later than three years
43 following the effective date of **【this act】** P.L.2011, c.176
44 (C.18A:36C-1 et seq.); except that in the case of a project to be
45 located in a renaissance school district which is in a municipality
46 that is subject to the "Municipal Rehabilitation and Economic
47 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), the
48 application must be submitted no later than four years following the

1 effective date of P.L.2011, c.176 (C.18A:36C-1 et seq.). A
2 nonprofit entity seeking to create a renaissance school project shall
3 have experience in operating a school in a high-risk, low-income
4 urban district. In addition, an entity retained by the nonprofit entity
5 for the purpose of financing or constructing the renaissance school
6 project shall also have appropriate experience.

7 b. The application shall be in a form prescribed by the
8 commissioner, but at a minimum it shall contain the following:

9 (1) except as otherwise provided in this paragraph, a resolution
10 adopted in a public meeting by the board of education of the
11 renaissance school district in which the renaissance school project
12 will be located certifying the support of the board for the
13 application. In the case of a district under full or partial State
14 intervention with an advisory board of education, the application
15 shall contain evidence that that State district superintendent or
16 superintendent, as applicable, convened at least three public
17 meetings to discuss the merits of the renaissance school project.
18 The evidence shall include, at a minimum, any written public
19 comments received during those meetings. In the case of these
20 districts, the application shall contain a resolution from the advisory
21 board of education reflecting the board's approval or disapproval of
22 the renaissance school project. While a successful application does
23 not require approval from the advisory board of education, the
24 commissioner, in considering the application, shall give due
25 consideration to any disapproval from the advisory board;

26 (2) a copy of the amendment to the renaissance school district's
27 long-range facilities plan which has been submitted to the
28 commissioner pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4)
29 that includes the proposed renaissance school project;

30 (3) the educational goals of the renaissance school project, the
31 curriculum to be offered, and the methods of assessing whether
32 students are meeting the proffered educational goals;

33 (4) any testing and academic performance standards to be
34 mandated by the renaissance school project beyond those required
35 by State law and regulation;

36 (5) the admission policy and criteria for evaluating the
37 admission of students to the renaissance school project, which shall
38 comply with the provisions of section 8 of this act;

39 (6) the age or grade range of students to be enrolled in the
40 renaissance school project;

41 (7) the total number of students to be enrolled in each grade
42 level of the renaissance school project;

43 (8) the renaissance school project calendar and school day
44 schedule;

45 (9) the financial plan for the renaissance school project and the
46 provisions that will be made for auditing pursuant to N.J.S.18A:23-
47 1;

S2264 BEACH

1 (10) a description of, and address for, the initial school facility
2 in which the renaissance school project will be located and an
3 affirmation that any other school facility or facilities in which the
4 renaissance school project will be located will be in the required
5 urban campus area. For any school facility other than the initial
6 school facility included in the application pursuant to this
7 paragraph, the nonprofit entity shall notify the Commissioner of
8 Education of the location of the facility at least one year prior to the
9 opening of the facility;

10 (11) documentation that the proposed renaissance school project
11 meets **any** school facility regulations promulgated by the State
12 Board of Education **for the Department of Community Affairs** ,
13 other than the facilities efficiency standards developed by the
14 Commissioner of Education pursuant to subsection h. of section 4
15 of P.L.2000, c.72 (C.18A:7G-4) pertaining to the health and safety
16 of the pupils;

17 (12) documentation of a funding plan to acquire necessary lands
18 and to construct a renaissance school project thereon, including the
19 terms of any financing secured for such purpose;

20 (13) (Deleted by amendment, P.L.2013, c.149)

21 (14) identification of the attendance area of the renaissance
22 school project, if the renaissance school project will not be built on
23 land owned by the New Jersey Schools Development Authority or
24 the renaissance school district;

25 (15) a description of the process employed by the renaissance
26 school district to find and partner with the chosen nonprofit entity
27 to create a renaissance school project. The description shall be
28 sufficient to show that the process employed by the renaissance
29 school district was open, fair, and subject to public input and
30 comment. The description shall, at a minimum, include any
31 requests for proposals issued by the renaissance school district, the
32 number of responses received, and the process and criteria
33 employed by the renaissance school district to select the chosen
34 nonprofit entity among the respondents; and

35 (16) such other information as the commissioner may require.

36 (cf: P.L.2013, c.149, s.2)

37

38 4. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to
39 read as follows:

40 7. a. Notwithstanding that a renaissance school project shall be
41 constructed, controlled, operated, and managed by a nonprofit
42 entity, and not the local board of education, it shall be a public
43 school. However nothing contained herein shall restrict a for-profit
44 entity from constructing a renaissance school project, or a
45 renaissance school project from being located on land owned by a
46 for-profit entity. Further, the renaissance school project shall be
47 authorized to retain any business entity, however formed, whose
48 primary purpose is the staffing, operation, and management of

S2264 BEACH

1 elementary schools, middle schools, or high schools in the United
2 States, except as it relates to instructional services.

3 b. The costs of a renaissance school project including, but not
4 limited to, the costs of land acquisition, site remediation, site
5 development, design, construction, and any other costs required to
6 place into service the school facility or facilities constituting the
7 renaissance school project shall be at the sole expense of the
8 nonprofit entity. The nonprofit entity may use State funds to pay
9 for a lease, debt service, or mortgage for any facility constructed or
10 otherwise acquired.

11 c. Notwithstanding the provisions of the "Educational Facilities
12 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
13 al.), or any other law or regulation to the contrary, there shall be no
14 State share for the costs of a renaissance school project.

15 d. Notwithstanding the provisions of the "Public School
16 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or
17 regulation to the contrary, the nonprofit entity or any entity acting
18 in cooperation with a renaissance school project shall not be subject
19 to public bidding for goods and services, and any contracts entered
20 into by the nonprofit entity shall not be deemed public contracts or
21 public works; except that any contract entered into by the nonprofit
22 entity or any entity acting in cooperation with a renaissance school
23 project shall be deemed a public work for the purposes of the "New
24 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
25 seq.), and subject to the applicable provisions of that act.

26 e. The renaissance school district in which a renaissance school
27 project is located shall pay to the nonprofit entity in 12 equal
28 monthly installments an amount per pupil equal to 95% of the
29 district's per pupil expenditure. In addition the 12 monthly
30 installments shall include the security categorical aid attributable to
31 the student, a percentage of the district's special education
32 categorical aid equal to the percentage of the district's special
33 education students enrolled in the renaissance school project, and if
34 applicable 100% of preschool education aid. The district shall also
35 pay directly to the renaissance school project any federal funds
36 attributable to the student.

37 f. Renaissance school projects shall be required to meet the
38 same testing and academic performance standards established by
39 law and regulation for public school students, and shall meet any
40 additional testing and academic performance standards established
41 by the nonprofit entity and approved by the commissioner.

42 g. The nonprofit entity shall have complete discretion in
43 naming the renaissance school project. The nonprofit entity may
44 not realize a net profit from its operation of a renaissance school
45 project. A private or parochial school shall not be eligible for
46 renaissance school project status.

47 h. A nonprofit entity shall operate a renaissance school project
48 in accordance with the contract entered into pursuant to section 6 of

S2264 BEACH

1 this act, the provisions of this act, and the laws and regulations that
2 govern **【other public】 charter** schools which are not inconsistent
3 with this act.

4 (cf: P.L.2011, c.176, s.7)

5

6 5. Section 10 of P.L.2013, c.149 (C.18A:36C-19) is amended
7 to read as follows:

8 10. **【A】** Notwithstanding the provisions of any law, rule, or
9 regulation to the contrary, a renaissance school project shall not be
10 subject to the facility efficiency standards developed by the
11 Commissioner of Education pursuant to subsection h. of section 4
12 of P.L.2000, c. 72 (C.18A:7G-4) or any other public school facility
13 regulations, except those pertaining to the health and safety of the
14 pupils.

15 (cf: P.L.2013, c.149, s.10)

16

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

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

20 "Affiliate" means an entity that directly or indirectly controls, is
21 under common control with, or is controlled by the business.
22 Control exists in all cases in which the entity is a member of a
23 controlled group of corporations as defined pursuant to section 1563
24 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the
25 entity is an organization in a group of organizations under common
26 control as defined pursuant to subsection (b) or (c) of section 414 of
27 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer
28 may establish by clear and convincing evidence, as determined by
29 the Director of the Division of Taxation in the Department of the
30 Treasury, that control exists in situations involving lesser
31 percentages of ownership than required by those statutes. An
32 affiliate of a business may contribute to meeting either the qualified
33 investment or full-time employee requirements of a business that
34 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
35 209).

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

38 "Aviation district" means the area within a one-mile radius of the
39 outermost boundary of the "Atlantic City International Airport,"
40 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
41 24).

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

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

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

- 1 a partnership;
- 2 an S corporation;
- 3 a limited liability company; or
- 4 a non-profit corporation.

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

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

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

- 18 a. site acquisition, if purchased within 24 months prior to
19 project application, site preparation and construction, repair,
20 renovation, improvement, equipping, or furnishing on real property
21 or of a building, structure, facility, or improvement to real property;
- 22 b. obtaining and installing furnishings and machinery,
23 apparatus, or equipment, including but not limited to material goods
24 subject to bonus depreciation under sections 168 and 179 of the
25 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the
26 operation of a business on real property or in a building, structure,
27 facility, or improvement to real property;
- 28 c. receiving Highlands Development Credits under the
29 Highlands Transfer Development Rights Program authorized
30 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or
- 31 d. any of the foregoing.

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

41 In addition to the foregoing, if a business acquires or leases a
42 qualified business facility, the capital investment made or acquired
43 by the seller or owner, as the case may be, if pertaining primarily to
44 the premises of the qualified business facility, shall be considered a
45 capital investment by the business and, if pertaining generally to the
46 qualified business facility being acquired or leased, shall be
47 allocated to the premises of the qualified business facility on the
48 basis of the gross leasable area of the premises in relation to the

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

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

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

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

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

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

1 "Eligible position" or "full-time job" means a full-time position
2 in a business in this State which the business has filled with a full-
3 time employee.

4 "Full-time employee" means a person:

5 a. who is employed by a business for consideration for at least
6 35 hours a week, or who renders any other standard of service
7 generally accepted by custom or practice as full-time employment,
8 or

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

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

27 d. who is provided, by the business, with employee health
28 benefits under a health benefits plan authorized pursuant to State or
29 federal law.

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

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

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

41 35 hours of employment per week at a qualified business facility
42 shall constitute one "full-time employee," regardless of whether or
43 not the hours of work were performed by one or more persons.

44 For any project located in a Garden State Growth Zone which
45 qualifies under the "Municipal Rehabilitation and Economic
46 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
47 project located in the Atlantic City Tourism District as established
48 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated

1 by the Casino Reinvestment Development Authority, and which
2 will include a retail facility of at least 150,000 square feet, of which
3 at least 50 percent will be occupied by either a full-service
4 supermarket or grocery store, the authority shall accept a standard
5 of service generally accepted by custom or practice as full-time
6 employment in a supermarket, grocery store, or other like retail
7 industry.

8 "Full-time employee" shall not include any person who works as
9 an independent contractor or on a consulting basis for the business.

10 "Garden State Growth Zone" or "growth zone" means the four
11 New Jersey cities with the lowest median family income based on
12 the 2009 American Community Survey from the US Census, (Table
13 708. Household, Family, and Per Capita Income and Individuals,
14 and Families Below Poverty Level by City: 2009).

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

21 "Incentive agreement" means the contract between the business
22 and the authority, which sets forth the terms and conditions under
23 which the business shall be eligible to receive the incentives
24 authorized pursuant to the program.

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

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

33 "Mega project" means:

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

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

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

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

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

4 (2) at which more than 1,000 full-time employees of such
5 business are created or retained; or

6 c. a qualified business facility located in an urban transit hub
7 housing a business of any kind, having a capital investment in
8 excess of \$50,000,000, and at which more than 250 full-time
9 employees of a business are created or retained.

