

[Second Reprint]

SENATE, No. 3189

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 9, 2024

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SYNOPSIS

Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act.”

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 19, 2025, with amendments.

(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT ²[increasing the amount of the tax credits provided for
2 investments made in emerging technology businesses under]
3 making various changes to² the “New Jersey Angel Investor Tax
4 Credit Act²[,]” ²[and amending P.L.1997, c.349 and P.L.2013,
5 c.14] and the Technology Business Tax Certificate Transfer
6 Program, revising various parts of the statutory law, and
7 repealing parts of P.L.2020, c.156².

8
9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:

11
12 1. Section 2 of P.L.1997, c.349 (C.54:10A-5.29) is amended to
13 read as follows:

14 2. As used in sections 1 through 3 of P.L.1997, c.349
15 (C.54:10A-5.28 through C.54:10A-5.30):

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

21 "Advanced materials" means materials with engineered
22 properties created through the development of specialized
23 processing and synthesis technology, including ceramics, high
24 value-added metals, electronic materials, composites, polymers, and
25 biomaterials.

26 ²"Authority" means the New Jersey Economic Development
27 Authority established pursuant to section 4 of P.L.1974, c.80
28 (C.34:1B-4).²

29 "Biotechnology" means the continually expanding body of
30 fundamental knowledge about the functioning of biological systems
31 from the macro level to the molecular and sub-atomic levels, as
32 well as novel products, services, technologies, and sub-technologies
33 developed as a result of insights gained from research advances
34 which add to that body of fundamental knowledge.

35 "Carbon footprint reduction technology" means a technology
36 using equipment for the commercial, institutional, and industrial
37 sectors that: increases energy efficiency; develops and delivers
38 renewable or non-carbon-emitting energy technologies; develops
39 innovative carbon emissions abatement with significant carbon
40 emissions reduction potential; or promotes measurable electricity
41 end-use energy efficiency.

42 "Control" with respect to a corporation means ownership,
43 directly or indirectly, of stock possessing 80 percent or more 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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted October 10, 2024.

²Assembly AAP committee amendments adopted June 19, 2025.

1 total combined voting power of all classes of the stock of the
2 corporation entitled to vote; and "control" with respect to a trust
3 means ownership, directly or indirectly, of 80 percent or more of
4 the beneficial interest in the principal or income of the trust. The
5 ownership of stock in a corporation, of a capital or profits interest in
6 a partnership or association or of a beneficial interest in a trust shall
7 be determined in accordance with the rules for constructive
8 ownership of stock provided in subsection (c) of section 267 of the
9 federal Internal Revenue Code of 1986 (26 U.S.C. § 267), other
10 than paragraph (3) of subsection (c) of that section.

11 "Controlled group" means one or more chains of corporations
12 connected through stock ownership with a common parent
13 corporation if stock possessing at least 80 percent of the voting
14 power of all classes of stock of each of the corporations is owned
15 directly or indirectly by one or more of the corporations and the
16 common parent owns directly stock possessing at least 80 percent of
17 the voting power of all classes of stock of at least one of the other
18 corporations.

19 "Director" means the Director of the Division of Taxation in the
20 Department of the Treasury.

21 "Diverse entrepreneur" means a New Jersey based business that
22 meets the criteria for a minority business or female business set
23 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

24 "Electronic device technology" means a technology involving
25 microelectronics, semiconductors, electronic equipment and
26 instrumentation, radio frequency, microwave and millimeter
27 electronics, and optical and optic-electrical devices, or data and
28 digital communications and imaging devices.

29 "Information technology" means software publishing, motion
30 picture and video production, television production and post-
31 production services, telecommunications, data processing, hosting
32 and related services, custom computer programming services,
33 computer system design, computer facilities management services,
34 other computer related services, and computer training.

35 "Life sciences" means the production of medical equipment,
36 ophthalmic goods, medical or dental instruments, diagnostic
37 substances, biopharmaceutical products, or physical and biological
38 research.

39 "Medical device technology" means a technology involving any
40 medical equipment or product (other than a pharmaceutical product)
41 that has therapeutic value, diagnostic value, or both, and is
42 regulated by the federal Food and Drug Administration.

43 "Mobile communications technology" means a technology
44 involving the functionality and reliability of the transmission of
45 voice and multimedia data using a communication infrastructure via
46 a computer or a mobile device, that shall include, but not be limited
47 to, smartphones, electronic books and tablets, digital audio players,
48 motor vehicle electronics, home entertainment systems, and other

1 wireless appliances, without having connected to any physical or
2 fixed link.

3 "New Jersey based business" means a company with fewer than
4 **[225]** 150 employees, of whom at least 75 percent are filling a
5 position in New Jersey, that is doing business, employing or owning
6 capital or property, or maintaining an office in this State.

7 "New Jersey emerging technology business" means a company
8 with fewer than **[225]** 150 employees, of whom at least 75 percent
9 are filling a position in New Jersey, that is doing business,
10 employing or owning capital or property, or maintaining an office
11 in this State and: has qualified research expenses paid or incurred
12 for research conducted in this State; conducts pilot scale
13 manufacturing in this State; or conducts technology
14 commercialization in this State in the fields of advanced computing,
15 advanced materials, biotechnology, carbon footprint reduction
16 technology, electronic device technology, information technology,
17 life sciences, medical device technology, mobile communications
18 technology, or renewable energy technology.

19 "New Jersey emerging technology business holding company"
20 means any corporation, association, firm, partnership, trust, or other
21 form of business organization, but not a natural person, which
22 directly or indirectly, owns, has the power or right to control, or has
23 the power to vote, a controlling share of the outstanding voting
24 securities of a corporation or other form of a New Jersey emerging
25 technology business.

26 "Partnership" means a syndicate, group, pool, joint venture, or
27 other unincorporated organization through or by means of which
28 any business, financial operation, or venture is carried on, and
29 which is not a trust or estate, a corporation, or a sole proprietorship.

