
Committee Meeting

of

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

Assembly Bills 5343 and 4730

LOCATION: Committee Room 15
State House Annex
Trenton, New Jersey

DATE: June 13, 2019
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Robert J. Karabinchak, Vice Chair
Assemblyman John Armato
Assemblyman Clinton Calabrese
Assemblyman Nicholas Chiaravalloti
Assemblyman Roy Freiman
Assemblyman James J. Kennedy
Assemblyman P. Christopher Tully
Assemblyman Robert Auth
Assemblyman John DiMaio



ALSO PRESENT:

Robert C. Rothberg
Office of Legislative Services
Committee Aide

Bianca Jerez
Assembly Majority
Committee Aide

Brandon J. Pugh
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey



GORDON M. JOHNSON
Chair

ROBERT J. KARABINCHAK
Vice-Chair

JOHN ARMATO
CLINTON CALABRESE
NICHOLAS CHIARAVALLI
ROY FREIMAN
JAMES J. KENNEDY
P. CHRISTOPHER TULLY
ROBERT AUTH
ANTHONY M. BUCCO
JOHN DIMAJO
PARKER SPACE

ROBERT C. ROTHBERG
Office of Legislative Services
Committee Aide
(609) 847-3875
(609) 633-1228 fax

New Jersey State Legislature
ASSEMBLY COMMERCE AND
ECONOMIC DEVELOPMENT COMMITTEE
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

FROM: ASSEMBLYMAN GORDON M. JOHNSON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - JUNE 13, 2019

The public may address comments and questions to Robert C. Rothberg, Committee Aide, or make bill status and scheduling inquiries to Julie Ferranto, Secretary, at (609)847-3875, fax (609)633-1228, or e-mail: OLSAideACE@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Commerce and Economic Development Committee will meet on Thursday, June 13, 2019 at 10:00 AM in Committee Room 15, 4th Floor, State House Annex, Trenton, New Jersey.

The committee will hear testimony from invited guests only. The public may submit written testimony for the committee's consideration.

The following bill(s) will be considered:

<u>Released/Aca</u> A-5343 Pintor Marin/Freiman	Extends the application deadlines for the Grow NJ Assistance Program and the State and local Economic Redevelopment and Growth Grant Programs.
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FOR DISCUSSION ONLY:

A-4730 Pintor Marin	Changes eligibility requirements and benefits under Grow New Jersey Assistance Program; extends program application deadline.
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Issued 6/7/19

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For changes in schedule due to snow or other emergencies, see website <http://www.njleg.state.nj.us> or call 800-792-8630 (toll-free in NJ) or 609-847-3905.

ASSEMBLY, No. 5343

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 16, 2019

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman RONALD S. DANCER

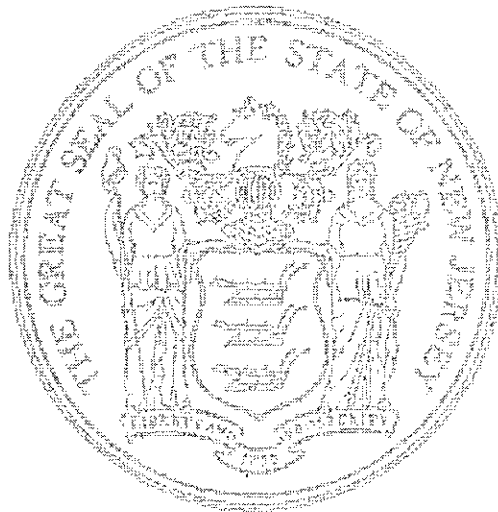
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Extends the application deadlines for the Grow NJ Assistance Program and the State and local Economic Redevelopment and Growth Grant programs.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/11/2019)

1 AN ACT extending the application deadlines for certain economic
2 development programs, and amending various parts of the
3 statutory law.
4

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

7
8 1. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to
9 read as follows:

10 6. a. (1) The combined value of all credits approved by the
11 authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
12 P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
13 shall not exceed \$1,750,000,000, except as may be increased by the
14 authority as set forth in paragraph (5) of subsection a. of section 35
15 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the
16 "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
17 (C.52:27D-489p et al.), there shall be no monetary cap on the value
18 of credits approved by the authority attributable to the program
19 pursuant to the "New Jersey Economic Opportunity Act of 2013,"
20 P.L.2013, c.161 (C.52:27D-489p et al.).