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

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

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

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

33 "Other eligible area" means the portions of the qualified
34 incentive area that are not located within a distressed municipality,
35 or the priority area.

36 "Partnership" means an entity classified as a partnership for
37 federal income tax purposes.

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

40 a. the port district of the Port Authority of New York and New
41 Jersey, as defined in Article II of the Compact Between the States
42 of New York and New Jersey of 1921; or

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

S2264 BEACH

13

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

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

11 b. intersect with portions of: a deep poverty pocket, a port
12 district, or federally-owned land approved for closure under a
13 federal Base Realignment Closing Commission action;

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

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

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

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

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

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

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

44 c. a construction project under section 3 of P.L.2011, c.176
45 (C.18A:36C-3) located in a Garden State Growth Zone.

46 "Qualified incentive area" means:

47 a. an aviation district;

48 b. a port district;

S2264 BEACH

14

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

S2264 BEACH

1 previously existing structure provided such expansion otherwise
2 complies with all applicable federal, State, county, and local
3 permits and approvals;

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

7 (f) any area on which an existing tourism destination project is
8 located.

9 "Qualified incentive area" shall not include any property located
10 within the preservation area of the Highlands Region as defined in
11 the "Highlands Water Protection and Planning Act," P.L.2004,
12 c.120 (C.13:20-1 et al.).

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

21 "Retained full-time job" means an eligible position that currently
22 exists in New Jersey and is filled by a full-time employee but
23 which, because of a potential relocation by the business, is at risk of
24 being lost to another state or country, or eliminated. For the
25 purposes of determining a number of retained full-time jobs, the
26 eligible positions of an affiliate shall be considered eligible
27 positions of the business.

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

30 "SDA municipality" means a municipality in which an SDA
31 district is situate.

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

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

42 "Tourism destination project" means a qualified business facility
43 that will be among the most visited privately owned or operated
44 tourism or recreation sites in the State, and which is located within
45 the qualified incentive area and has been determined by the
46 authority to be in an area appropriate for development and in need
47 of economic development incentive assistance.

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

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

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

21 (cf: P.L.2013, c.161, s.7)

22

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

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

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

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

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

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

46 or

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

4 (2) the qualified business facility shall be constructed in
5 accordance with the minimum environmental and sustainability
6 standards;

7 (3) the capital investment resultant from the award of tax credits
8 and the resultant retention and creation of full-time jobs will yield a
9 net positive benefit to the State, equaling at least 110 percent of the
10 requested tax credit allocation amount, which determination is
11 calculated prior to taking into account the value of the requested tax
12 credit and shall be based on the benefits generated during the first
13 20 years following the completion of the project, except that for a
14 mega project or a project located in a Garden State Growth Zone,
15 the determination shall be based on the benefits generated during a
16 period of up to 30 years following the completion of the project, as
17 determined by the authority, and except that, for a project located in
18 a Garden State Growth Zone which qualified for the "Municipal
19 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
20 (C.52:27BBB-1 et al.), the net positive benefit determination shall
21 be based on the benefits generated during a period of up to 35 years
22 following completion of the project, as determined by the authority,
23 and shall equal at least 100 percent of the requested tax credit
24 allocation amount and may utilize the value of those property taxes
25 subject to the provisions of section 24 of P.L.2013 c.161
26 (C.52:27D-489r) and incremental sales and excise taxes that are
27 derived from activities within the area and which are rebated or
28 retained by the municipality pursuant to the "New Jersey Urban
29 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) or
30 any other law providing for such rebate or retention; and

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

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

39 A construction project under section 3 of P.L.2011, c.176
40 (C.18A:36C-3) located in a Garden State Growth Zone shall not be
41 subject to the requirements that the application and award of any
42 tax credits, grants, or other benefits provided under P.L.2011, c.149
43 (C.34:1B-242 et al.) be provided prior to the commencement of the
44 construction project.

45 b. The minimum capital investment required to be eligible
46 under this program shall be as follows:

47 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
48 existing industrial premises for continued industrial use by the

S2264 BEACH

1 business, a minimum investment of \$20 per square foot of gross
2 leasable area;

3 (2) for the new construction of an industrial premises for
4 industrial use by the business, a minimum investment of \$60 per
5 square foot of gross leasable area;

6 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
7 existing non-industrial premises for continued non-industrial use by
8 the business, a minimum investment of \$40 per square foot of gross
9 leasable area; and

10 (4) for the new construction of a non-industrial premises for
11 non-industrial use by the business, a minimum investment of \$120
12 per square foot of gross leasable area.

13 The minimum capital investment required by this subsection
14 shall be reduced by one-third for projects located in a Garden State
15 Growth Zone or projects located within Atlantic, Burlington,
16 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
17 counties.

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

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

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

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

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

33 d. To assist the authority in determining whether a proposed
34 capital investment will yield a net positive benefit, the business's
35 chief executive officer, or equivalent officer, shall submit a
36 certification to the authority indicating: (1) that any existing full-
37 time jobs are at risk of leaving the State or being eliminated; (2)
38 that any projected creation or retention, as applicable, of new full-
39 time jobs would not occur but for the provision of tax credits under
40 the program; and (3) that the business's chief executive officer, or
41 equivalent officer, has reviewed the information submitted to the
42 authority and that the representations contained therein are accurate,
43 provided however, that in satisfaction of the provisions of
44 paragraphs (1) and (2) of this subsection, the certification with
45 respect to a project in a Garden State Growth Zone that qualifies
46 under the "Municipal Rehabilitation and Economic Recovery Act,"
47 P.L.2002, c.43 (C.52:27BBB-1 et al.), shall indicate that **[.]** the
48 provision of tax credits under the program is a material factor in the

1 business decision to make a capital investment and locate in a
2 Garden State Growth Zone that qualifies under the "Municipal
3 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
4 (C.52:27BBB-1 et al.), and provided further that in satisfaction of
5 the provisions of paragraphs (1) and (2) of this subsection, the
6 certification with respect to a construction project under section 3
7 of P.L.2011, c.176 (C.18A:36C-3) in a Garden State Growth Zone
8 shall indicate that the provision of tax credits under the program is a
9 material factor in the business decision to make a capital investment
10 or, in the event construction commenced prior to the application for
11 tax credits being filed, a material factor to the business's ability to
12 complete the project. In the event that this certification by the
13 business's chief executive officer, or equivalent officer, is found to
14 be willfully false, the authority may revoke any award of tax credits
15 in their entirety, which revocation shall be in addition to any other
16 criminal or civil penalties that the business and the officer may be
17 subject to. When considering an application involving intra-State
18 job transfers, the authority shall require the business to submit the
19 following information as part of its application: a full economic
20 analysis of all locations under consideration by the business; all
21 lease agreements, ownership documents, or substantially similar
22 documentation for the business's current in-State locations; and all
23 lease agreements, ownership documents, or substantially similar
24 documentation for the potential out-of-State location alternatives, to
25 the extent they exist. Based on this information, and any other
26 information deemed relevant by the authority, the authority shall
27 independently verify and confirm, by way of making a factual
28 finding by separate vote of the authority's board, the business's
29 assertion that the jobs are actually at risk of leaving the State, and
30 as to the date or dates at which the authority expects that those jobs
31 would actually leave the State, or, with respect to projects located in
32 a Garden State Growth Zone that qualifies under the "Municipal
33 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
34 (C.52:27BBB-1 et al.), the business's assertion that the provision of
35 tax credits under the program is a material factor in the business's
36 decision to make a capital investment and locate in a Garden State
37 Growth Zone that qualifies under the "Municipal Rehabilitation and
38 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
39 with respect to a construction project under section 3 of P.L.2011,
40 c.176 (C.18A:36C-3) in a Garden State Growth Zone, the business's
41 assertion that the provision of tax credits under the program is a
42 material factor in the business decision to make a capital
43 investment, or in the event construction commenced prior to the
44 application for tax credits being filed, a material factor to the
45 business's ability to complete the project, before a business may be
46 awarded any tax credits under this section.

47 e. A project that consists solely of point-of-final-purchase
48 retail facilities shall not be eligible for a grant of tax credits. If a

1 project consists of both point-of-final-purchase retail facilities and
2 non-retail facilities, only the portion of the project consisting of
3 non-retail facilities shall be eligible for a grant of tax credits. In a
4 Garden State Growth Zone or the Atlantic City Tourism District as
5 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
6 regulated by the Casino Reinvestment Development Authority, up
7 to 7.5 percent of retail facilities included in a mixed use project
8 shall be eligible for a grant of tax credits along with the non-retail
9 facilities. If a warehouse facility is part of a point-of-final-purchase
10 retail facility and supplies only that facility, the warehouse facility
11 shall not be eligible for a grant of tax credits. For the purposes of
12 this section, a retail facility of at least 150,000 square feet, of which
13 at least 50 percent is occupied by a full-service supermarket or
14 grocery store, located in a Garden State Growth Zone which
15 qualified under the "Municipal Rehabilitation and Economic
16 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
17 destination project in the Atlantic City Tourism District as
18 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
19 catalog distribution centers shall not be considered point-of-final-
20 purchase retail facilities.

21 f. (1) The authority may determine as eligible for tax credits
22 under the program any business that is required to respond to a
23 request for proposals and to fulfill a contract with the federal
24 government although the business's chief executive officer or
25 equivalent officer has not demonstrated to the authority that the
26 award of tax credits will be a material factor in the business's
27 decision to retain the minimum number of retained full-time jobs, as
28 otherwise required by this section. The authority may, in its
29 discretion, consider the economic benefit of the retained jobs
30 servicing the contract in conducting a net benefit analysis required
31 by paragraph (4) of subsection a. of this section. For the purposes
32 of this subsection, "retained full-time jobs" includes jobs that are at
33 risk of being eliminated. Applications to the authority for eligibility
34 under the program pursuant to the criteria set forth in this
35 subsection shall be completed by December 31, 2013. Submission
36 of a proposal to the federal government prior to authority approval
37 shall not disqualify a business from the program.

38 (2) The authority may determine as eligible for tax credits under
39 the program a construction project under section 3 of P.L.2011,
40 c.176 (C.18A:36C-3) located in a Garden State Growth Zone. The
41 project shall not be subject to the requirements that the application
42 and award of any tax credits, grants, or other benefits provided
43 under P.L.2011, c.149 (C.34:1B-242 et al.) be provided prior to the
44 commencement of the construction project.

45 g. Nothing shall preclude a business from applying for tax
46 credits under the program for more than one project pursuant to one
47 or more applications.

48 (cf: P.L.2013, c.161, s.8)

S2264 BEACH

1 8. (New section) Notwithstanding the provisions of subsection
2 e. of section 7 of P.L.2011, c.176 (C.18A:36C-7) to the contrary, if
3 after approval, a renaissance school project is located in a
4 temporary facility pending completion of the newly constructed
5 facility or substantially reconstructed facility, the renaissance
6 school project shall be funded pursuant to subsection b. of section
7 12 of P.L.1995, c.426 (C.18A:36A-12) until it has obtained final
8 site plan approval for the newly constructed facility or begun
9 construction on the facility to be substantially reconstructed,
10 provided that a renaissance school project shall not be located in a
11 temporary facility for more than three years.

12
13 9. (New section) a. An employee of a school district under the
14 Teachers' Pension and Annuity Fund (TPAF) or Public Employees'
15 Retirement System (PERS) that elects to provide the benefits
16 authorized under this section who:

17 is at least 50 years of age and has at least 25 years, or at least 60
18 years of age and has at least 20 but less than 25 years, of service
19 credit under the PERS or the TPAF;

20 files an application to retire within one month after the effective
21 date of the resolution adopted by the governing body of the
22 employee's employer pursuant to subsection c. of this section; and

23 retires under the retirement system within two months after the
24 effective date of the resolution,

25 other than a veteran who retires on a special veteran's retirement,
26 shall receive an additional three years of service credit under PERS
27 or TPAF. If a member of the PERS or TPAF is under age 55 at the
28 time of retirement, the member's retirement allowance shall not be
29 reduced.