30 "Pilot scale manufacturing" means the design, construction, and
31 testing of preproduction prototypes and models in the fields of
32 advanced computing, advanced materials, biotechnology, carbon
33 footprint reduction technology electronic device technology,
34 information technology, life sciences, medical device technology,
35 mobile communications technology, and renewable energy
36 technology, other than for commercial sale, excluding sales of
37 prototypes or sales for market testing if the total gross receipts, as
38 calculated in the manner provided in section 6 of P.L.1945, c.162
39 (C.54:10A-6), from the sales of the product, service, or process do
40 not exceed \$1,000,000.

41 "Qualified investment" means the non-refundable transfer of
42 cash to a New Jersey emerging technology business or to a New
43 Jersey emerging technology business holding company by a
44 taxpayer that is not a related person of the New Jersey emerging
45 technology business or the New Jersey emerging technology
46 business holding company, the transfer of which is in connection
47 with either: a transaction between or among the taxpayer and the
48 New Jersey emerging technology business or the New Jersey

1 emerging technology holding company or both in exchange for
2 stock, interests in partnerships or joint ventures, licenses (exclusive
3 or non-exclusive), rights to use technology, marketing rights,
4 warrants, options, or any items similar to those included herein,
5 including, but not limited to, options or rights to acquire any of the
6 items included herein; or a purchase, production, or research
7 agreement between or among the taxpayer and the New Jersey
8 emerging technology business or the New Jersey emerging
9 technology holding company or both. "Qualified investment" also
10 means the non-refundable transfer of cash or irrevocable contractual
11 commitment to a qualified venture fund.

12 "Qualified research expenses" means qualified research
13 expenses, as defined in section 41 of the federal Internal Revenue
14 Code of 1986 (26 U.S.C. § 41), as in effect on June 30, 1992, in the
15 fields of advanced computing, advanced materials, biotechnology,
16 carbon footprint reduction technology, electronic device
17 technology, information technology, life sciences, medical device
18 technology, mobile communications technology, or renewable
19 energy technology.

20 "Qualified venture fund" means a venture fund required by
21 contract to invest a minimum of 50 percent of its funds in New
22 Jersey based businesses that the authority, in its sole discretion,
23 based upon the qualified venture fund's investment history, if any,
24 its private placement memorandum and other relevant information,
25 has determined has the capacity to make the minimum investment.

26 "Related person" means:

27 a corporation, partnership, association or trust controlled by the
28 taxpayer;

29 an individual, corporation, partnership, association or trust that is
30 in the control of the taxpayer;

31 a corporation, partnership, association or trust controlled by an
32 individual, corporation, partnership, association or trust that is in
33 the control of the taxpayer; or

34 a member of the same controlled group as the taxpayer.

35 "Renewable energy technology" means a technology involving
36 the generation of electricity from solar energy; wind energy; wave
37 or tidal action; geothermal energy; the combustion of gas from the
38 anaerobic digestion of food waste and sewage sludge at a biomass
39 generating facility; the combustion of methane gas captured from a
40 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,
41 digester gas, biomass gas, or other renewable fuel but not powered
42 by a fossil fuel.

43 "Tax year" means the fiscal or calendar accounting period of a
44 taxpayer.

45 "Venture fund" means a partnership, corporation, trust, or limited
46 liability company that invests cash in a business during the early or
47 expansion stages of a business in exchange for an equity stake in
48 the business in, which the investment is made. Venture firm may

1 include a venture capital fund, a family office fund, or a corporate
2 investor fund, provided that a professional manager administers the
3 venture firm.

4 "Verified transfer of funds" means a non-refundable transfer of
5 funds equal to 100 percent of the taxpayer's qualified investment in
6 the New Jersey emerging technology business holding company to a
7 New Jersey emerging technology business by the New Jersey
8 emerging technology business holding company that is
9 accompanied by documentation, as required by the New Jersey
10 Economic Development Authority, which provides proof of a cash
11 transaction originating with a taxpayer and concluding with a New
12 Jersey emerging technology business, provided that the transactions
13 from origin to destination occur within the same tax year.

14 The definitions of "advanced computing," "advanced materials,"
15 "biotechnology," "carbon footprint reduction technology,"
16 "electronic device technology," "information technology," "life
17 sciences," "medical device technology," "mobile communications
18 technology," "New Jersey emerging technology business," "pilot
19 scale manufacturing," and "renewable energy technology" may be
20 modified by regulation to conform to definitions in other programs
21 administered by the authority.

22 (cf: P.L.2020, c.156, s.117)

23

24 2. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
25 read as follows:

26 3. a. (1) A taxpayer, upon approval of the taxpayer's
27 application therefor by the New Jersey Economic Development
28 Authority and in consultation with the director, shall be allowed a
29 credit against the tax imposed pursuant to section 5 of P.L.1945,
30 c.162 (C.54:10A-5) ²in the privilege period in which the taxpayer
31 applied², in an amount equal to ~~20~~ ¹~~60~~ 35¹ percent of the
32 qualified investment made by the taxpayer in a New Jersey
33 emerging technology business, in a New Jersey emerging
34 technology business holding company that makes a verified transfer
35 of funds to a New Jersey emerging technology business, or in a
36 qualified venture fund; provided, however, a taxpayer may be
37 allowed a tax credit in an amount equal to ~~25~~ ¹~~65~~ 40¹ percent
38 of the qualified investment if the taxpayer satisfies one of the
39 requirements set forth in paragraph (2) of this subsection. The value
40 of tax credits allowed to a taxpayer pursuant to this section shall not
41 exceed \$500,000 ²~~for the privilege period~~² for each qualified
42 investment made by the taxpayer.