21 (2) (Deleted by amendment, P.L.2013, c.161)

22 (3) (Deleted by amendment, P.L.2013, c.161)

23 (4) (Deleted by amendment, P.L.2013, c.161)

24 (5) (Deleted by amendment, P.L.2013, c.161)

25 b. (1) A business shall submit an application for tax credits
26 prior to July 1, **[2019]** 2020. The authority shall not approve an
27 application for tax credits unless the application was submitted
28 prior to July 1, **[2019]** 2020.

29 (2) (a) A business shall submit its documentation indicating that
30 it has met the capital investment and employment requirements
31 specified in the incentive agreement for certification of its tax credit
32 amount within three years following the date of approval of its
33 application by the authority. The authority shall have the discretion
34 to grant two six-month extensions of this deadline. Except as
35 provided in subparagraph (b) of this paragraph, in no event shall the
36 incentive effective date occur later than four years following the
37 date of approval of an application by the authority.

38 (b) As of the effective date of P.L.2017, c.314, a business which
39 applied for the tax credit prior to July 1, 2014 under P.L.2011,
40 c.149 (C.34:1B-242 et al.), shall submit its documentation to the
41 authority no later than July 28, 2019, indicating that it has met the
42 capital investment and employment requirements specified in the
43 incentive agreement for certification of its tax credit amount.

44 (3) Full-time employment for an accounting or privilege period
45 shall be determined as the average of the monthly full-time

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 employment for the period.

2 (4) A business seeking a credit for a mega project shall apply for
3 the credit within four years after the effective date of the "New
4 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
5 (C.52:27D-489p et al.).

6 c. (1) In conducting its annual review, the authority may
7 require a business to submit any information determined by the
8 authority to be necessary and relevant to its review.

9 The credit amount for any tax period for which the
10 documentation of a business's credit amount remains uncertified as
11 of a date three years after the closing date of that period shall be
12 forfeited, although credit amounts for the remainder of the years of
13 the eligibility period shall remain available to it.

14 The credit amount may be taken by the tax certificate holder for
15 the tax period for which it was issued or may be carried forward for
16 use by the tax certificate holder in any of the next 20 successive tax
17 periods, and shall expire thereafter. The tax certificate holder may
18 transfer the tax credit amount on or after the date of issuance or at
19 any time within three years of the date of issuance for use by the
20 transferee in the tax period for which it was issued or in any of the
21 next 20 successive tax periods. Notwithstanding the foregoing, no
22 more than the amount of tax credits equal to the total credit amount
23 divided by the duration of the eligibility period in years may be
24 taken in any tax period.

25 (2) Credits granted to a partnership shall be passed through to
26 the partners, members, or owners, respectively, pro-rata or pursuant
27 to an executed agreement among the partners, members, or owners
28 documenting an alternate distribution method provided to the
29 Director of the Division of Taxation in the Department of the
30 Treasury accompanied by any additional information as the director
31 may require.

32 (3) The amount of credit allowed may be applied against the tax
33 liability otherwise due pursuant to section 5 of P.L.1945, c.162
34 (C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
35 (C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
36 c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

37 d. (1) If, in any tax period, the business reduces the total
38 number of full-time employees in its Statewide workforce by more
39 than 20 percent from the number of full-time employees in its
40 Statewide workforce in the last tax period prior to the credit amount
41 approval under section 3 of P.L.2011, c.149 (C.34:1B-244), then the
42 business shall forfeit its credit amount for that tax period and each
43 subsequent tax period, until the first tax period for which
44 documentation demonstrating the restoration of the business's
45 Statewide workforce to the threshold levels required by the
46 incentive agreement has been reviewed and approved by the
47 authority, for which tax period and each subsequent tax period the
48 full amount of the credit shall be allowed.

1 (2) If, in any tax period, the number of full-time employees
2 employed by the business at the qualified business facility located
3 within a qualified incentive area drops below 80 percent of the
4 number of new and retained full-time jobs specified in the incentive
5 agreement, then the business shall forfeit its credit amount for that
6 tax period and each subsequent tax period, until the first tax period
7 for which documentation demonstrating the restoration of the
8 number of full-time employees employed by the business at the
9 qualified business facility to 80 percent of the number of jobs
10 specified in the incentive agreement.

