

**CHAPTER 31**

**AUTHORITY ASSISTANCE PROGRAMS**

**Authority**

N.J.S.A. 34:1B-1 et seq.; and P.L. 2008, c. 112 and P.L. 2008, c. 117.

**Source and Effective Date**

R.2005 d.274, effective July 22, 2005.  
See: 37 N.J.R. 1714(a), 37 N.J.R. 3058(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 31, Authority Assistance Programs, expires on January 18, 2011. See: 42 N.J.R. 2019(a).

**Chapter Historical Note**

Chapter 31, Authority Assistance Programs, was adopted as R.1990 d.410, effective August 20, 1990. See: 22 N.J.R. 1545(a), 22 N.J.R. 2536(a).

Subchapter 7, Local Development Financing Fund, was adopted as R.1992 d.421, effective October 19, 1992. See: 24 N.J.R. 2534(a), 24 N.J.R. 3735(a).

Subchapter 8, Hazardous Discharge Site Remediation Fund, was adopted as R.1994 d.192, effective April 18, 1994. See: 25 N.J.R. 4468(a), 26 N.J.R. 1706(c).

Subchapter 9, New Jersey Boat Industry Loan Guarantee Fund, was adopted as R.1994 d.376, effective July 18, 1994. See: 26 N.J.R. 1613(a), 26 N.J.R. 2919(a).

Pursuant to Executive Order No. 66(1978), Chapter 31, Authority Assistance Programs, was readopted as R.1995 d.435, effective July 20, 1995. See: 27 N.J.R. 2377(a), 27 N.J.R. 3216(a).

Subchapter 10, Business Employment Incentive Program, was adopted as R.1996 d.470, effective October 7, 1996. See: 28 N.J.R. 3058(a), 28 N.J.R. 4510(b).

Subchapter 11, Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund, was adopted as R.1998 d.151, effective March 16, 1998. See: 29 N.J.R. 5236(b), 30 N.J.R. 1054(a).

Subchapter 12, Technology Business Tax Certificate Transfer Program, was adopted as R.1999 d.381, effective November 1, 1999. See: 31 N.J.R. 2522(a), 31 N.J.R. 3525(a).

Pursuant to Executive Order No. 66(1978), Chapter 31, Authority Assistance Programs, was readopted as R.2000 d.297, effective June 16, 2000. See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

Chapter 31, Authority Assistance Programs, was readopted as R.2005 d.274, effective July 22, 2005. Subchapter 5, Export Revolving Line of Credit; Subchapter 6, New Jersey Trade Adjustment Assistance Center; Subchapter 9, New Jersey Boat Industry Loan Guarantee Fund and Subchapter 13, Rules for Implementation of an Act Concerning the Restructuring of Certain Solid Waste Facility Bonds, and Providing for the Financing Thereof through the New Jersey Economic Development Authority, P.L.2001, c.401 were repealed by R.2005 d.274, effective August 15, 2005. See: Source and Effective Date. See, also, section annotations.

Subchapter 4, Downtown Beautification Program, was repealed by R.2009 d.38, effective January 20, 2009. See: 40 N.J.R. 5954(a), 41 N.J.R. 638(a).

Subchapter 9, Urban Transit Hub Tax Credit Program, was adopted as new rules by R.2009 d.53, effective February 2, 2009. See: 40 N.J.R. 6426(a), 41 N.J.R. 807(a).

Pursuant to P.L. 2008, c. 27, §10 (N.J.S.A. 34:1B-219) and by notice of administrative change, Subchapter 3, Energy Sales Tax Exemption Program, of Chapter 121 of Title 12A was recodified as Subchapter 13 of Chapter 31 of Title 19, effective January 29, 2009. See: 41 N.J.R. 1102(a).

Subchapter 5, InvestNJ Business Grant Program, and Subchapter 6, Main Street Business Assistance Program, were adopted as special new rules by R.2009 d.73, effective February 2, 2009. See: 41 N.J.R. 1103(a). Subchapter 5, InvestNJ Business Grant Program, and Subchapter 6, Main Street Business Assistance Program, were adopted as concurrent new rules by R.2009 d.181, effective May 4, 2009. See: 41 N.J.R. 2338(a).

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#### SUBCHAPTER 1. BOND FINANCING PROGRAM

##### 19:31-1.1 Program description

(a) The Authority is empowered to issue tax-exempt and taxable bonds, the proceeds of which can be used to provide low-interest loans to businesses, governmental entities and certain nonprofit organizations to finance projects which provide or maintain employment and/or tax ratables.