43 (2) Subject to the limits established in paragraph (1) of this
44 subsection, the New Jersey Economic Development Authority, in
45 consultation with the director, shall increase the amount of a tax
46 credit allowed pursuant to this section by five percent if the
47 taxpayer makes a qualified investment in a New Jersey emerging
48 technology business, or in a New Jersey emerging technology

1 business holding company that makes a verified transfer of funds to
2 a New Jersey emerging technology business, or in a qualified
3 venture fund, if the New Jersey emerging technology business is
4 either located in a qualified opportunity zone pursuant to 26 U.S.C.
5 § 1400Z-1, or a low-income community as defined in subparagraph
6 (e) of 26 U.S.C. § 45D or

7 certified by the State as a minority business or a women's
8 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
9 in the case of a qualified venture fund, if the qualified venture fund
10 commits by contract to invest 50 percent of its funds in diverse
11 entrepreneurs.

12 b. A credit shall not be allowed pursuant to section 1 of
13 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
14 which a credit is allowed, or which are includable in the calculation
15 of a credit allowed, under this section. Notwithstanding any other
16 provision of law, the order of priority in which the credit allowed
17 by this section and any other credits allowed by law may be taken
18 shall be as prescribed by the director.

19 c. Except as provided in subsection d. of this section, the
20 amount of credit otherwise allowable under this section which
21 cannot be applied for the privilege period against tax liability
22 otherwise due for that privilege period may either be carried over, if
23 necessary, to the 15 privilege periods following the privilege period
24 for which the credit was allowed or, at the election of the taxpayer,
25 be claimed as and treated as an overpayment for the purposes of
26 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
27 (C.54:49-15.1) shall not apply.

28 d. A taxpayer may not carry over any amount of credit allowed
29 under subsection a. of this section to a privilege period during
30 which a corporate acquisition with respect to which the taxpayer
31 was a target corporation occurred or during which the taxpayer was
32 a party to a merger or a consolidation, or to any subsequent
33 privilege period, if the credit was allowed for a privilege period
34 prior to the year of acquisition, merger or consolidation, except that
35 if in the case of a corporate merger or corporate consolidation the
36 taxpayer can demonstrate, through the submission of a copy of the
37 plan of merger or consolidation and such other evidence as may be
38 required by the director, the identity of the constituent corporation
39 which was the acquiring person, a credit allowed to the acquiring
40 person may be carried over by the taxpayer. As used in this
41 subsection, "acquiring person" means the constituent corporation
42 the stockholders of which own the largest proportion of the total
43 voting power in the surviving or consolidated corporation after the
44 merger or consolidation.

45 e. ²**【The Executive Director】** (1) Except as provided in
46 paragraph (2) of this subsection, the Chief Executive Officer² of the
47 New Jersey Economic Development Authority, in consultation with
48 the director, shall adopt, pursuant to the "Administrative Procedure

1 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
2 that are necessary to implement sections 1 through 3 of P.L.1997,
3 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and section 4 of
4 P.L.2013, c.14 (C.54A:4-13), including, but not limited to:
5 examples of and the determination of qualified investments of
6 which applicants shall provide documentation with their tax credit
7 application; the promulgation of procedures and forms necessary to
8 apply for a credit; provisions for recapture in the event a taxpayer
9 receives a credit on the basis of its commitment to transfer cash to a
10 qualified venture fund and it does not fund its commitment; and
11 provisions for credit applicants to be charged an initial application
12 fee and ongoing service fees to cover the administrative costs
13 related to the credit.

14 ²(2) Notwithstanding the provisions of the "Administrative
15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
16 contrary, the Chief Executive Officer of the New Jersey Economic
17 Development Authority may adopt, immediately upon filing with
18 the Office of Administrative Law, rules and regulations that the
19 chief executive officer deems necessary to implement the provisions
20 of this section, as amended by P.L. , c. (pending before the
21 Legislature as this bill), which regulations shall be effective for a
22 period not to exceed 365 days from the date of the filing. The chief
23 executive officer shall thereafter amend, adopt, or readopt the
24 regulations in accordance with the requirements of P.L.1968, c.410
25 (C.52:14B-1 et seq.).

26 (3)² The amount of credits approved by the ²[Executive
27 Director] Chief Executive Officer² of the New Jersey Economic
28 Development Authority, ²[and]² in consultation with the director,
29 pursuant to subsection a. of this section and pursuant to section 4 of
30 P.L.2013, c.14 (C.54A:4-13), shall not exceed a cumulative total of
31 ²[\$35,000,000] \$25,000,000, plus the value of any unused tax
32 benefits from the immediately preceding State fiscal year, as
33 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
34 7.42a),² in any calendar year ²,² to apply against the tax imposed
35 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax
36 imposed pursuant to the "New Jersey Gross Income Tax Act,"
37 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed to
38 taxpayers in a calendar year exceeds the amount of credits available
39 in that year, then taxpayers who have first applied for and have not
40 been allowed a credit amount for that reason shall be allowed, in the
41 order in which they have submitted an application, the amount of
42 the tax credit on the first day of the next succeeding calendar year
43 in which tax credits under this section and section 4 of P.L.2013,
44 c.14 (C.54A:4-13) are not in excess of the amount of credits
45 available.

46 (cf: P.L.2020, c.156, s.118)

1 3. Section 4 of P.L.2013, c.14 (C.54A:4-13) is amended to read
2 as follows:

3 4. a. (1) A taxpayer, upon approval of the taxpayer's
4 application therefor by the New Jersey Economic Development
5 Authority, and in consultation with the director, shall be allowed a
6 credit against the tax otherwise due for the taxable year ², in the
7 taxable year in which the taxpayer applied,² under the "New Jersey
8 Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal
9 to ~~20~~ ¹~~60~~ 35¹ percent of the qualified investment made by the
10 taxpayer in a New Jersey emerging technology business, in a New
11 Jersey emerging technology business holding company that makes a
12 verified transfer of funds to a New Jersey emerging technology
13 business, or in a qualified venture fund; provided, however, a
14 taxpayer may be allowed a tax credit in an amount equal to ~~25~~
15 ¹~~65~~ 40¹ percent of the qualified investment if the taxpayer
16 satisfies one of the requirements set forth in paragraph (2) of this
17 subsection. The value of tax credits allowed to a taxpayer pursuant
18 to this section shall not exceed \$500,000 ²~~for the taxable year~~²
19 for each qualified investment made by the taxpayer.