11 (3) (a) If the qualified business facility is sold by the owner in
12 whole or in part during the eligibility period, the new owner shall
13 not acquire the capital investment of the seller and the seller shall
14 forfeit all credits for the tax period in which the sale occurs and all
15 subsequent tax periods, provided however that any credits of the
16 business shall remain unaffected.

17 (b) In connection with a regional distribution facility of
18 foodstuffs, the business entity or entities which own or lease the
19 facility shall qualify as a business regardless of: (i) the type of the
20 business entity or entities which own or lease the facility; (ii) the
21 ownership or leasing of the facility by more than one business
22 entity; or (iii) the ownership of the business entity or entities which
23 own or lease the facility. The ownership or leasing, whether by
24 members, shareholders, partners, or other owners of the business
25 entity or entities, shall be treated as ownership or leasing by
26 affiliates. The members, shareholders, partners, or other ownership
27 or leasing participants and others that are tenants in the facility shall
28 be treated as affiliates for the purpose of counting the full-time
29 employees and capital investments in the facility. The business
30 entity or entities may distribute credits to members, shareholders,
31 partners, or other ownership or leasing participants in accordance
32 with their respective interests. If the business entity or entities or
33 their members, shareholders, partners, or other ownership or leasing
34 participants lease space in the facility to members, shareholders,
35 partners, or other ownership or leasing participants or others as
36 tenants in the facility, the leases shall be treated as a lease to an
37 affiliate, and the business entity or entities shall not be subject to
38 forfeiture of the credits. For the purposes of this section, leasing
39 shall include subleasing and tenants shall include subtenants.

40 (4) (a) For a project located within a Garden State Growth Zone,
41 if, in any tax period, the number of full-time employees employed
42 by the business at the qualified business facility located within a
43 qualified incentive area increases above the number of full-time
44 employees specified in the incentive agreement, then the business
45 shall be entitled to an increased base credit amount for that tax
46 period and each subsequent tax period, for each additional full-time
47 employee added above the number of full-time employees specified
48 in the incentive agreement, until the first tax period for which

1 documentation demonstrating a reduction of the number of full-time
2 employees employed by the business at the qualified business
3 facility; at which time the tax credit amount will be adjusted
4 accordingly pursuant to this section.

5 (b) For a project located within a Garden State Growth Zone
6 which qualifies under the "Municipal Rehabilitation and Economic
7 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
8 contains a Tourism District as established pursuant to section 5 of
9 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
10 Reinvestment Development Authority, and which qualifies for a tax
11 credit pursuant to subsubparagraph (ii) of subparagraphs (a) through
12 (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
13 (C.34:1B-246), if, in any tax period the number of full-time
14 employees employed by the business at the qualified business
15 facility located within a qualified incentive area increases above the
16 number of full-time employees specified in the incentive agreement
17 such that the business shall then meet the minimum number of
18 employees required in subparagraph (b), (c), (d), or (e) of paragraph
19 (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
20 then the authority shall recalculate the total tax credit amount per
21 full-time job by using the certified capital investment of the project
22 allowable under the applicable subsubparagraph and the number of
23 full-time jobs certified on the date of the recalculation and applying
24 those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
25 of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
26 until the first tax period for which documentation demonstrating a
27 reduction of the number of full-time employees employed by the
28 business at the qualified business facility, at which time the tax
29 credit amount shall be adjusted accordingly pursuant to this section.

30 e. The authority shall not enter into an incentive agreement
31 with a business that has previously received incentives pursuant to
32 the "Business Retention and Relocation Assistance Act," P.L.1996,
33 c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
34 Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
35 program administered by the authority unless:

36 (1) the business has satisfied all of its obligations underlying the
37 previous award of incentives or is compliant with section 4 of
38 P.L.2011, c.149 (C.34:1B-245); or

39 (2) the capital investment incurred and new or retained full-time
40 jobs pledged by the business in the new incentive agreement are
41 separate and apart from any capital investment or jobs underlying
42 the previous award of incentives.

43 f. A business which has already applied for a tax credit
44 incentive award prior to the effective date of the "New Jersey
45 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-
46 489p et al.), but who has not yet been approved for the tax credits,
47 or has not executed an agreement with the authority, may proceed
48 under that application or seek to amend the application or reapply

1 for a tax credit incentive award for the same project or any part
2 thereof for the purpose of availing itself of any more favorable
3 provisions of the program.