30 For a member of the PERS or the TPAF who is at least age 60
31 with at least 20 but less than 25 years of service credit, the
32 employer shall pay an additional pension of \$500 per month in each
33 of the 24 months following the date of retirement.

34 An employee who meets the age and service credit requirements
35 and retires on a special veteran's retirement under the PERS or
36 TPAF shall receive an additional pension under the retirement
37 system in the amount of 3/55 of the compensation upon which the
38 retirement allowance is based.

39 The additional retirement benefit under this section is applicable
40 only to the employment with the employer that elects to provide the
41 benefits authorized under this section and from which the employee
42 retires to receive the benefit and the compensation for that
43 employment.

44 The school district shall be responsible for the full cost of health
45 care benefits in retirement provided under section 3 of P.L.1987,
46 c.384 (C.52:14-17.32f) and section 2 of P.L.1992, c.126 (C.52:14-
47 17.32f1) for each employee who is eligible for such benefits and
48 retiring under the provisions of this section for a period of three

1 years following the employee's retirement, except that each
2 employee retiring under this section who would have had to
3 contribute to the cost of health care benefits coverage pursuant to
4 subsection b. of section 40 of P.L.2011, c.78 (C.52:14-17.28d) and
5 section 77 of P.L.2011, c.78 (C.52:14-17.28e) upon retirement shall
6 be required to make that contribution after retirement under this
7 section if eligible for such coverage.

8 b. For an employee of a school district under the PERS or
9 TPAF that elects to provide the benefits authorized under this
10 section who:

11 is at least 60 years of age and has at least 10, but less than 20,
12 years of service credit under the PERS or the TPAF;

13 files an application to retire within one month after the effective
14 date of the resolution adopted by the governing body of the
15 employee's employer pursuant to subsection c. of this section; and

16 retires under the retirement system within two months after the
17 effective date of the resolution, the employer shall pay an additional
18 pension of \$500 per month in each of the 24 months following the
19 date of retirement.

20 c. An employer may elect to provide the benefits under this
21 section by the adoption of a resolution by the governing body,
22 which is to be effective on July 1, within one year of the effective
23 date of this section and the filing of a certified copy of the
24 resolution with the Director of the Division of Pensions and
25 Benefits within three business days after its adoption. The
26 governing body may elect to provide the benefits under this section
27 one time only and the effective date of the resolution shall fall
28 within the 15-month period following the effective date of this
29 section. The employer shall submit to the director any information
30 necessary to provide the benefits or to determine the liability for
31 them.

32 d. The actuaries for the PERS and TPAF shall determine the
33 liability of the retirement systems for the additional service credit or
34 pensions provided under this section and for the early retirement of
35 employees in accordance with the tables of actuarial assumptions
36 adopted by the board of trustees of the retirement systems.

37 For PERS, this liability shall be paid by the employer in level
38 annual payments over a period of 15 years as provided for the
39 unfunded accrued liability of the retirement system under section 24
40 of P.L.1954, c.84 (C.43:15A-24).

41 For TPAF, this liability shall be paid by the employer in level
42 annual payments over a period of 15 years as provided for the
43 unfunded accrued liability of the retirement system under
44 N.J.S.18A:66-18.

45 The retirement systems shall annually certify to each employer
46 the contributions due to the contingent reserve fund for the liability
47 under this section. The contributions certified by the retirement
48 systems shall be paid by the employer to the retirement systems on

1 or before the date prescribed by law for payment of employer
2 contributions for basic retirement benefits. If payment of the full
3 amount of the contribution certified is not made within 30 days
4 after the last date for payment of employer contributions for basic
5 retirement benefits, interest at the rate of 10% per year shall be
6 assessed against the unpaid balance on the first day after the
7 thirtieth day.

8 The employer shall pay the cost of the actuarial work to
9 determine the additional liability of the retirement systems for the
10 benefits under this section and that cost shall be included in the
11 initial contribution required from the employer.

12 e. An employee who receives a benefit under this section shall
13 forfeit all tenure rights.

14 f. When the needs of a school board require the services of an
15 employee who elects to retire and receive a benefit under this
16 section, the school board may delay, with the consent of the
17 employee, the effective retirement date of the employee until the
18 first day of any calendar month after the second month after the
19 effective date of the resolution adopted by the governing body of
20 the employer pursuant to subsection c. this section but not later than
21 one year after that two-month period. A delay in the effective
22 retirement date of an employee shall not extend the dates set forth
23 in sections a. and b. of this section to qualify for benefits under this
24 section.

25 For a member of the PERS or TPAF whose effective retirement
26 date is delayed under this section and who dies before the
27 retirement becomes effective, the retirement shall be effective as of
28 the first day of the month after the date of death of the member if
29 the member's surviving beneficiary requests in writing to the board
30 of trustees of the retirement system that the retirement be effective
31 under the option settlement selected by the member, or under
32 Option 3 if the member did not select an option.

33 g. An employee purchasing service credit on or after the
34 effective date of this section to qualify for a benefit under this
35 section may purchase a portion of the credit that the employee is
36 eligible to purchase.

37 h. For the purposes of this section:

38 "School district" means a "failing district" as defined in section 3
39 of P.L.2011, c.176 (C.18A:36C-3).

40 i. Prior to the end of the one-year period following the
41 effective date of this section, as appropriate, each employer covered
42 by the provisions of this section shall meet and consult with the
43 representatives of the bargaining unit or units representing the
44 employees who would be eligible for benefits under this section.

45 j. The Director of the Division of Pensions and Benefits may
46 promulgate rules and regulations that the director deems necessary
47 for the effective implementation of this section.

1 10. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill makes various changes to the “Urban Hope Act.” The
7 “Urban Hope Act,” P.L.2011, c.176 (C.18A:36C-1 et seq.),
8 authorized the Camden, Newark, and Trenton School Districts to,
9 on a limited pilot program basis, partner with one or more nonprofit
10 entities to create “renaissance school projects.”

11 This bill:

12 (1) provides that a school or group of schools that is a
13 renaissance school project may include existing facilities that have
14 undergone substantial reconstruction. The substantial
15 reconstruction must meet applicable building codes. The initial
16 facility of the renaissance school project must be newly-constructed
17 and be designed to house, upon completion, at least 20 percent of
18 the total enrollment of the project. Under current law, the school
19 and group of schools of a renaissance school project must all be
20 newly-constructed;

21 (2) extends the time period in which applications for the
22 creation of a renaissance school project may be submitted in the
23 case of projects located in Camden. Under current law the
24 applications must be submitted no later than January 12, 2015. The
25 bill would extend this deadline in Camden for an additional year;

26 (3) exempts renaissance school projects from public school
27 facility regulations other than those pertaining to the health and
28 safety of the pupils; and

29 (4) provides that an approved renaissance school project located
30 in a temporary facility will be funded at the lower rate of a charter
31 school rather than as a renaissance school project until the
32 renaissance school project has obtained final site plan approval for
33 the newly-constructed facility or begun construction on the facility
34 to be substantially reconstructed. A renaissance school project is
35 not allowed to be located in a temporary facility for more than three
36 years.

37 The bill amends the “Grow New Jersey Assistance Act,”
38 P.L.2011, c.149 (C.34:1B-242 et al.), GROW New Jersey, to define
39 construction related to a renaissance school project in a Garden
40 State Growth Zone as a qualified business facility. Of the three
41 renaissance school districts, Camden and Trenton meet the
42 qualifications of a Garden State Growth Zone. The bill eliminates
43 for these renaissance school projects the requirement under GROW
44 New Jersey that the application and award of any tax credits, grants,
45 or other benefits must be provided prior to the commencement of
46 the construction of the project. The bill also requires that a
47 certification be submitted to indicate that the provision of tax
48 credits under the GROW New Jersey program is a material factor in

1 the business decision to make the capital investment, or in the event
2 construction commenced prior to the application for tax credits
3 being filed, a material factor to the business's ability to complete
4 the project.

5 This bill provides additional retirement benefits to certain
6 employees of a school district that elect to provide the benefits, who
7 retire under the Public Employees' Retirement System (PERS) or
8 the Teachers' Pension and Annuity Fund (TPAF). "School district"
9 is defined in this provision to mean only the school districts
10 included under the "Urban Hope Act": Trenton, Newark, and
11 Camden. The governing body of the employer will have one year
12 after the enactment of this bill to adopt a resolution. Once a
13 resolution is adopted and effective, employees will have one month
14 to file an application and two months to retire.

15 An employee who is at least 50 years of age and has at least 25
16 years of service credit, or is at least 60 years of age and has at least
17 20 but less than 25 years of service, under PERS or TPAF as of the
18 effective date of retirement will receive an additional three years of
19 service credit. A member of PERS or TPAF who is under age 55 at
20 the time of retirement will be exempt from any actuarial reduction
21 in retirement allowance. An employee veteran who meets the age
22 and service credit requirements and retires on a special veteran's
23 retirement under PERS or TPAF will receive an additional pension
24 in the amount of $\frac{3}{55}$ of the compensation on which the retirement
25 allowance is based.

26 An employee who is at least 60 years of age with at least 10, but
27 less than 20, years of service credit will receive an additional
28 pension of \$500 per month for the 24 months following retirement.
29 An employee who is at least 60 years of age with at least 20, but
30 less than 25, years of service credit will receive an additional
31 pension of \$500 per month for the 24 months following retirement.

32 When the needs of an employer require the services of an
33 employee who elects to receive a benefit under this bill, the
34 employer may delay, with the consent of the employee, the effective
35 retirement date of the employee for up to one year. The
36 authorization for a delay in the effective retirement date does not
37 extend the dates for qualification for benefits.

38 The cost of the enhanced pension benefits will be funded through
39 employer contributions paid by the school district to the retirement
40 systems, calculated separately for each entity over a period of 15
41 years.

42 An employer may elect to provide these benefits by the adoption
43 of a resolution by its governing body, which is to be effective July
44 1, and the filing of a certified copy with the Director of the Division
45 of Pensions and Benefits. The effective date of the resolution must
46 fall within 15 months of enactment of this bill; an employer may
47 offer these benefits only once. An employer covered by this bill
48 must meet with the employee union representatives, whether or not

S2264 BEACH

26

1 the employer adopts a resolution, within a year of the enactment of
2 this bill.

3 The bill also authorizes boards of education to issue refunding
4 bonds to retire the present value of the unfunded accrued pension
5 liabilities for early retirement incentive benefits granted by the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2264

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2014

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2264, with committee amendments.

As amended, this bill makes various changes to the “Urban Hope Act.” The “Urban Hope Act,” P.L.2011, c.176 (C.18A:36C-1 et seq.), authorized the Camden, Newark, and Trenton School Districts to, on a limited pilot program basis, partner with one or more nonprofit entities to create “renaissance school projects.”

This bill:

(1) provides that a school or group of schools that is a renaissance school project may include existing facilities that have undergone substantial reconstruction. The substantial reconstruction must meet applicable building codes and comply with the Uniform Construction Code for enhancements and for contaminants, comply with the “Americans with Disabilities Act of 1990” regulations in the New Jersey Barrier Free Subcode, and be subject to enforcement. The initial facility of the renaissance school project must be newly-constructed and be designed to house, upon completion, at least 20 percent of the total enrollment of the project. Under current law, the school and group of schools of a renaissance school project must all be newly-constructed;

(2) extends the time period in which applications for the creation of a renaissance school project may be submitted in the case of projects located in Camden. Under current law the applications must be submitted no later than January 12, 2015. The bill extends this deadline in Camden for an additional year;

(3) exempts renaissance school projects from public school facility regulations other than those pertaining to the health and safety of the pupils; and

(4) provides that an approved renaissance school project located in a temporary facility will be funded at the lower rate of a charter school rather than as a renaissance school project until the renaissance school project has obtained final site plan approval for the newly-constructed facility or begun construction on the facility to be substantially reconstructed. A renaissance school project is not allowed to be located in a temporary facility for more than three years.