20 (2) Subject to the limits established in paragraph (1) of this
21 subsection, the New Jersey Economic Development Authority, in
22 consultation with the director, shall increase the amount of a tax
23 credit allowed pursuant to this section by five percent if the
24 taxpayer makes a qualified investment in a New Jersey emerging
25 technology business, in a New Jersey emerging technology business
26 holding company that makes a verified transfer of funds to a New
27 Jersey emerging technology business, or in a qualified venture fund,
28 if the New Jersey emerging technology business is either located in
29 a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1, or a
30 low-income community as defined in subparagraph (e) of 26 U.S.C.
31 § 45D; or

32 certified by the State as a minority business or a women's
33 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
34 in the case of a qualified venture fund, if the qualified venture fund
35 commits by contract to invest 50 percent of its funds in diverse
36 entrepreneurs.

37 b. The amount of the credit allowed pursuant to this section
38 shall be applied against the tax otherwise due under the "New
39 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
40 credits and payments. If the credit exceeds the amount of tax
41 liability otherwise due, that amount of excess shall be an
42 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
43 that subsection (f) of N.J.S.54A:9-7 shall not apply.

44 c. (1) A partnership shall not be allowed a credit under this
45 section directly, but the amount of credit of a taxpayer in respect of
46 a distributive share of partnership income under the "New Jersey
47 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined

1 by allocating to the taxpayer that proportion of the credit acquired
2 by the partnership that is equal to the taxpayer's share, whether or
3 not distributed, of the total distributive income or gain of the
4 partnership for its taxable year ending within or with the taxpayer's
5 taxable year. For the purposes of subsection b. of this section, the
6 amount of tax liability that would be otherwise due of a taxpayer is
7 that proportion of the total liability of the taxpayer that the
8 taxpayer's share of the partnership income or gain included in gross
9 income bears to the total gross income of the taxpayer.

10 (2) The credit for a corporation that has made a valid election as
11 a New Jersey S corporation pursuant to section 3 of P.L.1993, c.173
12 (C.54:10A-5.22) may be applied by the shareholders of the S
13 corporation against the tax liability otherwise due under the "New
14 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., provided that
15 the amount of credit that may be used by a shareholder of the S
16 corporation shall be determined by allocating to each shareholder of
17 the S corporation that proportion of the tax credit of the S
18 corporation that is equal to the shareholder's proportionate share of
19 the S corporation, whether or not distributed, of the total
20 distributive income or gain of the S corporation for its tax period
21 ending with or within the shareholder's tax period, and the credit
22 may be applied by the shareholders against the tax liability
23 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
24 N.J.S.54A:1-1 et seq.

25 d. ²**【The Executive Director】** (1) Except as provided in
26 paragraph (2) of this subsection, the Chief Executive Officer² of the
27 New Jersey Economic Development Authority, in consultation with
28 the director, shall adopt, pursuant to the "Administrative Procedure
29 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
30 that are necessary to implement sections 1 through 3 of P.L.1997,
31 c.349 (C.54:10A-5.28 through C.54:10A-5.30) and this section,
32 including, but not limited to: examples of and the determination of
33 qualified investments of which applicants shall provide
34 documentation with their tax credit application; the promulgation of
35 procedures and forms necessary to apply for a credit; provisions for
36 recapture in the event a taxpayer receives a credit on the basis of its
37 commitment to transfer cash to a qualified venture fund and it does
38 not fund its commitment; and provisions for credit applicants to be
39 charged an initial application fee and ongoing service fees to cover
40 the administrative costs related to the credit.

41 ²(2) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
43 contrary, the Chief Executive Officer of the New Jersey Economic
44 Development Authority may adopt, immediately upon filing with
45 the Office of Administrative Law, rules and regulations that the
46 chief executive officer deems necessary to implement the provisions
47 of this section, as amended by P.L. , c. (pending before the
48 Legislature as this bill), which regulations shall be effective for a

1 period not to exceed 365 days from the date of the filing. The chief
2 executive officer shall thereafter amend, adopt, or readopt the
3 regulations in accordance with the requirements of P.L.1968, c.410
4 (C.52:14B-1 et seq.).

5 (3)²The amount of credits approved by the ²**[Executive**
6 **Director]** Chief Executive Officer² of the New Jersey Economic
7 Development Authority and the Director of the Division of
8 Taxation in the Department of the Treasury, pursuant to subsection
9 a. of this section and pursuant to section 3 of P.L.1997, c.349
10 (C.54:10A-5.30), shall not exceed a cumulative total of
11 ²**[\$35,000,000]** \$25,000,000, plus the value of any unused tax
12 benefits from the immediately preceding State fiscal year, as
13 determined pursuant to section 1 of P.L.1997, c.334 (C.34:1B-
14 7.42a),² in any calendar year ²,² to apply against the tax imposed
15 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), and the tax
16 imposed pursuant to the "New Jersey Gross Income Tax Act,"
17 N.J.S.54A:1-1 et seq. If the cumulative amount of credits allowed
18 to taxpayers in a calendar year exceeds the amount of credits
19 available in that year, then taxpayers who have first applied for and
20 have not been allowed a credit amount for that reason shall be
21 allowed, in the order in which they have submitted an application,
22 the amount of the tax credit on the first day of the next succeeding
23 calendar year in which tax credits under this section and section 3
24 of P.L.1997, c.349 (C.54:10A-5.30) are not in excess of the amount
25 of credits available.