(b) Most bond financings are not guaranteed by the Authority or the State, and are payable solely from revenues generated by the project being financed.

(c) The general credit of neither the Authority nor the State is pledged to secure the bonds.

Amended by R.2000 d.297, effective July 17, 2000.

See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (a), inserted a reference to governmental entities.

##### 19:31-1.2 Bond purchaser

(a) The applicant shall secure a written commitment from a bond purchaser.

(b) A bond purchaser shall be:

1. A commercial bank or other institutional lender;
2. An underwriter or placement agent;
3. A privately owned entity; or
4. An individual.

(f) When the notice of approval has been accepted by the applicant and returned to the Authority, a list of closing instructions shall be mailed to the applicant or attorney for the applicant.

(g) When all required documentation is prepared, in form and content satisfactory to the Authority, a closing for financial assistance shall be scheduled and the funds made available to the applicant.

Amended by R.2000 d.297, effective July 17, 2000.

See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (d)1, substituted "in the case of a loan may" for "will" following "Authority and" in the introductory paragraph, and inserted a reference to corporate guarantees in ii; in (e), rewrote the first sentence; and in (f), inserted "applicant or" preceding "attorney".

### 19:31-11.9 Disbursement of financial assistance

(a) All requests for disbursements of the financial assistance shall be submitted by the applicant with a certification from the contractor or consultant that the requested moneys have been or will be spent in accordance with a Department approved scope of work.

(b) The recipient of financial assistance must provide access to the Authority and the Department, at reasonable times, to the subject property to determine compliance with the terms and conditions of the financial assistance.

(c) In the case of a grant, payment shall be conditioned upon the subrogation to the Department of all rights of the recipient to recover remediation costs from the discharger or other responsible party.

(d) Where financial assistance to a person other than a public entity, is for a portion of the remediation cost, the applicant shall provide evidence that all moneys for which a remediation funding source has been established, have been expended, before the proceeds of the financial assistance shall be disbursed.

Amended by R.2000 d.297, effective July 17, 2000.

See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (b), deleted a reference to grants.

Amended by R.2001 d.242, effective July 16, 2001.

See: 33 N.J.R. 1567(a), 33 N.J.R. 2495(b).

In (a), inserted "or will be" preceding "spent in accordance".

### 19:31-11.10 Attorney General review

All financing documents, including the application, are subject to review by the Attorney General's Office.

### 19:31-11.11 Fees

(a) An application fee shall be charged as follows:

1. \$250.00 for residential tanks per facility;
2. \$500.00 for nonresidential tanks up to six tanks per facility; and
3. \$1,000 for seven or more nonresidential tanks per facility.

(b) An annual surcharge as set forth in (b)1 through 3 below shall be imposed upon the owner or operator of a facility who does not maintain evidence of financial responsibility in accordance with N.J.S.A. 58:10A-25 or pursuant to 42 U.S.C. §§ 6991 et seq., as determined by the Department.

1. Facilities with one or two petroleum underground storage tanks shall pay \$1,500.

2. Facilities with three to six petroleum underground storage tanks shall pay \$3,500.

3. Facilities with more than seven petroleum underground storage tanks shall pay \$6,000.

(c) Payment shall be due within 30 days of receipt of an invoice.

### 19:31-11.12 Public record

All information submitted to the Department and/or the Authority as part of an application for financial assistance shall be deemed a public record subject to the provisions of N.J.S.A. 47:1A-1 et seq.

Amended by R.2000 d.297, effective July 17, 2000.

See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

Deleted a reference to grants.

## SUBCHAPTER 12. TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM

### 19:31-12.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development Authority to implement P.L. 1997, c.334. This Act establishes a corporation business tax benefit certificate transfer program to assist new or expanding emerging technology and biotechnology companies in New Jersey.

### 19:31-12.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Allowable expenditures" means costs incurred in connection with the operation of the new or expanding emerging technology or biotechnology company in the State, including, but not limited to, the expenses of fixed assets, such as the construction, acquisition and development of real estate, materials, start-up, tenant fit-out, working capital, salaries, research and development expenditures.

"Authority" means the New Jersey Economic Development Authority.

"Biotechnology" means the continually expanding body of fundamental knowledge about the function of biological systems from the macro level to the molecular and sub-atomic

levels, as well as novel products, services, technologies and sub-technologies developed as a result of insights gained from research advances which add to the body of fundamental knowledge.