This bill provides additional retirement benefits to certain employees of a school district in a municipality that is subject to the “Municipal Rehabilitation and Economic Recovery Act” that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). This provision is applicable to the Camden School District. The district will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

An employee who is at least 50 years of age and has at least 25 years of service credit, or is at least 60 years of age and has at least 20 but less than 25 years of service, under PERS or TPAF as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. An employee veteran who meets the age and service credit requirements and retires on a special veteran's retirement under PERS or TPAF will receive an additional pension in the amount of $\frac{3}{55}$ of the compensation on which the retirement allowance is based.

An employee who is at least 60 years of age with at least 10, but less than 20, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement. An employee who is at least 60 years of age with at least 20, but less than 25, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement if the employee is not eligible for fully paid health care benefits in retirement.

When the needs of an employer require the services of an employee who elects to receive a benefit under this bill, the employer may delay, with the consent of the employee, the effective retirement date of the employee for up to one year. The authorization for a delay in the effective retirement date does not extend the dates for qualification for benefits.

The cost of the enhanced pension benefits will be funded through employer contributions paid by the school district to the retirement systems, calculated separately for each entity over a period of 15 years.

An employer may elect to provide these benefits by the adoption of a resolution, which is to be effective July 1, and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within 15 months of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill.

The bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

COMMITTEE AMENDMENTS:

The committee amendments:

- 1) incorporate various building codes and other lawful standards applicable to substantial reconstruction by renaissance school project applicants;
- 2) delete sections that would otherwise have made renaissance school projects eligible for GROWNJ credits;
- 3) clarify that an additional pension of \$500 per month will be paid to certain retirees only if they are not eligible for fully-paid health care benefits in retirement; and
- 4) limit the option to participate in the early retirement incentive program established by the bill to the Camden School District.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot estimate the potential additional cost of this bill as it pertains to the retirement benefits offered because it is not known if the Camden School District will elect to offer the early retirement incentive (ERI) benefits and how many members of TPAF and PERS will elect to retire under the ERI program.

Under current law, for an employee of a school district who is a member of either PERS or TPAF, the State is responsible for the full cost of the employer pension contribution and the cost of post-retirement medical benefits provided by the School Employees' Health Benefits Program for qualified retirees. When an employee is offered and accepts an incentive to retire earlier than the employee normally would there is an additional cost to the retirement system.

Under the bill, if the school district elects to offer the ERI program it will be responsible for the liability of the retirement systems for the additional service credit provided and the cost of the actuarial work to determine the additional liability, to be paid to the systems over a period of 15 years. The school district will also be responsible for an additional pension of \$12,000 for each employee retiring who is at least 60 years of age with at least 10 but less than 20 years of service. Finally, the school district is responsible for the health care benefits in retirement, for each employee who is eligible for that benefit, for three years following the employee's retirement. Under current law, the State is responsible.

Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings may be reduced if the position held by the retired employee is filled by a lower paid employee

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2264

STATE OF NEW JERSEY 216th LEGISLATURE

DATED: JULY 3, 2014

SUMMARY

- Synopsis:** Extends application period for certain urban hope projects; permits reconstructed facilities as part of projects; and provides additional retirement benefits for certain PERS and TPAF members in urban hope districts.
- Type of Impact:** Expenditure increase to the State General Fund. Expenditure increase to certain local government funds.
- Agencies Affected:** Division of Pensions and Benefits in the Department of the Treasury, certain local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
State Cost	Indeterminate - See comments below		
Local Cost	Indeterminate - See comments below		

- This bill makes various changes to the “Urban Hope Act” which authorized the school districts of Camden, Newark, and Trenton to partner with one or more nonprofit entities to create “renaissance school projects,” on a limited pilot program basis. The bill extends the application period for certain urban hope projects, permits the use of reconstructed facilities as part of projects, and provides additional retirement benefits for certain Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF) members who are employees of the Camden School District.
- The Office of Legislative Services (OLS) notes that the costs of this bill related to the early retirement incentive are indeterminate until an actuarial analysis is performed.
- Under the bill, if the school district elects to offer the early retirement incentive (ERI), it will be responsible for the liability of the retirement systems for the additional service credit provided, the additional pension of \$12,000 for certain employees, employer-paid post-retirement medical benefits for three years, and the cost of the actuarial work to determine the additional liability, which will be paid to the systems over a period of 15 years.

- The State may incur additional post-retirement medical benefit costs provided through the School Employees' Health Benefits Program (SEHBP) that it may not otherwise have incurred in the absence of an ERI.
- Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings may be reduced if the position held by the retired employee is filled by a lower paid employee.

BILL DESCRIPTION

Senate Bill No. 2264 (1R) of 2014 provides that a school or group of schools that is a renaissance school project may include existing facilities that have undergone substantial reconstruction. Under current law, the school and group of schools of a renaissance school project must all be newly-constructed.

The bill extends the time period in which applications for the creation of a renaissance school project may be submitted in the case of projects located in Camden. Under current law the applications must be submitted no later than January 12, 2015. The bill extends this deadline in Camden for an additional year.

The bill exempts renaissance school projects from public school facility regulations other than those pertaining to the health and safety of the pupils and provides that an approved renaissance school project located in a temporary facility will be funded at the lower rate of a charter school rather than as a renaissance school project until the renaissance school project has obtained final site plan approval for the newly-constructed facility or begun construction on the facility to be substantially reconstructed. A renaissance school project is not allowed to be located in a temporary facility for more than three years.

This bill provides additional retirement benefits to certain employees of a school district in a municipality that is subject to the "Municipal Rehabilitation and Economic Recovery Act" that elects to provide the benefits, who retire under the PERS or the TPAF. This provision is applicable to the Camden School District. The district will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

An employee who is at least 50 years of age and has at least 25 years of service credit, or is at least 60 years of age and has at least 20 but less than 25 years of service, under PERS or TPAF as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. An employee veteran who meets the age and service credit requirements and retires on a special veteran's retirement under PERS or TPAF will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based.

An employee who is at least 60 years of age with at least 10, but less than 20, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement. An employee who is at least 60 years of age with at least 20, but less than 25, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement if the employee is not eligible for fully paid health care benefits in retirement.

When the needs of an employer require the services of an employee who elects to receive a benefit under this bill, the employer may delay, with the consent of the employee, the effective retirement date of the employee for up to one year. The authorization for a delay in the effective retirement date does not extend the dates for qualification for benefits.

The cost of the enhanced pension benefits will be funded through employer contributions paid by the school district to the retirement systems, calculated separately for each entity over a period of 15 years.

An employer may elect to provide these benefits by the adoption of a resolution, which is to be effective July 1, and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within 15 months of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill.

The bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the costs of this bill are indeterminate until an actuarial analysis is performed. In addition, it is not known if the Camden School District will elect to offer the early retirement incentive (ERI) benefits and how many members of the TPAF and PERS will elect to retire under the ERI program.

Under current law, for an employee of a school district who is a member of either PERS or TPAF, the State is responsible for the full cost of the employer pension contribution and the cost of post-retirement medical benefits provided by the School Employees' Health Benefits Program for qualified retirees. When an employee is offered and accepts an incentive to retire earlier than the employee would have normally, there is an additional cost to the retirement system.

Under the bill, if the school district elects to offer the ERI program, it will be responsible for the liability of the retirement systems for the additional service credit provided and the cost of the actuarial work to determine the additional liability, to be paid to the systems over a period of 15 years. The school district will also be responsible for additional pension of \$12,000 for each employee retiring who is at least 60 years of age with at least 10 but less than 25 years of service, unless the employee is eligible for fully paid post-retirement medical benefits in retirement. Finally, the school district is responsible for the post-retirement medical benefits in retirement, for each employee who is eligible to receive fully paid post-retirement medical benefits, for three years following the employee's retirement. Under current law, the State is responsible.

Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings maybe reduced if the position held by the retired employee is filled by a lower paid employee.

Section: State Government

*Analyst: Kimberly McCord Clemmensen
Senior Fiscal Analyst*

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

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

ASSEMBLY, No. 3459

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 23, 2014

Sponsored by:
Assemblyman TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Extends application period for certain urban hope projects; permits reconstructed facilities as part of projects; provides additional retirement benefits for certain PERS and TPAF members in urban hope districts; makes projects eligible for tax credits.

CURRENT VERSION OF TEXT

As introduced.



A3459 SINGLETON

2

1 AN ACT concerning renaissance school districts, revising various
2 parts of the statutory law, amending P.L.1969, c.130 and
3 P.L.2011, c.149, and amending and supplementing P.L.2011,
4 c.176.

5

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

8

9 1. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to
10 read as follows:

11 2. Notwithstanding the provisions of any other law or any debt
12 limitation or requirement for down payment or for referendum or
13 other action by legal voters, refunding bonds may be authorized and
14 issued for the purpose of paying, funding or refunding: any
15 refunded bonds; the cost of retiring the present value of the
16 unfunded accrued liability due and owing by a board of education,
17 as calculated by the system actuary for a date certain upon the
18 request of a board of education, for early retirement incentive
19 benefits granted by the board of education pursuant to P.L.1991,
20 c.231, P.L.1993, c.163 **[and]** , P.L.2003, c.129 , and P.L. _____,
21 c. _____ (pending before the Legislature as this bill); and the cost or
22 expense of issuing refunding bonds including printing, advertising,
23 accounting, financial, legal or other expense in connection
24 therewith. Obligations to be paid, funded or refunded with respect
25 to which an ordinance authorizing the issuance of refunding bonds
26 has been adopted pursuant to this act and not otherwise deductible
27 shall be excluded in calculating the net school debt of a
28 municipality or a district. Refunding bonds shall be authorized (a)
29 in the case of any county or municipality by a refunding bond
30 ordinance enacted in the manner or mode of procedure provided for
31 adoption of a refunding bond ordinance pursuant to the Local Bond
32 Law, constituting chapter 2 of Title 40A, Municipalities and
33 Counties, of the New Jersey Statutes, and (b) in the case of a Type
34 II school district by an ordinance (herein called the "refunding bond
35 ordinance") adopted by the board of education of such school
36 district as provided in this chapter.

37 (cf: P.L.2003, c.129, s.12)

38

39 2. Section 3 of P.L.2011, c.176 (C.18A:36C-3) is amended to
40 read as follows:

41 3. As used in this act:

42 "Commissioner" means the Commissioner of Education.

43 "Failing district" means: in accordance with data from the
44 Statewide assessment reports issued by the Department of
45 Education (1) in the case of a school district located in a city of the

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 first class, a school district in which at least 40% of the students
2 scored in the partially proficient range in the language arts and
3 mathematics sections of each State assessment administered in the
4 2009-2010 school year; and (2) in the case of a school district
5 located in a city of the second class, a school district in which at
6 least 45% of the students scored in the partially proficient range in
7 the language arts and mathematics sections of each State assessment
8 administered in the 2009-2010 school year.

9 "Per pupil expenditure" means the sum of the budget year
10 equalization aid per pupil, budget year adjustment aid per pupil, and
11 the prebudget year general fund tax levy per pupil inflated by the
12 CPI rate most recent to the calculation.

13 "School facility" means and includes any structure, building, or
14 facility used wholly or in part for educational purposes by the
15 students of a school district.

16 "Renaissance school district" is a failing district in which
17 renaissance school projects shall be established.

18 "Renaissance school project" means a newly-constructed school,
19 or group of schools in an urban campus area, that provides an
20 educational program for students enrolled in grades pre-K through
21 12 or in a grade range less than pre-K through 12, that is agreed to
22 by the school district, and is operated and managed by a nonprofit
23 entity in a renaissance school district. A school or group of schools
24 may include existing facilities that have undergone substantial
25 reconstruction by the renaissance school project applicant. A
26 substantial reconstruction shall meet all applicable building codes.
27 The first facility of a renaissance school project shall be a newly-
28 constructed school facility which is designed to house, upon
29 completion, at least 20 percent of the total number of students to be
30 enrolled in the renaissance school project. A renaissance school
31 project may include a dormitory and related facilities as permitted
32 pursuant to section 5 of P.L.2011, c.176 (C.18A:36C-5).

