

Governor Phil Murphy

Governor Murphy Signs Historic Economic Recovery Legislation

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Bill Will Provide Aid to Small Businesses and Usher in New Era of Economic Development

TRENTON – Governor Phil Murphy today signed into law the landmark New Jersey Economic Recovery Act of 2020, which will provide economic support for small businesses, while propelling New Jersey's economic recovery and growth for much of the next decade.

"These programs are the product of nearly three years of hard work, during which we received input from hundreds of voices on how best to structure our state's recovery and growth," said **Governor Phil Murphy**. "I am immensely proud of the result, which will not only provide much needed relief for our small businesses, but will also fundamentally change economic development in our state while creating thousands of high-paying job for our residents."

The legislation includes a host of new initiatives including the Main Street Recovery Finance Program, which will provide a direct \$50 million appropriation for grants, loans, loan guarantees, and technical assistance to small and micro businesses.

This bill will also bolster the state's startup and entrepreneur economy through implementation of the Innovation Evergreen Fund, a first-of-its-kind program that will combine state funds with private capital to support innovative new businesses.

The new legislation also includes several cutting-edge programs designed to promote growth in New Jersey's urban centers, including the Brownfields Redevelopment Incentive designed to facilitate the redevelopment of environmentally contaminated properties; the Historic Property Tax Credit, which will incentivize the restoration of historic buildings, many of which are located in New Jersey's oldest and most distressed neighborhoods; and the Community-Anchored Development Program, which will incentivize the construction of innovative new developments by partnering with universities, hospitals, arts, and cultural organizations and give the state an equity stake in the development.

"This incentives package will not only help strengthen our economy, but it will help address some of the longstanding inequities faced by the most distressed communities in our state," said **Lt. Governor Sheila Oliver, who serves as Commissioner of the Department of Community Affairs**. "These renewed incentives are specifically directed toward reviving our local economies and helping main streets thrive throughout this crisis and beyond. I want to commend Governor Murphy and the legislature for their leadership in passing this bill which will put our state on a renewed path to prosperity."

"The New Jersey Economic Recovery Act of 2020 presents a strong recovery and reform package that will position New Jersey to build a stronger and fairer economy that invests in innovation, in our communities, and in our small businesses the right way, with the protections and oversight taxpayers deserve," said **NJEDA Chief Executive Officer Tim Sullivan**. "Tax incentives and other investment tools are critical to economic development, and when used correctly they can drive transformative change that uplifts communities and creates new opportunities for everyone."

"Renewal of New Jersey's tax incentive program was essential to ensuring our state's competitiveness in attracting and retaining jobs and businesses in our global economy," said **Senate President Steve Sweeney**. "I am pleased that the compromise we reached includes a sufficiently high cap on total incentives to enable New Jersey to compete for mega-projects, and that it ensures that all regions and sectors of our state will benefit from the various programs. I would like to thank Senators M. Teresa Ruiz and Paul Sarlo, former Senator Ray Lesniak, who served as our special counsel, and of course, Assembly Speaker Craig Coughlin and Governor Phil Murphy for working together to bring this legislation to fruition."

"This is comprehensive legislation which will grow new industries and foster innovation around the state. It will create greater investment in our communities by providing further incentives to locate in distressed municipalities, build affordable housing and redevelop brownfields," said **Senator M. Teresa Ruiz**, the prime sponsor. "This law will help increase access to employment in high-growth industries, drive sustainable economic development and most importantly help our state to recover from the economic impact of the COVID-19 pandemic. This effort is balanced in its approach, it will ensure responsible investment, greater oversight and tangible community benefits."

"This legislation provides the tax incentives we will need to spur business and job growth as we come out of a pandemic crisis that has devastated broad sectors of our economy," said **Senator Paul Sarlo**. "Most importantly, it will provide tax incentives to attract the jobs we want – jobs that pay high salaries in cutting edge industries that will transform communities, partner with our higher education sector on R&D, provide valuable job training and be good corporate citizens."

"This new law builds a new economic recovery and incentive program that will bolster businesses from Main Street small business to attracting new and larger job-creating corporations to make New Jersey home," said **Assembly Speaker Craig Coughlin**. "This legislation also creates programs that address the problem of food deserts giving families fighting hunger greater access to healthy food options in the future as well as others similarly aimed toward historically underserved communities disproportionately impacted by the pandemic. Reauthorization of a large scale job incentive package has been a long time coming in this state. This is a plan that will lead New Jersey to a stronger economic future."

"We worked to develop a comprehensive piece of legislation that will put New Jersey on a path to economic recovery post-COVID-19 and beyond," said **Assembly Budget Chair Assemblywoman Eliana Pintor Marin**. "It includes a wide range of critical business and redevelopment incentives, which will spur growth in many areas that have been longstanding concerns for the state. New Jersey has been without an incentive program for over a year and a half, and this measure will make our businesses competitive with those in other states again. When combined with incentives to invest in technological innovation, developing brownfields, and eliminating food deserts, among others, we can help those struggling and drive the entire state forward."

The legislation also includes a groundbreaking Food Desert Relief program designed to ensure that all communities have access to fresh, healthy food. Incentives would offset the cost of development of a fresh-food grocery store in an area designated as a food desert, while also strengthening existing community assets like bodegas, corner stores, and mid-sized retailers by equipping them with the necessary equipment and infrastructure to provide healthier food options.

The legislation reforms the state's two main tax incentive programs, placing caps on the amount of incentives awarded each year, as well as over the life of the programs. The programs, which incorporate many of the recommendations of the Governor's Task Force on EDA's Tax Incentives, greatly enhance compliance restrictions to ensure that money is being well spent and jobs are being created, including the creation of an inspector general post to investigate claims of abuses within the programs.

The New Jersey Emerge program is a job creation tax credit focused on bringing new middle-class and well-paying jobs to our communities, with base and bonus structure for targeted industries and geographies.

The New Jersey Aspire program is a gap financing program to support commercial, industrial, mixed-use, and residential real estate development projects, with an emphasis on higher need communities.

Separate from the Emerge and Aspire program cap is a set-aside for large, transformative projects. There can be a maximum of ten such projects over the life of the incentives program.

This legislation will provide additional protections for organized labor, a longstanding promise of the governor's, as well as community benefit agreements, which are designed to ensure an award recipient will engage and stay engaged with local government. For the first time, New Jersey's economic development programs will include prevailing wage for building service work and labor harmony provisions, which will protect building trades and building service workers from unfair practices.

This sweeping legislation revamps several existing programs, including the successful Film and Television Tax Credit, which was expanded and enhanced to attract large studio construction to New Jersey, and the Offshore Wind Manufacturing credit, which now encompasses the entire state and will allow more businesses to qualify.

Several existing NJEDA programs have been folded into the legislation as well, including the Angel Investor Tax Credit, the Net Operating Loss Credit, and the New Jersey Ignite Program.

For a list of over 100 New Jersey leaders – spanning government, the private sector, and organized labor – who urged passage of the New Jersey Economic Recovery Act of 2020, please click here (<https://www.nj.gov/governor/news/news/562020/approved/20201220a.shtml>).

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