“Biotechnology business” means an emerging corporation that has a headquarters or base of operations located in New Jersey that owns, has filed for, or has a license to use protected, proprietary intellectual property and is engaged in the research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related purposes, agricultural purposes, and environmental purposes, or a corporation that has a headquarters or base of operations located in New Jersey, and that is engaged in providing services or products necessary for such research, development, production, or provision.

“Buying business” means a business with the financial ability to purchase the unused net operating loss carryover and/or unused research and development tax credits from an unaffiliated selling business. For the purpose of this definition, the test of affiliation is whether the same entity directly or indirectly owns or controls five percent or more of the voting rights or five percent or more of the value of all classes of stock of both the selling and buying businesses.

“Camden innovation zone” means the innovation zone in the southern part of the State bounded as follows: in the north by the Ben Franklin bridge, in the east by Interstate 676, in the south by Kaighns Avenue, and in the west by the Delaware River.

“Certificate” means the certificate issued by the Division of Taxation certifying to the selling business amounts of unused net operating loss carryover and/or unused research and development tax credit carryovers.

“Innovation zone” means any of the three zones located in the northern, central and southern portions of New Jersey designated by the Authority as the Newark innovation zone, North/New Brunswick innovation zone and Camden innovation zone, respectively.

“Net operating loss” means the excess of the deductions over the gross income used in computing entire net income in a specific year without regard to the net operating loss carryover to that year and the dividend exclusion, as provided in N.J.S.A. 54:10A-4(k)(6)(C).

“New applicant” means a biotechnology or technology business that is submitting an application to the Technology Business Tax Certificate Transfer Program that has not been approved to sell unused net operating loss carryover or unused research and development tax credits in a previous program year.

“New or expanding” means a technology or biotechnology company that has fewer than 225 employees in the United

States, of whom at least 75 percent are employed in New Jersey. This includes employees of all affiliates and subsidiaries as shown on its consolidated financial statements, employees of any company that owns or controls at least 50 percent of the applicant, as well as the employees of any consolidated group of affiliated corporations as filed for Federal income tax purposes; provided that the manner in which net income will be calculated in making the determination set forth in N.J.A.C. 19:31-12.3(b)3 of whether the company is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net income in any of the two previous full years of ongoing operation as determined on its financial statements or is part of a consolidated group of affiliated corporations, as filed for Federal income tax purposes, that in aggregate has demonstrated positive net income in any of the two previous full years of ongoing operations as determined on its combined financial statements, will continue to be calculated on a global status.

“Newark innovation zone” means the innovation zone in the northern part of the State bounded as follows: in the north by Interstate 280, in the east by McCarter Highway (Route 21) and the Pennsylvania Railroad, in the south by Market Street to South Orange Avenue, and in the west by Bergen Street.

“North/New Brunswick innovation zone” means the innovation zone bounded as follows: in the north by Route 287 to Stelton Road to Metlars Lane to Route 18, in the east by Route 1, in the south by Suydam Road/Claremont Road/Finnegan’s Lane, and in the west by the Millstone River and Raritan River, which includes parts of North Brunswick, New Brunswick, Piscataway and Franklin Township and Rutgers University’s Livingston campus.

“Program” means the Technology Business Tax Certificate Transfer Program.

“Re-certification applicant” means a biotechnology or technology business that is submitting an application to the Technology Business Tax Certificate Transfer Program that was approved in a prior year and is requesting an approval to sell new unused net operating loss carryover or unused research and development tax credits.

“Research and development tax credits” means a tax credit against corporation business tax liabilities for taxpayers who have performed qualified research activities in New Jersey, calculated in the manner as the Federal tax credit for increasing research activities. The credit is based on qualified expenditures in New Jersey beginning on or after January 1, 1994. It provides a credit of 10 percent of the excess qualified research expenses over a base amount plus 10 percent of the basic research payments. Taxpayers must complete New Jersey Division of Taxation—Corporate Business Tax Form 306 to claim their credit. The amount of credit claimed for any single tax year cannot exceed 50 percent of that year’s tax liability prior to the consideration of this credit and it

cannot reduce the tax liability below the statutory minimum, as set forth in N.J.S.A. 54:10A-5.24.

