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NEWS RELEASE

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RELEASE: January 15, 1998

GOV. CHRISTIE WHITMAN SIGNS PACKAGE OF BILLS PROVIDING TAX INCENTIVES TO HIGH TECH FIRMS EXPANDING IN NEW JERSEY

Gov. Christie Whitman today continued her efforts to spur economic growth and job creation in New Jersey when she signed a package of bills providing tax incentives that will encourage the development and expansion of high-technology businesses in the state.

"These bills will help nurture the growth of our many start-up and smaller high-tech companies," Gov. Whitman said. "The technology field is undergoing explosive growth. And so often the ideas that will set the industry standard tomorrow are just starting up in somebody's garage today."

"High tech jobs pay high salaries," she said. "In fact, among high-tech companies nationwide, New Jersey's high-tech jobs earn the second highest salaries -- nearly \$56,000 a year. That's 65 percent higher than the average private sector wage in our state."

"New Jersey has a great deal to offer high-tech companies," Whitman said. "Our work force is among the nation's best -- well-educated and highly skilled. Our location is unbeatable -- with convenient access to transportation and capital markets. And we already have the prestige of being home to many of the world's leading high-tech companies."

"But if we're going to keep our leading edge, we have to stay a few steps ahead of the rest of the pack," she added. "And that's what this package of bills does."

The bills the Governor signed are:

S-445, sponsored by Senator Robert Singer (R- Burlington/Monmouth/Ocean) and former Senator Jim McGreevey (D- Middlesex) and Assembly Members Nick Felice (R-Bergen/Passaic) and Neil Cohen (D- Union), provides corporation business tax credit (CBT) for certain investments in small New Jersey-based high technology businesses. The maximum tax credit allowable under the bill is \$500,000 for investments in small New Jersey-based high technology firms with gross receipts from start-up manufacturing under \$1 million. The

bill will apply beginning January 1, 1999 for a three-year period to allow the state time to assess the impact of the tax credit.

S-447, sponsored by Senator Singer and former Senator McGreevey and Assembly Members Felice and Anthony Impreveduto (D- Bergen/Hudson), extends the net operating loss deduction carryforward under the CBT for certain high-technology companies from seven to 15 years. The net operating loss deduction carryforward under the corporate business tax will apply prospectively for operating losses that occur during the next three business tax years beginning after July 1, 1998. A report will be issued by the Department of Treasury after the three-year period before it is made a permanent part of the tax code.

S-449, sponsored by Senator Singer and former Senator McGreevey and Assembly Members Impreveduto and Cohen, will provide a 15-year carryforward of research and development tax credit under the corporation business tax for certain high-technology companies. The longer carryforward time under the CBT will apply prospectively for operating losses that occur during the next three business tax years, beginning after July 1, 1998. A report will be issued by the Department of Treasury after the three-year period before it is made a permanent part of the tax code.

The Governor on Monday signed a companion measure, **S-446**, regarding the transfer of corporate business tax certificates for high technology firms. The bill, sponsored by Senator Singer and former Senator McGreevey and Assembly Members Felice and Impreveduto requires the New Jersey Economic Development Authority to administer a corporate business tax benefit certificate program. This program will allow new or expanding technology and biotechnology companies to apply to the EDA to transfer certain tax benefits to other corporate business taxpayers. The transferable tax benefits are unused carryover of research and development tax credits and unused net operating loss carry over.

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