33 "Urban campus area" means the area within a 1.5-mile radius of
34 the site of the initial school of a renaissance school project, except
35 that a high school building which is part of the renaissance school
36 project may be located within a two-mile radius of the site of the
37 initial school of a renaissance school project.

38 (cf: P.L.2013, c.149, s.1)

39

40 3. Section 4 of P.L.2011, c.176 (C.18A:36C-4) is amended to
41 read as follows:

42 4. a. A nonprofit entity, in partnership with the renaissance
43 school district, may submit to the commissioner an application to
44 create a renaissance school project no later than three years
45 following the effective date of **【this act】** P.L.2011, c.176
46 (C.18A:36C-1 et seq.); except that in the case of a project to be
47 located in a renaissance school district which is in a municipality
48 that is subject to the "Municipal Rehabilitation and Economic

1 Recovery Act,” P.L.2002, c.43 (C.52:27BBB-1 et al.), the
2 application must be submitted no later than four years following the
3 effective date of P.L.2011, c.176 (C.18A:36C-1 et seq.). A
4 nonprofit entity seeking to create a renaissance school project shall
5 have experience in operating a school in a high-risk, low-income
6 urban district. In addition, an entity retained by the nonprofit entity
7 for the purpose of financing or constructing the renaissance school
8 project shall also have appropriate experience.

9 b. The application shall be in a form prescribed by the
10 commissioner, but at a minimum it shall contain the following:

11 (1) except as otherwise provided in this paragraph, a resolution
12 adopted in a public meeting by the board of education of the
13 renaissance school district in which the renaissance school project
14 will be located certifying the support of the board for the
15 application. In the case of a district under full or partial State
16 intervention with an advisory board of education, the application
17 shall contain evidence that that State district superintendent or
18 superintendent, as applicable, convened at least three public
19 meetings to discuss the merits of the renaissance school project.
20 The evidence shall include, at a minimum, any written public
21 comments received during those meetings. In the case of these
22 districts, the application shall contain a resolution from the advisory
23 board of education reflecting the board's approval or disapproval of
24 the renaissance school project. While a successful application does
25 not require approval from the advisory board of education, the
26 commissioner, in considering the application, shall give due
27 consideration to any disapproval from the advisory board;

28 (2) a copy of the amendment to the renaissance school district's
29 long-range facilities plan which has been submitted to the
30 commissioner pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4)
31 that includes the proposed renaissance school project;

32 (3) the educational goals of the renaissance school project, the
33 curriculum to be offered, and the methods of assessing whether
34 students are meeting the proffered educational goals;

35 (4) any testing and academic performance standards to be
36 mandated by the renaissance school project beyond those required
37 by State law and regulation;

38 (5) the admission policy and criteria for evaluating the
39 admission of students to the renaissance school project, which shall
40 comply with the provisions of section 8 of this act;

41 (6) the age or grade range of students to be enrolled in the
42 renaissance school project;

43 (7) the total number of students to be enrolled in each grade
44 level of the renaissance school project;

45 (8) the renaissance school project calendar and school day
46 schedule;

1 (9) the financial plan for the renaissance school project and the
2 provisions that will be made for auditing pursuant to N.J.S.18A:23-
3 1;

4 (10) a description of, and address for, the initial school facility in
5 which the renaissance school project will be located and an
6 affirmation that any other school facility or facilities in which the
7 renaissance school project will be located will be in the required
8 urban campus area. For any school facility other than the initial
9 school facility included in the application pursuant to this
10 paragraph, the nonprofit entity shall notify the Commissioner of
11 Education of the location of the facility at least one year prior to the
12 opening of the facility;

13 (11) documentation that the proposed renaissance school project
14 meets **any** school facility regulations promulgated by the State
15 Board of Education **or** the Department of Community Affairs ,
16 other than the facilities efficiency standards developed by the
17 Commissioner of Education pursuant to subsection h. of section 4
18 of P.L.2000, c.72 (C.18A:7G-4) pertaining to the health and safety
19 of the pupils;

20 (12) documentation of a funding plan to acquire necessary lands
21 and to construct a renaissance school project thereon, including the
22 terms of any financing secured for such purpose;

23 (13) (Deleted by amendment, P.L.2013, c.149)

24 (14) identification of the attendance area of the renaissance
25 school project, if the renaissance school project will not be built on
26 land owned by the New Jersey Schools Development Authority or
27 the renaissance school district;

28 (15) a description of the process employed by the renaissance
29 school district to find and partner with the chosen nonprofit entity
30 to create a renaissance school project. The description shall be
31 sufficient to show that the process employed by the renaissance
32 school district was open, fair, and subject to public input and
33 comment. The description shall, at a minimum, include any
34 requests for proposals issued by the renaissance school district, the
35 number of responses received, and the process and criteria
36 employed by the renaissance school district to select the chosen
37 nonprofit entity among the respondents; and

38 (16) such other information as the commissioner may require.
39 (cf: P.L.2013, c.149, s.2)

40

41 4. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to
42 read as follows:

43 7. a. Notwithstanding that a renaissance school project shall be
44 constructed, controlled, operated, and managed by a nonprofit
45 entity, and not the local board of education, it shall be a public
46 school. However nothing contained herein shall restrict a for-profit
47 entity from constructing a renaissance school project, or a
48 renaissance school project from being located on land owned by a

1 for-profit entity. Further, the renaissance school project shall be
2 authorized to retain any business entity, however formed, whose
3 primary purpose is the staffing, operation, and management of
4 elementary schools, middle schools, or high schools in the United
5 States, except as it relates to instructional services.

6 b. The costs of a renaissance school project including, but not
7 limited to, the costs of land acquisition, site remediation, site
8 development, design, construction, and any other costs required to
9 place into service the school facility or facilities constituting the
10 renaissance school project shall be at the sole expense of the
11 nonprofit entity. The nonprofit entity may use State funds to pay
12 for a lease, debt service, or mortgage for any facility constructed or
13 otherwise acquired.

14 c. Notwithstanding the provisions of the "Educational Facilities
15 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
16 al.), or any other law or regulation to the contrary, there shall be no
17 State share for the costs of a renaissance school project.

18 d. Notwithstanding the provisions of the "Public School
19 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or
20 regulation to the contrary, the nonprofit entity or any entity acting
21 in cooperation with a renaissance school project shall not be subject
22 to public bidding for goods and services, and any contracts entered
23 into by the nonprofit entity shall not be deemed public contracts or
24 public works; except that any contract entered into by the nonprofit
25 entity or any entity acting in cooperation with a renaissance school
26 project shall be deemed a public work for the purposes of the "New
27 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
28 seq.), and subject to the applicable provisions of that act.

29 e. The renaissance school district in which a renaissance school
30 project is located shall pay to the nonprofit entity in 12 equal
31 monthly installments an amount per pupil equal to 95% of the
32 district's per pupil expenditure. In addition the 12 monthly
33 installments shall include the security categorical aid attributable to
34 the student, a percentage of the district's special education
35 categorical aid equal to the percentage of the district's special
36 education students enrolled in the renaissance school project, and if
37 applicable 100% of preschool education aid. The district shall also
38 pay directly to the renaissance school project any federal funds
39 attributable to the student.

40 f. Renaissance school projects shall be required to meet the
41 same testing and academic performance standards established by
42 law and regulation for public school students, and shall meet any
43 additional testing and academic performance standards established
44 by the nonprofit entity and approved by the commissioner.

45 g. The nonprofit entity shall have complete discretion in
46 naming the renaissance school project. The nonprofit entity may
47 not realize a net profit from its operation of a renaissance school

1 project. A private or parochial school shall not be eligible for
2 renaissance school project status.

3 h. A nonprofit entity shall operate a renaissance school project
4 in accordance with the contract entered into pursuant to section 6 of
5 this act, the provisions of this act, and the laws and regulations that
6 govern **【other public】** charter schools which are not inconsistent
7 with this act.

8 (cf: P.L.2011, c.176, s.7)

9

10 5. Section 10 of P.L.2013, c.149 (C.18A:36C-19) is amended
11 to read as follows:

12 10. **【A】** Notwithstanding the provisions of any law, rule, or
13 regulation to the contrary, a renaissance school project shall not be
14 subject to the facility efficiency standards developed by the
15 Commissioner of Education pursuant to subsection h. of section 4
16 of P.L.2000, c. 72 (C.18A:7G-4) or any other public school facility
17 regulations, except those pertaining to the health and safety of the
18 pupils.

19 (cf: P.L.2013, c.149, s.10)

20

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

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

24 "Affiliate" means an entity that directly or indirectly controls, is
25 under common control with, or is controlled by the business.
26 Control exists in all cases in which the entity is a member of a
27 controlled group of corporations as defined pursuant to section 1563
28 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the
29 entity is an organization in a group of organizations under common
30 control as defined pursuant to subsection (b) or (c) of section 414 of
31 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer
32 may establish by clear and convincing evidence, as determined by
33 the Director of the Division of Taxation in the Department of the
34 Treasury, that control exists in situations involving lesser
35 percentages of ownership than required by those statutes. An
36 affiliate of a business may contribute to meeting either the qualified
37 investment or full-time employee requirements of a business that
38 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
39 209).

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

42 "Aviation district" means the area within a one-mile radius of the
43 outermost boundary of the "Atlantic City International Airport,"
44 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-
45 24).

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

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

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

6 a partnership;

7 an S corporation;

8 a limited liability company; or

9 a non-profit corporation.

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

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

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

23 a. site acquisition, if purchased within 24 months prior to
24 project application, site preparation and construction, repair,
25 renovation, improvement, equipping, or furnishing on real property
26 or of a building, structure, facility, or improvement to real property;

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

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

36 d. any of the foregoing.

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

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

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

17 "Commitment period" means the period of time that is 1.5 times
18 the eligibility period.

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

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

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

45 "Eligibility period" means the period in which a business may
46 claim a tax credit under the Grow New Jersey Assistance Program,
47 beginning with the tax period in which the authority accepts
48 certification of the business that it has met the capital investment

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

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

8 "Full-time employee" means a person:

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

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

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

31 d. who is provided, by the business, with employee health
32 benefits under a health benefits plan authorized pursuant to State or
33 federal law.

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

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

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

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

1 For any project located in a Garden State Growth Zone which
2 qualifies under the "Municipal Rehabilitation and Economic
3 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
4 project located in the Atlantic City Tourism District as established
5 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
6 by the Casino Reinvestment Development Authority, and which
7 will include a retail facility of at least 150,000 square feet, of which
8 at least 50 percent will be occupied by either a full-service
9 supermarket or grocery store, the authority shall accept a standard
10 of service generally accepted by custom or practice as full-time
11 employment in a supermarket, grocery store, or other like retail
12 industry.

13 "Full-time employee" shall not include any person who works as
14 an independent contractor or on a consulting basis for the business.

15 "Garden State Growth Zone" or "growth zone" means the four
16 New Jersey cities with the lowest median family income based on
17 the 2009 American Community Survey from the US Census, (Table
18 708. Household, Family, and Per Capita Income and Individuals,
19 and Families Below Poverty Level by City: 2009).

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

26 "Incentive agreement" means the contract between the business
27 and the authority, which sets forth the terms and conditions under
28 which the business shall be eligible to receive the incentives
29 authorized pursuant to the program.

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

34 "Major rail station" means a railroad station located within a
35 qualified incentive area which provides access to the public to a
36 minimum of six rail passenger service lines operated by the New
37 Jersey Transit Corporation.