“Returning applicant” means a biotechnology or technology business that is submitting an application to the Technology Business Tax Certificate Transfer Program to sell unused net operating loss carryover or unused research and development tax credits that were approved for sale in a previous year but did not receive a full allocation and, therefore, is applying for an allocation of previously approved benefits.

“Selling business” means a new or expanding technology and/or biotechnology business that has unused net operating loss carryover and/or unused research and development tax credits which it wishes to “sell.”

“Technology business” means an emerging corporation, that has a headquarters or base of operations located in New Jersey, that owns, has filed for, or has a license to use protected, proprietary intellectual property whose primary business is the provision of a scientific process, product, or service and that employs some combination of the following: highly educated and/or trained managers and workers employed in New Jersey who use sophisticated scientific research, service or production equipment, processes or knowledge to discover, develop, test, transfer or manufacture a product or service. Examples of activities satisfying this definition include: the designing and developing of computing hardware and software; the research, development, production, or provision of materials with engineered properties created through the company’s development of specialized processing and synthesis technology and the research, development, production or provision of technology involving microelectronics, semiconductors, electronic equipment and instrumentation, radio frequency, microwave and millimeter electronics, and optical and optic-related electrical devices, or data and digital communications and imaging devices.

“Unused net operating loss carryover” means net operating loss for any tax year ending after June 30, 1984 shall be a net operating loss carryover to each of seven years following the loss. The amount of net operating loss for any taxable year shall be carried to the earliest taxable year. The portions of loss which shall be carried is the excess, if any, of the amount of the loss over the sum of the entire net income, computed without regard to the dividend exclusion, as provided in N.J.S.A. 54:10A-4(k)(6)(B).

“Unused research and development tax credits” means the amount of tax credit otherwise allowable which cannot be applied because it would reduce the tax liability below 50 percent of the liability prior to consideration of the credit or it reduces the tax below the statutory minimum, as provided in N.J.S.A. 54:10A-5.24(b).

Amended by R.2003 d.297, effective July 21, 2003.  
See: 35 N.J.R. 1655(a), 35 N.J.R. 3393(a).

Added “New applicant”, “Re-certification applicant”, “Returning applicant”.

Amended by R.2005 d.274, effective August 15, 2005.  
See: 37 N.J.R. 1714(a), 37 N.J.R. 3058(a).

Added “Camden innovation zone”, “Innovation zone”, “Newark innovation zone” and “North/New Brunswick innovation zone” definitions.  
Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

In definition “Biotechnology business”, substituted “corporation” for “company” and inserted “that owns, has filed for, or has a license to use protected, proprietary intellectual property”; in definition “New or expanding”, added the last sentence; and rewrote definition “Technology business”.

Amended by R.2008 d.164, effective June 16, 2008.  
See: 40 N.J.R. 1630(a), 40 N.J.R. 3748(a).

Rewrote definition “New or expanding”.

### 19:31-12.3 Eligibility

(a) A business shall be eligible to apply to the program if the Authority finds that the business:

1. Meets the definition of a technology or biotechnology business;
2. Has unused amounts of research and development tax credits and/or unused net operating loss carryover; and
3. Meets the definition of new or expanding, provided that returning applicants are not required to meet this condition of eligibility.

(b) No application shall be approved in which the business:

1. Has demonstrated positive net income in any of the two previous full years of ongoing operations as determined on its financial statements;
2. Has demonstrated a ratio in excess of 110 percent or greater of operating revenues divided by operating expenses in any of the two previous full years of ongoing operations as determined on its financial statements; or
3. Is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net income in any of the two previous full years of ongoing operations as determined on its financial statements or is part of a consolidated group of affiliated corporations, as filed for Federal income tax purposes, that in aggregate has demonstrated positive net income in any of the two previous full years of ongoing operations as determined on its combined financial statements.

(c) Returning applicants are not required to meet the conditions of eligibility in (b) above.

Amended by R.2000 d.297, effective July 17, 2000.  
See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (a)3, inserted “or no” following “negative net”.  
Amended by R.2003 d.443, effective November 3, 2003.  
See: 35 N.J.R. 3466(a), 35 N.J.R. 5162(a).

In (a)4, inserted last sentence.  
Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

In (a)2, inserted “and” at the end; rewrote (a)3; deleted (a)4; and added (b) and (c).

**19:31-12.4 Application to the program**

(a) Each application submitted by a selling business to the program, including new, recertification and returning applications, shall be accompanied by a non-refundable \$2,500 application fee. Complete applications must be received by June 30 for each State fiscal year.