4 (cf: P.L.2018, c.120, s.3)

5

6 2. Section 4 of P.L.2009, c.90 (C.52:27D-489d) is amended to
7 read as follows:

8 4. a. The governing body of a municipality wherein is located
9 a qualifying economic redevelopment and growth grant incentive
10 area may adopt an ordinance to establish a local Economic
11 Redevelopment and Growth Grant program for the purpose of
12 encouraging redevelopment projects in that area through the
13 provision of incentive grants to reimburse developers for all or a
14 portion of the project financing gap for such projects. No local
15 Economic Redevelopment and Growth Grant program shall take
16 effect until the Local Finance Board approves the ordinance.

17 b. A developer shall submit an application for a local incentive
18 grant prior to July 1, ~~2019~~ 2020. A developer that submits an
19 application for a local incentive grant shall indicate on the
20 application whether it is also applying for a State incentive grant.
21 An application by a developer applying for a local incentive grant
22 only shall not require approval by the authority. A municipal
23 redeveloper may only apply for local incentive grants for the
24 construction of: (1) infrastructure improvements in the public right-
25 of-way, or (2) publicly owned facilities.

26 c. No local incentive grant shall be finally approved by a
27 municipality until approved by the Local Finance Board. The Local
28 Finance Board shall not approve a local incentive grant unless the
29 application was submitted prior to July 1, ~~2019~~ 2020.

30 d. In deciding whether or not to approve a local incentive grant
31 agreement the Local Finance Board shall consider the following
32 factors:

- 33 (1) the economic feasibility of the redevelopment project;
- 34 (2) the extent of economic and related social distress in the
35 municipality and the area to be affected by the redevelopment
36 project;
- 37 (3) the degree to which the redevelopment project will advance
38 State, regional, and local development and planning strategies;
- 39 (4) the likelihood that the redevelopment project shall, upon
40 completion, be capable of generating new tax revenue in an amount
41 in excess of the amount necessary to reimburse the developer for
42 project costs incurred as provided in the redevelopment incentive
43 grant agreement;
- 44 (5) the relationship of the redevelopment project to a
45 comprehensive local development strategy, including other major
46 projects undertaken within the municipality;
- 47 (6) the need for the redevelopment incentive grant agreement to
48 the viability of the redevelopment project;

1 (7) compliance with the provisions of P.L.2009, c.90
2 (C.52:27D-489a et al.); and

3 (8) the degree to which the redevelopment project enhances and
4 promotes job creation and economic development.

5 e. A developer shall not be required to purchase pinelands
6 development credits under the "Pinelands Protection Act,"
7 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
8 management plan, or any other rule or regulation adopted pursuant
9 to that act in connection with any approval or relief obtained related
10 to a redevelopment project located in an aviation district on or after
11 the effective date of P.L.2018, c.120, except if seeking to develop in
12 permanently protected open space pursuant to the Pinelands
13 Protection Act. The provisions of this subsection shall not apply to
14 a developer of a qualified residential project.
15 (cf: 2018, c.120, s.5)

16

17 3. Section 5 of P.L.2009, c.90 (C.52:27D-489e) is amended to
18 read as follows:

19 5. a. The New Jersey Economic Development Authority, in
20 consultation with the State Treasurer, shall establish an Economic
21 Redevelopment and Growth Grant program for the purpose of
22 encouraging redevelopment projects in qualifying economic
23 redevelopment and growth grant incentive areas that do not qualify
24 as such areas solely by virtue of being a transit village, through the
25 provision of incentive grants to reimburse developers for certain
26 project financing gap costs.

27 b. (1) A developer shall submit an application for a State
28 incentive grant prior to July 1, ~~2019~~ 2020. A developer that
29 submits an application for a State incentive grant shall indicate on
30 the application whether it is also applying for a local incentive
31 grant.

32 (2) When an applicant indicates it is also applying for a local
33 incentive grant, the authority shall forward a copy of the application
34 to the municipality wherein the redevelopment project is to be
35 located for approval by municipal ordinance.

36 c. An application for a State incentive grant shall be reviewed
37 and approved by the authority. The authority shall not approve an
38 application for a State incentive grant unless the application was
39 submitted prior to July 1, ~~2019~~ 2020.