38 "Mega project" means:

39 a. a qualified business facility located in a port district housing
40 a business in the logistics, manufacturing, energy, defense, or
41 maritime industries, either:

42 (1) having a capital investment in excess of \$20,000,000, and at
43 which more than 250 full-time employees of such business are
44 created or retained, or

45 (2) at which more than 1,000 full-time employees of such
46 business are created or retained;

47 b. a qualified business facility located in an aviation district
48 housing a business in the aviation industry, in a Garden State

1 Growth Zone, or in a priority area housing the United States
2 headquarters and related facilities of an automobile manufacturer,
3 either:

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

7 (2) at which more than 1,000 full-time employees of such
8 business are created or retained; or

9 c. a qualified business facility located in an urban transit hub
10 housing a business of any kind, having a capital investment in
11 excess of \$50,000,000, and at which more than 250 full-time
12 employees of a business are created or retained.

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

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

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

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

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

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

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

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

46 b. a 15-mile radius of the outermost boundary of each marine
47 terminal facility established, acquired, constructed, rehabilitated, or
48 improved by the South Jersey Port District established pursuant to

1 "The South Jersey Port Corporation Act," P.L.1968, c.60
2 (C.12:11A-1 et seq.).

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

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

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

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

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

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

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

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

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

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

46 A "qualified business facility" shall also include a construction
47 project under section 3 of P.L.2011, c.176 (C.18A:36C-3) located in
48 a Garden State Growth Zone.

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

1 6) or in need of rehabilitation pursuant to section 14 of P.L.1992,
2 c.79 (C.40A:12A-14);

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

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

11 (f) any area on which an existing tourism destination project is
12 located.

13 "Qualified incentive area" shall not include any property located
14 within the preservation area of the Highlands Region as defined in
15 the "Highlands Water Protection and Planning Act," P.L.2004,
16 c.120 (C.13:20-1 et al.).

17 "Qualified incubator facility" means a commercial building
18 located within a qualified incentive area: which contains 100,000 or
19 more square feet of office, laboratory, or industrial space; which is
20 located near, and presents opportunities for collaboration with, a
21 research institution, teaching hospital, college, or university; and
22 within which, at least 75 percent of the gross leasable area is
23 restricted for use by one or more technology startup companies
24 during the commitment period.

25 "Retained full-time job" means an eligible position that currently
26 exists in New Jersey and is filled by a full-time employee but
27 which, because of a potential relocation by the business, is at risk of
28 being lost to another state or country, or eliminated. For the
29 purposes of determining a number of retained full-time jobs, the
30 eligible positions of an affiliate shall be considered eligible
31 positions of the business.

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

34 "SDA municipality" means a municipality in which an SDA
35 district is situate.

36 "Targeted industry" means any industry identified from time to
37 time by the authority including initially, a transportation,
38 manufacturing, defense, energy, logistics, life sciences, technology,
39 health, and finance business, but excluding a primarily warehouse
40 or distribution business.

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

46 "Tourism destination project" means a qualified business facility
47 that will be among the most visited privately owned or operated
48 tourism or recreation sites in the State, and which is located within

1 the qualified incentive area and has been determined by the
2 authority to be in an area appropriate for development and in need
3 of economic development incentive assistance.

4 "Transit oriented development" means a qualified business
5 facility located within a 1/2-mile radius, or one-mile radius for
6 projects located in a Garden State Growth Zone, surrounding the
7 mid-point of a New Jersey Transit Corporation, Port Authority
8 Transit Corporation, or Port Authority Trans-Hudson Corporation
9 rail, bus, or ferry station platform area, including all light rail
10 stations.

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

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

24 (cf: P.L.2013, c.161, s.7)

25

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

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

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

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

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

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

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

7 (2) the qualified business facility shall be constructed in
8 accordance with the minimum environmental and sustainability
9 standards;

10 (3) the capital investment resultant from the award of tax credits
11 and the resultant retention and creation of full-time jobs will yield a
12 net positive benefit to the State, equaling at least 110 percent of the
13 requested tax credit allocation amount, which determination is
14 calculated prior to taking into account the value of the requested tax
15 credit and shall be based on the benefits generated during the first
16 20 years following the completion of the project, except that for a
17 mega project or a project located in a Garden State Growth Zone,
18 the determination shall be based on the benefits generated during a
19 period of up to 30 years following the completion of the project, as
20 determined by the authority, and except that, for a project located in
21 a Garden State Growth Zone which qualified for the "Municipal
22 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
23 (C.52:27BBB-1 et al.), the net positive benefit determination shall
24 be based on the benefits generated during a period of up to 35 years
25 following completion of the project, as determined by the authority,
26 and shall equal at least 100 percent of the requested tax credit
27 allocation amount and may utilize the value of those property taxes
28 subject to the provisions of section 24 of P.L.2013 c.161
29 (C.52:27D-489r) and incremental sales and excise taxes that are
30 derived from activities within the area and which are rebated or
31 retained by the municipality pursuant to the "New Jersey Urban
32 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) or
33 any other law providing for such rebate or retention; and

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

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

42 A construction project under section 3 of P.L.2011, c.176
43 (C.18A:36C-3) located in a Garden State Growth Zone shall not be
44 subject to the requirements that the application and award of any
45 tax credits, grants, or other benefits provided under P.L.2011, c.149
46 (C.34:1B-242 et al.) be provided prior to the commencement of the
47 construction project.

1 b. The minimum capital investment required to be eligible
2 under this program shall be as follows:

3 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
4 existing industrial premises for continued industrial use by the
5 business, a minimum investment of \$20 per square foot of gross
6 leasable area;

7 (2) for the new construction of an industrial premises for
8 industrial use by the business, a minimum investment of \$60 per
9 square foot of gross leasable area;

10 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
11 existing non-industrial premises for continued non-industrial use by
12 the business, a minimum investment of \$40 per square foot of gross
13 leasable area; and

14 (4) for the new construction of a non-industrial premises for
15 non-industrial use by the business, a minimum investment of \$120
16 per square foot of gross leasable area.

17 The minimum capital investment required by this subsection
18 shall be reduced by one-third for projects located in a Garden State
19 Growth Zone or projects located within Atlantic, Burlington,
20 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
21 counties.

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

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

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

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

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

37 d. To assist the authority in determining whether a proposed
38 capital investment will yield a net positive benefit, the business's
39 chief executive officer, or equivalent officer, shall submit a
40 certification to the authority indicating: (1) that any existing full-
41 time jobs are at risk of leaving the State or being eliminated; (2)
42 that any projected creation or retention, as applicable, of new full-
43 time jobs would not occur but for the provision of tax credits under
44 the program; and (3) that the business's chief executive officer, or
45 equivalent officer, has reviewed the information submitted to the
46 authority and that the representations contained therein are accurate,
47 provided however, that in satisfaction of the provisions of
48 paragraphs (1) and (2) of this subsection, the certification with

1 respect to a project in a Garden State Growth Zone that qualifies
2 under the "Municipal Rehabilitation and Economic Recovery Act,"
3 P.L.2002, c.43 (C.52:27BBB-1 et al.), shall indicate that~~[,]~~ the
4 provision of tax credits under the program is a material factor in the
5 business decision to make a capital investment and locate in a
6 Garden State Growth Zone that qualifies under the "Municipal
7 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
8 (C.52:27BBB-1 et al.), and provided further that in satisfaction of
9 the provisions of paragraphs (1) and (2) of this subsection, the
10 certification with respect to a construction project under section 3
11 of P.L.2011, c.176 (C.18A:36C-3) in a Garden State Growth Zone
12 shall indicate that the provision of tax credits under the program is a
13 material factor in the business decision to make a capital investment
14 or, in the event construction commenced prior to the application for
15 tax credits being filed, a material factor to the business's ability to
16 complete the project. In the event that this certification by the
17 business's chief executive officer, or equivalent officer, is found to
18 be willfully false, the authority may revoke any award of tax credits
19 in their entirety, which revocation shall be in addition to any other
20 criminal or civil penalties that the business and the officer may be
21 subject to. When considering an application involving intra-State
22 job transfers, the authority shall require the business to submit the
23 following information as part of its application: a full economic
24 analysis of all locations under consideration by the business; all
25 lease agreements, ownership documents, or substantially similar
26 documentation for the business's current in-State locations; and all
27 lease agreements, ownership documents, or substantially similar
28 documentation for the potential out-of-State location alternatives, to
29 the extent they exist. Based on this information, and any other
30 information deemed relevant by the authority, the authority shall
31 independently verify and confirm, by way of making a factual
32 finding by separate vote of the authority's board, the business's
33 assertion that the jobs are actually at risk of leaving the State, and
34 as to the date or dates at which the authority expects that those jobs
35 would actually leave the State, or, with respect to projects located in
36 a Garden State Growth Zone that qualifies under the "Municipal
37 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
38 (C.52:27BBB-1 et al.), the business's assertion that the provision of
39 tax credits under the program is a material factor in the business's
40 decision to make a capital investment and locate in a Garden State
41 Growth Zone that qualifies under the "Municipal Rehabilitation and
42 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
43 with respect to a construction project under section 3 of P.L.2011,
44 c.176 (C.18A:36C-3) in a Garden State Growth Zone, the business's
45 assertion that the provision of tax credits under the program is a
46 material factor in the business decision to make a capital
47 investment, or in the event construction commenced prior to the
48 application for tax credits being filed, a material factor to the

1 business's ability to complete the project, before a business may be
2 awarded any tax credits under this section.

3 e. A project that consists solely of point-of-final-purchase
4 retail facilities shall not be eligible for a grant of tax credits. If a
5 project consists of both point-of-final-purchase retail facilities and
6 non-retail facilities, only the portion of the project consisting of
7 non-retail facilities shall be eligible for a grant of tax credits. In a
8 Garden State Growth Zone or the Atlantic City Tourism District as
9 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
10 regulated by the Casino Reinvestment Development Authority, up
11 to 7.5 percent of retail facilities included in a mixed use project
12 shall be eligible for a grant of tax credits along with the non-retail
13 facilities. If a warehouse facility is part of a point-of-final-purchase
14 retail facility and supplies only that facility, the warehouse facility
15 shall not be eligible for a grant of tax credits. For the purposes of
16 this section, a retail facility of at least 150,000 square feet, of which
17 at least 50 percent is occupied by a full-service supermarket or
18 grocery store, located in a Garden State Growth Zone which
19 qualified under the "Municipal Rehabilitation and Economic
20 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
21 destination project in the Atlantic City Tourism District as
22 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
23 catalog distribution centers shall not be considered point-of-final-
24 purchase retail facilities.

25 f. (1) The authority may determine as eligible for tax credits
26 under the program any business that is required to respond to a
27 request for proposals and to fulfill a contract with the federal
28 government although the business's chief executive officer or
29 equivalent officer has not demonstrated to the authority that the
30 award of tax credits will be a material factor in the business's
31 decision to retain the minimum number of retained full-time jobs, as
32 otherwise required by this section. The authority may, in its
33 discretion, consider the economic benefit of the retained jobs
34 servicing the contract in conducting a net benefit analysis required
35 by paragraph (4) of subsection a. of this section. For the purposes
36 of this subsection, "retained full-time jobs" includes jobs that are at
37 risk of being eliminated. Applications to the authority for eligibility
38 under the program pursuant to the criteria set forth in this
39 subsection shall be completed by December 31, 2013. Submission
40 of a proposal to the federal government prior to authority approval
41 shall not disqualify a business from the program.

42 (2) The authority may determine as eligible for tax credits under
43 the program a construction project under section 3 of P.L.2011,
44 c.176 (C.18A:36C-3) located in a Garden State Growth Zone. The
45 project shall not be subject to the requirements that the application
46 and award of any tax credits, grants, or other benefits provided
47 under P.L.2011, c.149 (C.34:1B-242 et al.) be provided prior to the
48 commencement of the construction project.

1 g. Nothing shall preclude a business from applying for tax
2 credits under the program for more than one project pursuant to one
3 or more applications.

4 (cf: P.L.2013, c.161, s.8)

5 8. (New section) Notwithstanding the provisions of subsection
6 e. of section 7 of P.L.2011, c.176 (C.18A:36C-7) to the contrary, if
7 after approval, a renaissance school project is located in a
8 temporary facility pending completion of the newly constructed
9 facility or substantially reconstructed facility, the renaissance
10 school project shall be funded pursuant to subsection b. of section
11 12 of P.L.1995, c.426 (C.18A:36A-12) until it has obtained final
12 site plan approval for the newly constructed facility or begun
13 construction on the facility to be substantially reconstructed,
14 provided that a renaissance school project shall not be located in a
15 temporary facility for more than three years.