(b) In order for the Department of Treasury, Division of Taxation to issue a certificate, each application submitted to the program shall include: a selling business application which includes the information set forth in (c) below; a spending certification form attesting to having spent the proceeds of the prior year's sale of tax benefits in accordance with the definition of allowable expenditures; a Buying Business Information Sheet which identifies the buying business name, address, telephone number, the estimated value of benefits to be transferred and from whom and a business certification; an agreement between the buying and selling business defining the terms of the sale of the certificate; and the Tax Benefit Identification Form which summarizes the accumulated net operating losses and research and development credits authorized to be sold and the value intended to be sold. For determination of eligibility for the program, the initial application package shall also include a selling business application and a spending certification form.

(c) In addition to the material specified in (b) above, a completed application shall include, but is not limited to:

1. A description of the nature of the business conducted by the company;
2. A company business plan;
3. Annual consolidated financial statements prepared by an independent accountant for the three most recent full years, including balance sheets, operating statements, statements of cash flow and annual company financial statements for the same periods and/or tax returns for the same periods;
4. Net income or loss for the three most recent fiscal years;
5. The number of permanent full time jobs created by the applicant over the course of the three most recent calendar years as well as documentation supporting the fact that the applicant will create permanent full-time jobs in the near future;
6. A list of all affiliates and subsidiaries as reflected on the consolidated financial statements of the applicant, the number and location of all employees of such corporation(s) and the two most recent full years of financial statements for each;
7. A list of all corporations and affiliated groups of corporations that directly or indirectly own or control 50 percent or greater of the selling business, the number and location of all employees of such corporation(s), and the two most recent full years of financial statements for each;

8. A list of all corporations that form a consolidated group of affiliated corporations as filed for Federal income tax purposes, the number and location of all employees of such corporation(s), and the two most recent full years of financial statements for each;

9. An explanation of the actual or potential scientific and technological viability of the product(s), service(s) and/or process(es) produced in New Jersey;

10. A description of how the innovation of the product(s), service(s) and/or process(es) represents a competitive advantage in the business' field;

11. A description of how the proposed or expanded activities in the State of New Jersey can enhance and diversify the State of New Jersey's capacity and competitiveness in the business' field;

12. A description of efforts made during the past two years to secure any form of financial assistance to support its operations;

13. A representation as to the location of the applicant's primary place of business in an Innovation Zone or a state-sponsored incubator site;

14. A description of the type of technology business or biotechnology business that the applicant engages in; and

15. Any other supplemental information required by the Authority.

(d) Applications are processed through several layers of staff review and may then be recommended for consideration and official action of the Authority's Board of Directors at its scheduled public meeting.

(e) The Division of Taxation, Department of Treasury separately reviews applicants and may make recommendations regarding program eligibility.

Amended by R.2000 d.297, effective July 17, 2000.  
See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (a), rewrote the second sentence.  
Amended by R.2001 d.242, effective July 16, 2001.  
See: 33 N.J.R. 1567(a), 33 N.J.R. 2495(b).

In (a), deleted "July 28, 1999 for consideration in State FY 00 and by" preceding "June 30"; in (c)3, inserted "and/or tax returns for the same periods" at the end of the paragraph.

Amended by R.2002 d.254, effective August 5, 2002.  
See: 34 N.J.R. 1603(a), 34 N.J.R. 2800(b).

In (c), substituted "three" for "two" in 3, rewrote 4 and 5, deleted former 10 and 11, recodified former 12 as 10 and deleted "and projected two years", and recodified former 13 as 11.

Amended by R.2003 d.297, effective July 21, 2003.  
See: 35 N.J.R. 1655(a), 35 N.J.R. 3393(a).

Rewrote (a).  
Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

In (a)1 and (a)2, substituted "\$1,500" for "\$1,000"; rewrote (a)3; and rewrote (c).

Amended by R.2008 d.164, effective June 16, 2008.  
See: 40 N.J.R. 1630(a), 40 N.J.R. 3748(a).

In the introductory paragraph of (a), inserted "; including new, recertification and returning applications," and "\$2,500", and deleted "as outlined in (a)1 through (a)3 below" following "fee"; and deleted (a)1 through (a)3.