26 e. As used in this section:

27 "Advanced computing" means a technology used in the
28 designing and developing of computing hardware and software,
29 including innovations in designing the full spectrum of hardware
30 from hand-held calculators to super computers, and peripheral
31 equipment.

32 "Advanced materials" means materials with engineered
33 properties created through the development of specialized
34 processing and synthesis technology, including ceramics, high
35 value-added metals, electronic materials, composites, polymers, and
36 biomaterials.

37 ²"Authority" means the New Jersey Economic Development
38 Authority established pursuant to section 4 of P.L.1974, c.80
39 (C.34:1B-4).²

40 "Biotechnology" means the continually expanding body of
41 fundamental knowledge about the functioning of biological systems
42 from the macro level to the molecular and sub-atomic levels, as
43 well as novel products, services, technologies, and sub-technologies
44 developed as a result of insights gained from research advances
45 which add to that body of fundamental knowledge.

46 "Carbon footprint reduction technology" means a technology
47 using equipment for the commercial, institutional, and industrial

1 sectors that: increases energy efficiency; develops and delivers
2 renewable or non-carbon-emitting energy technologies; develops
3 innovative carbon emissions abatement with significant carbon
4 emissions reduction potential; or promotes measurable electricity
5 end-use energy efficiency.

6 "Control" with respect to a corporation, means ownership,
7 directly or indirectly, of stock possessing 80 percent or more of the
8 total combined voting power of all classes of the stock of the
9 corporation entitled to vote; and "control," with respect to a trust,
10 means ownership, directly or indirectly, of 80 percent or more of
11 the beneficial interest in the principal or income of the trust. The
12 ownership of stock in a corporation, of a capital or profits interest in
13 a partnership or association or of a beneficial interest in a trust shall
14 be determined in accordance with the rules for constructive
15 ownership of stock provided in subsection (c) of section 267 of the
16 federal Internal Revenue Code of 1986 (26 U.S.C. s.267), other than
17 paragraph (3) of subsection (c) of that section.

18 "Controlled group" means one or more chains of corporations
19 connected through stock ownership with a common parent
20 corporation if stock possessing at least 80 percent of the voting
21 power of all classes of stock of each of the corporations is owned
22 directly or indirectly by one or more of the corporations and the
23 common parent owns directly stock possessing at least 80 percent of
24 the voting power of all classes of stock of at least one of the other
25 corporations.

26 "Director" means the Director of the Division of Taxation in the
27 Department of the Treasury.

28 "Diverse entrepreneur" means a New Jersey based business that
29 meets the criteria for a minority business or female business set
30 forth in section 3 of P.L.1983, c.482 (C.52:32-19).

31 "Electronic device technology" means a technology involving
32 microelectronics, semiconductors, electronic equipment and
33 instrumentation, radio frequency, microwave and millimeter
34 electronics, and optical and optic-electrical devices, or data and
35 digital communications and imaging devices.

36 "Information technology" means software publishing, motion
37 picture and video production, television production and post-
38 production services, telecommunications, data processing, hosting
39 and related services, custom computer programming services,
40 computer system design, computer facilities management services,
41 other computer related services, and computer training.

42 "Life sciences" means the production of medical equipment,
43 ophthalmic goods, medical or dental instruments, diagnostic
44 substances, biopharmaceutical products, or physical and biological
45 research.

46 "Medical device technology" means a technology involving any
47 medical equipment or product (other than a pharmaceutical product)

1 that has therapeutic value, diagnostic value, or both, and is
2 regulated by the federal Food and Drug Administration.

3 "Mobile communications technology" means a technology
4 involving the functionality and reliability of the transmission of
5 voice and multimedia data using a communication infrastructure via
6 a computer or a mobile device, that shall include, but not be limited
7 to, smartphones, electronic books and tablets, digital audio players,
8 motor vehicle electronics, home entertainment systems, and other
9 wireless appliances, without having connected to any physical or
10 fixed link.

11 "New Jersey based business" means a company with fewer than
12 **[225]** 150 employees, of whom at least 75 percent are filling a
13 position in New Jersey, that is doing business, employing or owning
14 capital or property, or maintaining an office in this State.

15 "New Jersey emerging technology business" means a company
16 with fewer than **[225]** 150 employees, of whom at least 75 percent
17 are filling a position in New Jersey, that is doing business,
18 employing or owning capital or property, or maintaining an office
19 in this State and: has qualified research expenses paid or incurred
20 for research conducted in this State; conducts pilot scale
21 manufacturing in this State; or conducts technology
22 commercialization in this State in the fields of advanced computing,
23 advanced materials, biotechnology, carbon footprint reduction
24 technology, electronic device technology, information technology,
25 life sciences, medical device technology, mobile communications
26 technology, or renewable energy technology.

27 "New Jersey emerging technology business holding company"
28 means any corporation, association, firm, partnership, trust or other
29 form of business organization, but not a natural person, which
30 directly or indirectly, owns, has the power or right to control, or has
31 the power to vote, a controlling share of the outstanding voting
32 securities of a corporation or other form of a New Jersey emerging
33 technology business.

34 "Partnership" means a syndicate, group, pool, joint venture, or
35 other unincorporated organization through or by means of which
36 any business, financial operation, or venture is carried on, and
37 which is not a trust or estate, a corporation, or a sole proprietorship.

38 "Pilot scale manufacturing" means design, construction, and
39 testing of preproduction prototypes and models in the fields of
40 advanced computing, advanced materials, biotechnology, carbon
41 footprint reduction technology electronic device technology,
42 information technology, life sciences, medical device technology,
43 mobile communications technology, or renewable energy
44 technology, other than for commercial sale, excluding sales of
45 prototypes or sales for market testing if the total gross receipts, as
46 calculated in the manner provided in section 6 of P.L.1945, c.162
47 (C.54:10A-6), from the sales of the product, service, or process do
48 not exceed \$1,000,000.