16

17 9. (New section) a. An employee of a school district under the
18 Teachers' Pension and Annuity Fund (TPAF) or Public Employees'
19 Retirement System (PERS) that elects to provide the benefits
20 authorized under this section who:

21 is at least 50 years of age and has at least 25 years, or at least 60
22 years of age and has at least 20 but less than 25 years, of service
23 credit under the PERS or the TPAF;

24 files an application to retire within one month after the effective
25 date of the resolution adopted by the governing body of the
26 employee's employer pursuant to subsection c. of this section; and

27 retires under the retirement system within two months after the
28 effective date of the resolution,

29 other than a veteran who retires on a special veteran's retirement,
30 shall receive an additional three years of service credit under PERS
31 or TPAF. If a member of the PERS or TPAF is under age 55 at the
32 time of retirement, the member's retirement allowance shall not be
33 reduced.

34 For a member of the PERS or the TPAF who is at least age 60
35 with at least 20 but less than 25 years of service credit, the
36 employer shall pay an additional pension of \$500 per month in each
37 of the 24 months following the date of retirement.

38 An employee who meets the age and service credit requirements
39 and retires on a special veteran's retirement under the PERS or
40 TPAF shall receive an additional pension under the retirement
41 system in the amount of $\frac{3}{55}$ of the compensation upon which the
42 retirement allowance is based.

43 The additional retirement benefit under this section is applicable
44 only to the employment with the employer that elects to provide the
45 benefits authorized under this section and from which the employee
46 retires to receive the benefit and the compensation for that
47 employment.

1 The school district shall be responsible for the full cost of health
2 care benefits in retirement provided under section 3 of P.L.1987,
3 c.384 (C.52:14-17.32f) and section 2 of P.L.1992, c.126 (C.52:14-
4 17.32f1) for each employee who is eligible for such benefits and
5 retiring under the provisions of this section for a period of three
6 years following the employee's retirement, except that each
7 employee retiring under this section who would have had to
8 contribute to the cost of health care benefits coverage pursuant to
9 subsection b. of section 40 of P.L.2011, c.78 (C.52:14-17.28d) and
10 section 77 of P.L.2011, c.78 (C.52:14-17.28e) upon retirement shall
11 be required to make that contribution after retirement under this
12 section if eligible for such coverage.

13 b. For an employee of a school district under the PERS or TPAF
14 that elects to provide the benefits authorized under this section who:
15 is at least 60 years of age and has at least 10, but less than 20,
16 years of service credit under the PERS or the TPAF;

17 files an application to retire within one month after the effective
18 date of the resolution adopted by the governing body of the
19 employee's employer pursuant to subsection c. of this section; and

20 retires under the retirement system within two months after the
21 effective date of the resolution, the employer shall pay an additional
22 pension of \$500 per month in each of the 24 months following the
23 date of retirement.

24 c. An employer may elect to provide the benefits under this
25 section by the adoption of a resolution by the governing body,
26 which is to be effective on July 1, within one year of the effective
27 date of this section and the filing of a certified copy of the
28 resolution with the Director of the Division of Pensions and
29 Benefits within three business days after its adoption. The
30 governing body may elect to provide the benefits under this section
31 one time only and the effective date of the resolution shall fall
32 within the 15-month period following the effective date of this
33 section. The employer shall submit to the director any information
34 necessary to provide the benefits or to determine the liability for
35 them.

36 d. The actuaries for the PERS and TPAF shall determine the
37 liability of the retirement systems for the additional service credit or
38 pensions provided under this section and for the early retirement of
39 employees in accordance with the tables of actuarial assumptions
40 adopted by the board of trustees of the retirement systems.

41 For PERS, this liability shall be paid by the employer in level
42 annual payments over a period of 15 years as provided for the
43 unfunded accrued liability of the retirement system under section 24
44 of P.L.1954, c.84 (C.43:15A-24).

45 For TPAF, this liability shall be paid by the employer in level
46 annual payments over a period of 15 years as provided for the
47 unfunded accrued liability of the retirement system under
48 N.J.S.18A:66-18.

1 The retirement systems shall annually certify to each employer
2 the contributions due to the contingent reserve fund for the liability
3 under this section. The contributions certified by the retirement
4 systems shall be paid by the employer to the retirement systems on
5 or before the date prescribed by law for payment of employer
6 contributions for basic retirement benefits. If payment of the full
7 amount of the contribution certified is not made within 30 days
8 after the last date for payment of employer contributions for basic
9 retirement benefits, interest at the rate of 10% per year shall be
10 assessed against the unpaid balance on the first day after the
11 thirtieth day.

12 The employer shall pay the cost of the actuarial work to
13 determine the additional liability of the retirement systems for the
14 benefits under this section and that cost shall be included in the
15 initial contribution required from the employer.

16 e. An employee who receives a benefit under this section shall
17 forfeit all tenure rights.

18 f. When the needs of a school board require the services of an
19 employee who elects to retire and receive a benefit under this
20 section, the school board may delay, with the consent of the
21 employee, the effective retirement date of the employee until the
22 first day of any calendar month after the second month after the
23 effective date of the resolution adopted by the governing body of
24 the employer pursuant to subsection c. this section but not later than
25 one year after that two-month period. A delay in the effective
26 retirement date of an employee shall not extend the dates set forth
27 in sections a. and b. of this section to qualify for benefits under this
28 section.

29 For a member of the PERS or TPAF whose effective retirement
30 date is delayed under this section and who dies before the
31 retirement becomes effective, the retirement shall be effective as of
32 the first day of the month after the date of death of the member if
33 the member's surviving beneficiary requests in writing to the board
34 of trustees of the retirement system that the retirement be effective
35 under the option settlement selected by the member, or under
36 Option 3 if the member did not select an option.

37 g. An employee purchasing service credit on or after the
38 effective date of this section to qualify for a benefit under this
39 section may purchase a portion of the credit that the employee is
40 eligible to purchase.

41 h. For the purposes of this section:

42 “School district” means a “failing district” as defined in section 3
43 of P.L.2011, c.176 (C.18A:36C-3).

44 i. Prior to the end of the one-year period following the effective
45 date of this section, as appropriate, each employer covered by the
46 provisions of this section shall meet and consult with the
47 representatives of the bargaining unit or units representing the
48 employees who would be eligible for benefits under this section.

1 j. The Director of the Division of Pensions and Benefits may
2 promulgate rules and regulations that the director deems necessary
3 for the effective implementation of this section.

4
5 10. This act shall take effect immediately.

6 STATEMENT

7
8 This bill makes various changes to the “Urban Hope Act.” The
9 “Urban Hope Act,” P.L.2011, c.176 (C.18A:36C-1 et seq.),
10 authorized the Camden, Newark, and Trenton School Districts to,
11 on a limited pilot program basis, partner with one or more nonprofit
12 entities to create “renaissance school projects.”

13 This bill:

14 (1) provides that a school or group of schools that is a
15 renaissance school project may include existing facilities that have
16 undergone substantial reconstruction. The substantial
17 reconstruction must meet applicable building codes. The initial
18 facility of the renaissance school project must be newly-constructed
19 and be designed to house, upon completion, at least 20 percent of
20 the total enrollment of the project. Under current law, the school
21 and group of schools of a renaissance school project must all be
22 newly-constructed;

23 (2) extends the time period in which applications for the creation
24 of a renaissance school project may be submitted in the case of
25 projects located in Camden. Under current law the applications
26 must be submitted no later than January 12, 2015. The bill would
27 extend this deadline in Camden for an additional year;

28 (3) exempts renaissance school projects from public school
29 facility regulations other than those pertaining to the health and
30 safety of the pupils; and

31 (4) provides that an approved renaissance school project located
32 in a temporary facility will be funded at the lower rate of a charter
33 school rather than as a renaissance school project until the
34 renaissance school project has obtained final site plan approval for
35 the newly-constructed facility or begun construction on the facility
36 to be substantially reconstructed. A renaissance school project is
37 not allowed to be located in a temporary facility for more than three
38 years.

39 The bill amends the “Grow New Jersey Assistance Act,”
40 P.L.2011, c.149 (C.34:1B-242 et al.), GROW New Jersey, to define
41 construction related to a renaissance school project in a Garden
42 State Growth Zone as a qualified business facility. Of the three
43 renaissance school districts, Camden and Trenton meet the
44 qualifications of a Garden State Growth Zone. The bill eliminates
45 for these renaissance school projects the requirement under GROW
46 New Jersey that the application and award of any tax credits, grants,
47 or other benefits must be provided prior to the commencement of
48 the construction of the project. The bill also requires that a

1 certification be submitted to indicate that the provision of tax
2 credits under the GROW New Jersey program is a material factor in
3 the business decision to make the capital investment, or in the event
4 construction commenced prior to the application for tax credits
5 being filed, a material factor to the business's ability to complete
6 the project.

7 This bill provides additional retirement benefits to certain
8 employees of a school district that elect to provide the benefits, who
9 retire under the Public Employees' Retirement System (PERS) or
10 the Teachers' Pension and Annuity Fund (TPAF). "School district"
11 is defined in this provision to mean only the school districts
12 included under the "Urban Hope Act": Trenton, Newark, and
13 Camden. The governing body of the employer will have one year
14 after the enactment of this bill to adopt a resolution. Once a
15 resolution is adopted and effective, employees will have one month
16 to file an application and two months to retire.

17 An employee who is at least 50 years of age and has at least 25
18 years of service credit, or is at least 60 years of age and has at least
19 20 but less than 25 years of service, under PERS or TPAF as of the
20 effective date of retirement will receive an additional three years of
21 service credit. A member of PERS or TPAF who is under age 55 at
22 the time of retirement will be exempt from any actuarial reduction
23 in retirement allowance. An employee veteran who meets the age
24 and service credit requirements and retires on a special veteran's
25 retirement under PERS or TPAF will receive an additional pension
26 in the amount of $\frac{3}{55}$ of the compensation on which the retirement
27 allowance is based.

28 An employee who is at least 60 years of age with at least 10, but
29 less than 20, years of service credit will receive an additional
30 pension of \$500 per month for the 24 months following retirement.
31 An employee who is at least 60 years of age with at least 20, but
32 less than 25, years of service credit will receive an additional
33 pension of \$500 per month for the 24 months following retirement.

34 When the needs of an employer require the services of an
35 employee who elects to receive a benefit under this bill, the
36 employer may delay, with the consent of the employee, the effective
37 retirement date of the employee for up to one year. The
38 authorization for a delay in the effective retirement date does not
39 extend the dates for qualification for benefits.

40 The cost of the enhanced pension benefits will be funded through
41 employer contributions paid by the school district to the retirement
42 systems, calculated separately for each entity over a period of 15
43 years.

44 An employer may elect to provide these benefits by the adoption
45 of a resolution by its governing body, which is to be effective July
46 1, and the filing of a certified copy with the Director of the Division
47 of Pensions and Benefits. The effective date of the resolution must
48 fall within 15 months of enactment of this bill; an employer may

A3459 SINGLETON

26

1 offer these benefits only once. An employer covered by this bill
2 must meet with the employee union representatives, whether or not
3 the employer adopts a resolution, within a year of the enactment of
4 this bill.

5 The bill also authorizes boards of education to issue refunding
6 bonds to retire the present value of the unfunded accrued pension
7 liabilities for early retirement incentive benefits granted by the bill.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3459

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 24, 2014

The Assembly Budget Committee reports favorably Assembly Bill No. 3459, with committee amendments.

As amended, this bill makes various changes to the “Urban Hope Act.” The “Urban Hope Act,” P.L.2011, c.176 (C.18A:36C-1 et seq.), authorized the Camden, Newark, and Trenton School Districts to, on a limited pilot program basis, partner with one or more nonprofit entities to create “renaissance school projects.”