**19:31-12.5 Evaluation process**

(a) When all of the required information is received, the Authority shall perform its own review based on the following minimum criteria:

1. The threshold criteria of eligibility in which the applicant meets the definition of technology business or biotechnology business, and satisfies the standards in N.J.A.C. 19:31-12.3;

2. The actual potential scientific and technological viability of the applicant's business product(s), service(s) and/or process(es) as demonstrated by its:

- i. Uniqueness of concept;
- ii. Creditability/plausibility of concept; and
- iii. Scientific/technological resources of the applicant;

3. The degree to which the innovation of the applicant's product(s), service(s) and/or process(es) created in New Jersey offers a competitive advantage to the business and enhances and diversifies the State of New Jersey's capacity and competitiveness in the business' field;

4. The degree to which the proposed financial assistance will result in growth in permanent full-time employment;

5. The short-term financial resources of the applicant or the inability of the applicant to access capital; and

6. The degree to which the proposed financial assistance demonstrates the prospect of a significant positive change in net income or loss;

(b) After completing its review under (a) above, a preliminary determination shall be made by the Authority as to the merits of the request and its adherence to the statutory requirements of the program. Upon this determination, the applicant will receive notification of preliminary approval that will state the conditions that must be met before the Authority will issue final approval. The notification of preliminary approval will state that the Authority will forward the application to the Division of Taxation only upon receipt of the following:

1. A Buying Business Information Sheet which identifies the buyer, the amount of tax benefits to be sold and the selling price;

2. A Tax Benefit Identification Form on which the applicant lists the amount of tax benefits they wish to sell and the years that the Net Operating Loss's and/or Research and Development tax credits were incurred;

3. A Private Financial Assistance Form specifying how the applicant will expend the private financial assistance for allowable expenditures for the operations of the company;

4. An executed form of the standard selling agreement, with the Private Financial Assistance Form attached as an exhibit; and

5. If the applicant was authorized to sell and did sell tax benefits in the prior year, a spending certification that attests that the applicant spent the proceeds of the prior year's sale of tax benefits in accordance with the prior year's Private Financial Assistance Form.

(c) After approval of the tax benefit by the Division of Taxation as evidenced by the issuance of a tax certificate which will be sent to the Authority, the Authority will issue final approval of the grant only upon the receipt of a certificate from the applicant, dated the date of the closing of the sale of the tax benefit certificate that states, among other matters, that as of the date of the certificate, the company is operating as a new or expanding emerging biotechnology or technology business and has no current intention to cease operating as a new or expanding emerging biotechnology or technology business. Returning companies are not required to satisfy the definition of "new or expanding."

Amended by R.2002 d.254, effective August 5, 2002.  
See: 34 N.J.R. 1603(a), 34 N.J.R. 2800(b).

In (a), rewrote 4 and 5i.

Amended by R.2002 d.334, effective October 7, 2002.  
See: 34 N.J.R. 2414(a), 34 N.J.R. 3531(b).

Rewrote (b) and (c).

Amended by R.2003 d.443, effective November 3, 2003.  
See: 35 N.J.R. 3466(a), 35 N.J.R. 5162(a).

Rewrote (c).

Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

Rewrote (a)4 through (a)6.

**19:31-12.6 Approval process**

(a) Only the members of the Authority can deny an applicant's eligibility in the program.

(b) When the members deny a request, the minutes at which such denial occurs are submitted to the Governor.

(c) The members' action is effective 10 working days after the Governor's receipt of the minutes, provided no veto has been issued.

(d) An applicant may appeal the Board's action by submitting in writing to the Authority, within 20 days from the date of the Board's action, an explanation as to how the applicant has met the program criteria. The Authority cannot consider any new information about the project developed after the June 30 submission deadline. Only that information which clarifies the application filed shall be considered. In the event the company is reconsidered as eligible, its application shall be presented at the next available Board meeting.

Amended by R.2000 d.297, effective July 17, 2000.  
See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

Rewrote the section.

Amended by R.2001 d.242, effective July 16, 2001.  
See: 33 N.J.R. 1567(a), 33 N.J.R. 2495(b).

In (d), rewrote the first sentence.

Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

In the third sentence of (d), inserted "which" and substituted "considered" for "reconsidered".