1 "Qualified investment" means the non-refundable transfer of
2 cash to a New Jersey emerging technology business or to a New
3 Jersey emerging technology business holding company by a
4 taxpayer that is not a related person of the New Jersey emerging
5 technology business or the New Jersey emerging technology
6 business holding company, the transfer of which is in connection
7 with either: a transaction between or among the taxpayer and the
8 New Jersey emerging technology business or the New Jersey
9 emerging technology holding company or both in exchange for
10 stock, interests in partnerships or joint ventures, licenses (exclusive
11 or non-exclusive), rights to use technology, marketing rights,
12 warrants, options, or any items similar to those included herein,
13 including, but not limited to, options or rights to acquire any of the
14 items included herein; or a purchase, production, or research
15 agreement between or among the taxpayer and the New Jersey
16 emerging technology business or the New Jersey emerging
17 technology holding company or both. "Qualified investment" also
18 means the non-refundable transfer of cash or irrevocable contractual
19 commitment to transfer cash to a qualified venture fund.

20 "Qualified research expenses" means qualified research
21 expenses, as defined in section 41 of the federal Internal Revenue
22 Code of 1986 (26 U.S.C. s.41), as in effect on June 30, 1992, in the
23 fields of advanced computing, advanced materials, biotechnology,
24 electronic device technology, information technology, life sciences,
25 medical device technology, mobile communications technology, or
26 renewable energy technology.

27 "Qualified venture fund" means a venture fund required by
28 contract to invest a minimum of 50 percent of its funds in New
29 Jersey based businesses that the authority, in its sole discretion,
30 based upon the qualified venture fund's investment history, if any,
31 its private placement memorandum and other relevant information,
32 has determined has the capacity to make the minimum investment.

33 "Related person" means:

34 a corporation, partnership, association or trust controlled by the
35 taxpayer;

36 an individual, corporation, partnership, association or trust that is
37 in the control of the taxpayer;

38 a corporation, partnership, association or trust controlled by an
39 individual, corporation, partnership, association or trust that is in
40 the control of the taxpayer; or

41 a member of the same controlled group as the taxpayer.

42 "Renewable energy technology" means a technology involving
43 the generation of electricity from solar energy; wind energy; wave
44 or tidal action; geothermal energy; the combustion of gas from the
45 anaerobic digestion of food waste and sewage sludge at a biomass
46 generating facility; the combustion of methane gas captured from a
47 landfill; and a fuel cell powered by methanol, ethanol, landfill gas,

1 digester gas, biomass gas, or other renewable fuel but not powered
2 by a fossil fuel.

3 "Venture fund" means a partnership, corporation, trust, or limited
4 liability company that invests cash in a business during the early or
5 expansion stages of a business in exchange for an equity stake in
6 the business in, which the investment is made. Venture firm may
7 include a venture capital fund, a family office fund, or a corporate
8 investor fund, provided that a professional manager administers the
9 venture firm.

10 "Verified transfer of funds" means a non-refundable transfer of
11 funds equal to 100 percent of the taxpayer's qualified investment in
12 the New Jersey emerging technology business holding company to a
13 New Jersey emerging technology business by the New Jersey
14 emerging technology business holding company that is
15 accompanied by documentation, as required by the New Jersey
16 Economic Development Authority, which provides proof of a cash
17 transaction originating with a taxpayer and concluding with a New
18 Jersey emerging technology business, provided that the transactions
19 from origin to destination occur within the same taxable year.

20 The definitions of "advanced computing," "advanced materials,"
21 "biotechnology," "carbon footprint reduction technology,"
22 "electronic device technology," "information technology," "life
23 sciences," "medical device technology," "mobile communications
24 technology," "New Jersey emerging technology business," "pilot
25 scale manufacturing," and "renewable energy technology" may be
26 modified by regulation to conform to definitions in other programs
27 administered by the authority.

28 (cf: P.L.2020, c.156, s.119)

29

30 ²4. Section 1 of P.L.1997, c.334 (C.34:1B-7.42a) is amended to
31 read as follows:

32 1. a. The New Jersey Economic Development Authority shall
33 establish within the New Jersey Emerging Technology and
34 Biotechnology Financial Assistance Program established pursuant
35 to P.L.1995, c.137 (C.34:1B-7.37 et seq.), a corporation business
36 tax benefit certificate transfer program to allow new or expanding
37 emerging technology and biotechnology companies in this State
38 with unused amounts of research and development tax credits
39 otherwise allowable which cannot be applied for the credit's tax
40 year due to the limitations of subsection b. of section 1 of P.L.1993,
41 c.175 (C.54:10A-5.24) and unused prior net operating loss
42 conversion carryover or net operating loss carryover pursuant to
43 section 4 of P.L.1945, c.162 (C.54:10A-4), to surrender those tax
44 benefits for use by other corporation business taxpayers in this
45 State, provided that the taxpayer receiving the surrendered tax
46 benefits is not affiliated with a corporation that is surrendering its
47 tax benefits under the program established under P.L.1997, c.334.
48 For the purposes of this section, the test of affiliation is whether the

1 same entity directly or indirectly owns or controls five percent or
2 more of the voting rights or five percent or more of the value of all
3 classes of stock of both the taxpayer receiving the benefits and a
4 corporation that is surrendering the benefits. The tax benefits may
5 be used on the corporation business tax returns to be filed by those
6 taxpayers in exchange for private financial assistance to be provided
7 by the corporation business taxpayer that is the recipient of the
8 corporation business tax benefit certificate to assist in the funding
9 of costs incurred by the new or expanding emerging technology and
10 biotechnology company. For purposes of this subsection, a member
11 of a combined group may sell prior net operating loss conversion
12 carryover to other members of the combined group, if otherwise
13 applicable and allowable under section 2 of P.L.1997, c.334
14 (C.54:10A-4.2) and this section; provided, however, such sale of
15 prior net operating loss conversion carryover shall be made at arm's
16 length price at the same rate as though the sale was to an unrelated
17 taxpayer.