This bill:

(1) provides that a school or group of schools that is a renaissance school project may include existing facilities that have undergone substantial reconstruction. The initial facility of the renaissance school project must be newly-constructed and be designed to house, upon completion, at least 20 percent of the total enrollment of the project. Under current law, the school and group of schools of a renaissance school project must all be newly-constructed;

(2) extends the time period in which applications for the creation of a renaissance school project may be submitted in the case of projects located in Camden. Under current law the applications must be submitted no later than January 12, 2015. The bill would extend this deadline in Camden for an additional year;

(3) exempts renaissance school projects from public school facility regulations other than those pertaining to the health and safety of the pupils; and

(4) provides that an approved renaissance school project located in a temporary facility will be funded at the lower rate of a charter school rather than as a renaissance school project until the renaissance school project has obtained final site plan approval for the newly-constructed facility or begun construction on the facility to be substantially reconstructed. A renaissance school project is not allowed to be located in a temporary facility for more than three years.

This bill provides additional retirement benefits to certain employees of a school district that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). “School district” is defined in this provision to mean only the Camden School District.

The district will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

An employee who is at least 50 years of age and has at least 25 years of service credit, or is at least 60 years of age and has at least 20 but less than 25 years of service, under PERS or TPAF as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. An employee veteran who meets the age and service credit requirements and retires on a special veteran's retirement under PERS or TPAF will receive an additional pension in the amount of $\frac{3}{55}$ of the compensation on which the retirement allowance is based.

An employee who is at least 60 years of age with at least 10, but less than 20, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement. An employee who is at least 60 years of age with at least 20, but less than 25, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement, except that the additional pension will not be paid to any member who upon retirement is eligible for fully paid health care benefits.

When the needs of an employer require the services of an employee who elects to receive a benefit under this bill, the employer may delay, with the consent of the employee, the effective retirement date of the employee for up to one year. The authorization for a delay in the effective retirement date does not extend the dates for qualification for benefits.

The cost of the enhanced pension benefits will be funded through employer contributions paid by the school district to the retirement systems, calculated separately for each entity, over a period of 15 years.

An employer may elect to provide these benefits by the adoption of a resolution, which is to be effective July 1, and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within 15 months of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill.

The bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot estimate the potential additional cost of this bill as it pertains to the retirement benefits offered because it is not known if the Camden School District will elect to offer the early retirement incentive (ERI) benefits and how many members of TPAF and PERS will elect to retire under the ERI program.

Under current law, for an employee of a school district who is a member of either PERS or TPAF, the State is responsible for the full cost of the employer pension contribution and the cost of post-retirement medical benefits provided by the School Employees' Health Benefits Program for qualified retirees. When an employee is offered and accepts an incentive to retire earlier than the employee normally would, there is an additional cost to the retirement system.

Under the bill, if the school district elects to offer the ERI program it will be responsible for the liability of the retirement systems for the additional service credit provided and the cost of the actuarial work to determine the additional liability, to be paid to the systems over a period of 15 years. The school district will also be responsible for an additional pension of \$12,000 for each employee retiring who is at least 60 years of age with at least 10 but less than 20 years of service. Finally, the school district is responsible for the health care benefits in retirement, for each employee who is eligible for that benefit, for three years following the employee's retirement. Under current law, the State is responsible.

Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings may be reduced if the position held by the retired employee is filled by a lower paid employee.

COMMITTEE AMENDMENTS:

The amendments:

- eliminate the tax credits under the GROW New Jersey program for renaissance school projects;
- limit the option to participate in the early retirement incentive program established under the bill to the Camden School District;
- provide that in addition to meeting all applicable building codes, a substantial reconstruction by a renaissance school project applicant must also: comply with the Uniform Construction Code enhancements where the health and safety of the building occupants are affected; comply with all "Americans with Disabilities Act of 1990" regulations outlined in the New Jersey Barrier Free Subcode; and comply with the Uniform Construction Code and other applicable State and federal laws for radon, lead, asbestos, and other contaminants and be subject

to the enforcement of the standards by the applicable State or federal agency; and

- clarify that the additional pension of \$500 per month for 24 months for certain retirees will be paid only to a retiree who is not eligible at the time of retirement to receive fully paid health care benefits in retirement.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3459

STATE OF NEW JERSEY 216th LEGISLATURE

DATED: JULY 3, 2014

SUMMARY

- Synopsis:** Extends application period for certain urban hope projects; permits reconstructed facilities as part of projects; and provides additional retirement benefits for certain PERS and TPAF members in urban hope districts.
- Type of Impact:** Expenditure increase to the State General Fund. Expenditure increase to certain local government funds.
- Agencies Affected:** Division of Pensions and Benefits in the Department of the Treasury, certain local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
State Cost		Indeterminate - See comments below	
Local Cost		Indeterminate - See comments below	

- This bill makes various changes to the “Urban Hope Act” which authorized the school districts of Camden, Newark, and Trenton to partner with one or more nonprofit entities to create “renaissance school projects,” on a limited pilot program basis. The bill extends the application period for certain urban hope projects, permits the use of reconstructed facilities as part of projects, and provides additional retirement benefits for certain Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF) members who are employees of the Camden School District.
- The Office of Legislative Services (OLS) notes that the costs of this bill related to the early retirement incentive are indeterminate until an actuarial analysis is performed.
- Under the bill, if the school district elects to offer the early retirement incentive (ERI), it will be responsible for the liability of the retirement systems for the additional service credit provided, the additional pension of \$12,000 for certain employees, employer-paid post-retirement medical benefits for three years, and the cost of the actuarial work to determine the additional liability, which will be paid to the systems over a period of 15 years.

- The State may incur additional post-retirement medical benefit costs provided through the School Employees' Health Benefits Program (SEHBP) that it may not otherwise have incurred in the absence of an ERI.
- Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings may be reduced if the position held by the retired employee is filled by a lower paid employee.

BILL DESCRIPTION

Assembly Bill No. 3459 (1R) of 2014 provides that a school or group of schools that is a renaissance school project may include existing facilities that have undergone substantial reconstruction. Under current law, the school and group of schools of a renaissance school project must all be newly-constructed.

The bill extends the time period in which applications for the creation of a renaissance school project may be submitted in the case of projects located in Camden. Under current law the applications must be submitted no later than January 12, 2015. The bill extends this deadline in Camden for an additional year.

The bill exempts renaissance school projects from public school facility regulations other than those pertaining to the health and safety of the pupils and provides that an approved renaissance school project located in a temporary facility will be funded at the lower rate of a charter school rather than as a renaissance school project until the renaissance school project has obtained final site plan approval for the newly-constructed facility or begun construction on the facility to be substantially reconstructed. A renaissance school project is not allowed to be located in a temporary facility for more than three years.

This bill provides additional retirement benefits to certain employees of a school district in a municipality that is subject to the "Municipal Rehabilitation and Economic Recovery Act" that elects to provide the benefits, who retire under the PERS or the TPAF. This provision is applicable to the Camden School District. The district will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

An employee who is at least 50 years of age and has at least 25 years of service credit, or is at least 60 years of age and has at least 20 but less than 25 years of service, under PERS or TPAF as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. An employee veteran who meets the age and service credit requirements and retires on a special veteran's retirement under PERS or TPAF will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based.

An employee who is at least 60 years of age with at least 10, but less than 20, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement. An employee who is at least 60 years of age with at least 20, but less than 25, years of service credit will receive an additional pension of \$500 per month for the 24 months following retirement if the employee is not eligible for fully paid health care benefits in retirement.

When the needs of an employer require the services of an employee who elects to receive a benefit under this bill, the employer may delay, with the consent of the employee, the effective retirement date of the employee for up to one year. The authorization for a delay in the effective retirement date does not extend the dates for qualification for benefits.

The cost of the enhanced pension benefits will be funded through employer contributions paid by the school district to the retirement systems, calculated separately for each entity over a period of 15 years.

An employer may elect to provide these benefits by the adoption of a resolution, which is to be effective July 1, and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within 15 months of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill.

The bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the costs of this bill are indeterminate until an actuarial analysis is performed. In addition, it is not known if the Camden School District will elect to offer the early retirement incentive (ERI) benefits and how many members of the TPAF and PERS will elect to retire under the ERI program.

Under current law, for an employee of a school district who is a member of either PERS or TPAF, the State is responsible for the full cost of the employer pension contribution and the cost of post-retirement medical benefits provided by the School Employees' Health Benefits Program for qualified retirees. When an employee is offered and accepts an incentive to retire earlier than the employee would have normally, there is an additional cost to the retirement system.

Under the bill, if the school district elects to offer the ERI program, it will be responsible for the liability of the retirement systems for the additional service credit provided and the cost of the actuarial work to determine the additional liability, to be paid to the systems over a period of 15 years. The school district will also be responsible for additional pension of \$12,000 for each employee retiring who is at least 60 years of age with at least 10 but less than 25 years of service, unless the employee is eligible for fully paid post-retirement medical benefits in retirement. Finally, the school district is responsible for the post-retirement medical benefits in retirement, for each employee who is eligible to receive fully paid post-retirement medical benefits, for three years following the employee's retirement. Under current law, the State is responsible.

Salary and benefit cost savings will be realized by the school district to partially offset the additional costs. The school district will experience some savings by no longer having to pay salary, social security, pension and other benefit costs for the retired employee. The savings

maybe reduced if the position held by the retired employee is filled by a lower paid employee.

Section: State Government

*Analyst: Kimberly McCord Clemmensen
Senior Fiscal Analyst*

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

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

SENATE BILL NO. 2264
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2264 (First Reprint) with my recommendations for reconsideration.

For too long, our education system has failed students in distressed, urban communities. As part of my Administration's efforts to address this problem and to improve student achievement, in 2012, I signed into law the innovative "Urban Hope Act." The Act enables Camden, Newark, and Trenton to partner with one or more experienced non-profit entities that commit to both construct new "renaissance schools" and offer rigorous academic programs that will prepare each student for college or career. Since then, several projects have been approved by the Department of Education and construction is underway, with new schools scheduled to open in Camden beginning in the fall of 2014.

This bill continues that progress. It amends the Urban Hope Act by extending the application period one year for Camden projects and by providing additional flexibility to non-profit partners. Specifically, the bill allows renaissance projects to utilize substantially reconstructed existing facilities, instead of only newly constructed facilities, as long as the first facility in the project is newly constructed and houses at least twenty percent of students enrolled in the project. It also clarifies that renaissance projects may use temporary facilities pending completion of the newly constructed or substantially reconstructed facilities. In addition, the amendments align the renaissance school facility standards to those pertaining to charter schools, while upholding health and safety standards. I believe these amendments are reasonable, measured, and

appropriately crafted to address the realities of financing and launching successful renaissance school projects.

However, the bill also authorizes early retirement incentives to certain school district employees, and may exacerbate the solvency of the pension system. Therefore, I recommend removing the early retirement provisions from the bill.

Accordingly, I herewith return Senate Bill No. 2264 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 1, Lines 7-35:</u>	Delete in their entirety
<u>Page 2, Section 2, Line 37:</u>	Delete "2." and insert "1."
<u>Page 3, Section 3, Line 47:</u>	Delete "3." and insert "2."
<u>Page 5, Section 4, Line 47:</u>	Delete "4." and insert "3."
<u>Page 7, Section 5, Line 15:</u>	Delete "5." and insert "4."
<u>Page 21, Section 6, Line 9:</u>	Delete "6." and insert "5."
<u>Page 21, Section 7, Lines 21-48:</u>	Delete in their entirety
<u>Page 22, Section 7, Lines 1-48:</u>	Delete in their entirety
<u>Page 23, Section 7, Lines 1-48:</u>	Delete in their entirety
<u>Page 24, Section 7, Lines 1-14:</u>	Delete in their entirety
<u>Page 24, Section 8, Line 16:</u>	Delete "8." and insert "6."

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Paul B. Matey

Deputy Chief Counsel to the Governor