**19:31-12.7 Allocation of tax benefits**

(a) The Program is authorized to provide no more than \$60,000,000 of tax benefits over each State fiscal year. Of the \$60,000,000 of transferable tax benefits authorized for State fiscal year 2005 and each State fiscal year thereafter, \$5,000,000 shall be allocated for the surrender of transferable tax benefits exclusively among the eligible companies that operate within the boundaries of the innovation zones during State fiscal year 2005, and \$10,000,000 shall be so allocated exclusively among the eligible companies that operate within the boundaries of the innovation zones during fiscal year 2006 and for each State fiscal year thereafter. In the event the total amount of transferable tax benefits approved exceeds these limitations or any subsequent limitations, the Authority shall allocate the transfer of tax benefits as follows:

1. Each company is limited to a maximum lifetime tax benefit of \$10 million.
2. Businesses with less than \$250,000 in tax benefits will be authorized to sell all of their benefits in the current year.
3. Businesses with more than \$250,000 in tax benefits will be authorized to sell at least \$250,000 of their benefits in the current year. In each successive year in which a selling business reapplies to the program, the applicant will also be authorized to sell at least 50 percent of the amount sold in the prior year, with a minimum of \$250,000. This portion of the allocation will be in addition to the first \$250,000 in benefits pursuant to the first sentence of this paragraph.
4. After the dollars are set aside in the amounts provided in (a)2 and 3 above, the remaining funds available to the program, in that fiscal year, shall be allocated among the businesses with more than \$250,000 of tax benefits. The available tax benefits shall be determined by reducing the amount of tax benefits to be transferred for each business by the minimum amount of tax benefits authorized for that business and then multiplying that amount by the following factor:

$$\frac{\text{Fiscal Year Dollar Authorization—}}{\text{Total Minimum Tax Benefits Authorized}} \div \frac{\text{Total Tax Benefits Requested to be Transferred—}}{\text{Total Minimum Tax Benefits Authorized}}$$

The total minimum tax benefits authorized is the amount authorized for businesses with less than \$250,000 of tax benefits plus the minimum tax benefits authorized for businesses with more than \$250,000 of tax benefits. The total tax benefits requested to be transferred is the total amount of tax benefits requested to be transferred by all businesses.

5. For eligible companies in innovation zones, each company is eligible for an allocation of the lesser of \$250,000 or the value of their eligible benefits. After allocations are made to these companies, any available balance of the additional \$5 million in benefits in State fiscal year 2005, or of the additional \$10 million in benefits in State fiscal year 2006 and for each State fiscal year thereafter, shall be apportioned among eligible companies in innovation zones with unmet eligible benefits. The formula to be followed for that apportionment is as follows:

- i. An allocation factor shall be calculated by dividing the balance of the additional funds authorized for innovation zones by the amount of the unmet eligible benefits for companies in the zones.
- ii. Each innovation zone company's unmet eligible benefits will be multiplied by the allocation factor as detailed in (a)5i above to arrive at the enhanced allocation.
- iii. The eligible companies in innovation zones with remaining unmet eligible benefits shall participate in the allocation of the remaining pool for State fiscal year 2005 of \$55,000,000 and \$50,000,000 for each State fiscal year thereafter.

(b) In the event the authorized minimums exceed the authorized annual cap, applicants shall be allocated benefits with priority given to those applicants with less than \$250,000 of tax benefits and to businesses with more than \$250,000 in tax benefits that are reapplying to the program pursuant to (a)3 above.

Amended by R.2000 d.297, effective July 17, 2000.  
See: 32 N.J.R. 1705(a), 32 N.J.R. 2602(c).

In (a), deleted "\$50,000,000 of tax benefits over State fiscal year 2000 and" following "provide" in the introductory paragraph.

Amended by R.2005 d.274, effective August 15, 2005.  
See: 37 N.J.R. 1714(a), 37 N.J.R. 3058(a).

In (a), rewrote the introductory paragraph and added new 4, recodified 4 as 5.

Administrative correction.  
See: 37 N.J.R. 3724(a).

Amended by R.2006 d.284, effective August 7, 2006.  
See: 38 N.J.R. 1801(a), 38 N.J.R. 3184(c).

In the introductory paragraph of (a), deleted ", \$10 million shall be so allocated for eligible companies that operate within the boundaries of the innovation zones in each respective State fiscal year thereafter" from the end of the second sentence; in (a)3, inserted "also" in the second sentence, and added the last sentence; and in (b), substituted "applicants" for "applications".

**SUBCHAPTER 13. ENERGY SALES TAX EXEMPTION PROGRAM**

**19:31-13.1 Applicability and scope**

The rules in this subchapter were promulgated by the New Jersey Commerce, Economic Growth and Tourism Commission (the "Commission") to implement P.L. 2004, c.65 (the "Act"), and specifically, section 23 of the Act (N.J.S.A.