18 b. The authority, in cooperation with the Division of Taxation
19 in the Department of the Treasury, shall review and approve
20 applications by new or expanding emerging technology and
21 biotechnology companies in this State with unused but otherwise
22 allowable carryover of research and development tax credits
23 pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24), and
24 unused but otherwise allowable prior net operating loss conversion
25 carryover or net operating loss carryover pursuant to section 4 of
26 P.L.1945, c.162 (C.54:10A-4), to surrender those tax benefits in
27 exchange for private financial assistance to be made by the
28 corporation business taxpayer that is the recipient of the corporation
29 business tax benefit certificate in an amount equal to at least 80
30 percent of the amount of the surrendered tax benefit. Provided that
31 the amount of the surrendered tax benefit for a surrendered research
32 and development tax credit carryover is the amount of the credit,
33 and provided that the amount of the surrendered tax benefit for a
34 surrendered prior net operating loss conversion carryover or net
35 operating loss carryover is that amount for the tax year in which the
36 benefit is transferred and subsequently multiplied by the
37 corporation business tax rate provided pursuant to subsection (c) of
38 section 5 of P.L.1945, c.162 (C.54:10A-5). The authority shall be
39 authorized to approve the transfer of no more than \$75,000,000 of
40 tax benefits in a State fiscal year. If the total amount of transferable
41 tax benefits requested to be surrendered by approved applicants
42 exceeds \$75,000,000 for a State fiscal year, the authority, in
43 cooperation with the Division of Taxation in the Department of the
44 Treasury, shall not be authorized to approve the transfer of more
45 than \$75,000,000 for that State fiscal year and shall allocate the
46 transfer of tax benefits by approved companies using the following
47 method:

1 (1) an eligible applicant with \$250,000 or less of transferable
2 tax benefits shall be authorized to surrender the entire amount of its
3 transferable tax benefits;

4 (2) an eligible applicant with more than \$250,000 of transferable
5 tax benefits shall be authorized to surrender a minimum of
6 \$250,000 of its transferable tax benefits;

7 (3) (Deleted by amendment, P.L.2009, c.90.)

8 (4) an eligible applicant with more than \$250,000 shall also be
9 authorized to surrender additional transferable tax benefits
10 determined by multiplying the applicant's transferable tax benefits
11 less the minimum transferable tax benefits that company is
12 authorized to surrender under paragraph (2) of this subsection by a
13 fraction, the numerator of which is the total amount of transferable
14 tax benefits that the authority is authorized to approve less the total
15 amount of transferable tax benefits approved under paragraphs (1),
16 (2), and (5) of this subsection and the denominator of which is the
17 total amount of transferable tax benefits requested to be surrendered
18 by all eligible applicants less the total amount of transferable tax
19 benefits approved under paragraphs (1), (2), and (5) of this
20 subsection;

21 (5) The authority shall establish the boundaries for three
22 innovation zones to be geographically distributed in the northern,
23 central, and southern portions of this State. Of the \$75,000,000 of
24 transferable tax benefits authorized for each State fiscal year,
25 \$15,000,000 shall be allocated for the surrender of transferable tax
26 benefits exclusively by new and expanding emerging technology
27 and biotechnology companies that operate within the boundaries of
28 the innovation zones or opportunity zones, or for new and
29 expanding emerging technology and biotechnology companies that
30 are certified as a woman- or minority-owned business at the time of
31 program application, except that any portion of the \$15,000,000 that
32 is not so approved shall be available for that State fiscal year for the
33 surrender of transferable tax benefits by new and expanding
34 emerging technology and biotechnology companies that do not
35 operate within the boundaries of an innovation zone or opportunity
36 zone, or for a new and expanding emerging technology and
37 biotechnology company that is certified as a woman- or minority-
38 owned business at the time of program application.

39 If the total amount of transferable tax benefits that would be
40 authorized using the above method exceeds \$75,000,000 for a State
41 fiscal year, then the authority, in cooperation with the Division of
42 Taxation in the Department of the Treasury, shall limit the total
43 amount of tax benefits authorized to be transferred to \$75,000,000
44 by applying the above method on an apportioned basis.

45 For purposes of this section transferable tax benefits include an
46 eligible applicant's unused but otherwise allowable prior net
47 operating loss conversion carryover or net operating loss carryover
48 determined pursuant to section 4 of P.L.1945, c.162 (C.54:10A-4)

1 for the tax year in which the benefit is transferred and subsequently
2 multiplied by the corporation business tax rate as provided in
3 subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5) plus the
4 total amount of the applicant's unused but otherwise allowable
5 carryover of research and development tax credits. An eligible
6 applicant's transferable tax benefits shall be limited to net operating
7 losses and research and development tax credits that the applicant
8 requests to surrender in its application to the authority and shall not,
9 in total, exceed the maximum amount of tax benefits that the
10 applicant is eligible to surrender.

11 No application for a corporation business tax benefit transfer
12 certificate shall be approved in which the new or expanding
13 emerging technology or biotechnology company (1) has
14 demonstrated positive net operating income in any of the two
15 previous full years of ongoing operations as determined on its
16 financial statements issued according to generally accepted
17 accounting standards endorsed by the Financial Accounting
18 Standards Board; or (2) is directly or indirectly at least 50 percent
19 owned or controlled by another corporation that has demonstrated
20 positive net operating income in any of the two previous full years
21 of ongoing operations as determined on its financial statements
22 issued according to generally accepted accounting standards
23 endorsed by the Financial Accounting Standards Board or is part of
24 a consolidated group of affiliated corporations, as filed for federal
25 income tax purposes, that in the aggregate has demonstrated
26 positive net operating income in any of the two previous full years
27 of ongoing operations as determined on its combined financial
28 statements issued according to generally accepted accounting
29 standards endorsed by the Financial Accounting Standards Board.

30 For purposes of this subsection, a member of a combined group
31 may sell prior net operating loss conversion carryover to other
32 members of the combined group, if otherwise applicable and
33 allowable under section 2 of P.L.1997, c.334 (C.54:10A-4.2) and
34 this section; provided, however, such sale of prior net operating loss
35 conversion carryover shall be made at arm's length price at the same
36 rate as though the sale was to an unrelated taxpayer.

37 The maximum lifetime value of surrendered tax benefits that a
38 corporation shall be permitted to surrender pursuant to the program
39 is \$20,000,000. Applications must be received on or before June 30
40 of each State fiscal year.

41 The authority, in consultation with the Division of Taxation,
42 shall establish rules for the recapture of all, or a portion of, the
43 amount of a grant of a corporation business tax benefit certificate
44 from the new or expanding emerging technology and biotechnology
45 company having surrendered tax benefits pursuant to this section in
46 the event the taxpayer fails to use the private financial assistance
47 received for the surrender of tax benefits as required by this section
48 or fails to maintain a headquarters or a base of operation in this

1 State during the five years following receipt of the private financial
2 assistance; except if the failure to maintain a headquarters or a base
3 of operation in this State is due to the liquidation of the new or
4 expanding emerging technology and biotechnology company.

5 c. The authority, in cooperation with the Division of Taxation
6 in the Department of the Treasury, shall review and approve
7 applications by taxpayers under the Corporation Business Tax Act
8 (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), to acquire
9 surrendered tax benefits approved pursuant to subsection b. of this
10 section which shall be issued in the form of corporation business
11 tax benefit transfer certificates, in exchange for private financial
12 assistance to be made by the taxpayer in an amount equal to at least
13 80 percent of the amount of the surrendered tax benefit of an
14 emerging technology or biotechnology company in the State. A
15 corporation business tax benefit transfer certificate shall not be
16 issued unless the applicant certifies that as of the date of the
17 exchange of the corporation business tax benefit certificate it is
18 operating as a new or expanding emerging technology or
19 biotechnology company and has no current intention to cease
20 operating as a new or expanding emerging technology or
21 biotechnology company.

22 The managerial member of a combined group shall be the
23 member that acquires a corporation business tax benefit certificate
24 on behalf of the combined group for use on the combined return.

25 The private financial assistance shall assist in funding expenses
26 incurred in connection with the operation of the new or expanding
27 emerging technology or biotechnology company in the State,
28 including but not limited to the expenses of fixed assets, such as the
29 construction and acquisition and development of real estate,
30 materials, start-up, tenant fit-out, working capital, salaries, research
31 and development expenditures and any other expenses determined
32 by the authority to be necessary to carry out the purposes of the
33 New Jersey Emerging Technology and Biotechnology Financial
34 Assistance Program.

35 The authority shall require a corporation business taxpayer that
36 acquires a corporation business tax benefit certificate to enter into a
37 written agreement with the new or expanding emerging technology
38 or biotechnology company concerning the terms and conditions of
39 the private financial assistance made in exchange for the certificate.
40 The written agreement may contain terms concerning the
41 maintenance by the new or expanding emerging technology or
42 biotechnology company of a headquarters or a base of operation in
43 this State.

44 d. (Deleted by amendment, P.L.2009, c.90.)

45 e. Notwithstanding any provision of law to the contrary, if, in
46 any fiscal year, the value of transferable tax benefits transferred
47 pursuant to subsection b. of this section is less than the maximum
48 value of tax benefits that may be transferred pursuant to subsection

1 b. of this section, the authority, in consultation with the Director of
2 the Division of Taxation in the Department of the Treasury, shall
3 certify the amount of the excess value of transferable tax benefits.
4 The amount of the excess value of transferable tax benefits shall be
5 added to the cumulative total amount of tax credits authorized
6 pursuant to subsection e. of section 3 of P.L.1997, c.349 (C.54:10A-
7 5.30) and subsection d. of section 4 of P.L.2013, c.14 (C.54A:4-13)
8 for the immediately succeeding calendar year.²

9 (cf: P.L.2021, c.160, s.52)

10

11 ^{25.} Section 8 of P.L.1995, c.137 (C.34:1B-7.44) is amended to
12 read as follows:

13 8. a. The authority shall adopt, pursuant to the "Administrative
14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and
15 regulations necessary to effectuate the purposes of this act. In
16 developing procedures and forms to be used in connection with the
17 application for and approval of financial assistance pursuant to this
18 act, the authority shall consider the special needs and problems of
19 emerging technology and biotechnology companies in the State.

20 b. Notwithstanding the provisions of the "Administrative
21 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the
22 contrary, the Chief Executive Officer of the New Jersey Economic
23 Development Authority may adopt, immediately upon filing with
24 the Office of Administrative Law, rules and regulations that the
25 chief executive officer deems necessary to implement the provisions
26 of P.L. , c. (C.) (pending before the Legislature as this
27 bill), which regulations shall be effective for a period not to exceed
28 365 days from the date of the filing. The chief executive officer
29 shall thereafter amend, adopt, or readopt the regulations in
30 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
31 et seq.).²

32 (cf: P.L.1995, c.137, s.8)

33

34 ^{26.} Sections 92 through 97 of P.L.2020, c.156 (C.34:1B-356
35 through C.34:1B-361) are repealed.²

36

37 ^{2[4.] 7.}² This act shall take effect immediately and shall apply
38 to ²any applications for the Angel Investor Tax Credit, submitted
39 pursuant to section 3 of P.L.1997, c.349 (C.54:10A-5.30) and
40 section 4 of P.L.2013, c.14 (C.54A:4-13), that are approved for²
41 taxable years and privilege periods beginning on or after January 1
42 of the year next following the date of enactment.