40 d. A developer shall not be required to purchase pinelands
41 development credits under the "Pinelands Protection Act,"
42 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
43 management plan, or any other rule or regulation adopted pursuant
44 to that act in connection with any approval or relief obtained related
45 to a redevelopment project located in an aviation district on or after
46 the effective date of P.L.2018, c.120, except if seeking to develop in
47 permanently protected open space pursuant to the Pinelands

1 Protection Act. The provisions of this subsection shall not apply to
2 a developer of a qualified residential project.
3 (cf: 2018, c.120, s.6)

4
5 4. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 The bill extends, from July 1, 2019 to July 1, 2020, the
11 application deadlines for the Grow New Jersey Assistance Program
12 and the State and local Economic Redevelopment and Growth Grant
13 programs.

ASSEMBLY, No. 4730

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED NOVEMBER 26, 2018

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

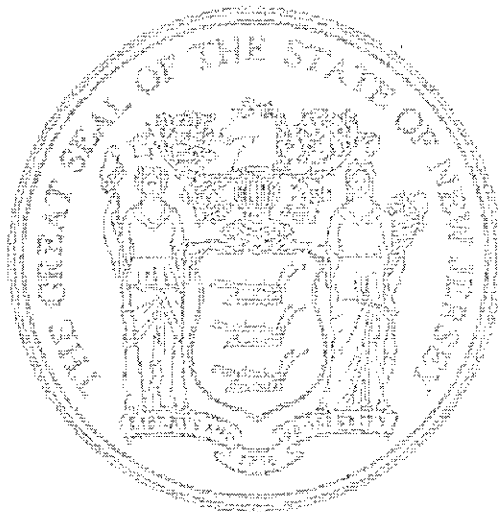
District 29 (Essex)

SYNOPSIS

Changes eligibility requirements and benefits under Grow New Jersey Assistance Program; extends program application deadline.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the Grow New Jersey Assistance Program and
2 amending P.L.2011, c.149.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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

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

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

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

28 "Aviation district" means all areas within the boundaries of the
29 "Atlantic City International Airport," established pursuant to section
30 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
31 Administration William J. Hughes Technical Center and the area
32 within a one-mile radius of the outermost boundary of the "Atlantic
33 City International Airport" and the Federal Aviation Administration
34 William J. Hughes Technical Center.

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

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

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

42 a partnership;

43 an S corporation;

44 a limited liability company; or

45 a non-profit corporation.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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

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

11 "Capital investment" in a qualified business facility means
12 expenses by a business or any affiliate of the business incurred after
13 application for:

14 a. site preparation and construction, repair, renovation,
15 improvement, equipping, or furnishing on real property or of a
16 building, structure, facility, or improvement to real property;

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

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

26 d. any of the foregoing.

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

36 In addition to the foregoing, if a business acquires or leases a
37 qualified business facility, the capital investment made or acquired
38 by the seller or owner, as the case may be, if pertaining primarily to
39 the premises of the qualified business facility, shall be considered a
40 capital investment by the business and, if pertaining generally to the
41 qualified business facility being acquired or leased, shall be
42 allocated to the premises of the qualified business facility on the
43 basis of the gross leasable area of the premises in relation to the
44 total gross leasable area in the qualified business facility. The
45 capital investment described herein may include any capital
46 investment made or acquired within 24 months prior to the date of
47 application so long as the amount of capital investment made or
48 acquired by the business, any affiliate of the business, or any owner

1 after the date of application equals at least 50 percent of the amount
2 of capital investment, allocated to the premises of the qualified
3 business facility being acquired or leased on the basis of the gross
4 leasable area of the premises in relation to the total gross leasable
5 area in the qualified business facility made or acquired prior to the
6 date of application.

7 "College or university" means a county college, an independent
8 institution of higher education, a public research university, or a
9 State college.

10 "Commitment period" means the period of time that is 1.5 times
11 the eligibility period for each applicable phase agreement.

12 "County college" means an educational institution established by
13 one or more counties, pursuant to chapter 64A of Title 18A of the
14 New Jersey Statutes.

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

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

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

41 "Doctoral university" means a university located within New
42 Jersey that is classified as a doctoral university under the Carnegie
43 Classification of Institutions of Higher Education's Basic
44 Classification methodology on the effective date of P.L.2017, c.221.

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

1 capital investment and employment requirements of the Grow New
2 Jersey Assistance Program of the respective project phase and
3 extending thereafter for a term of not more than 10 years, with the
4 term to be determined solely at the discretion of the applicant
5 provided that the term of eligibility period may consist of
6 nonconsecutive tax years if the applicant elects at any time after the
7 end of the first tax period of the eligibility period to defer the
8 continuation of the eligibility period to a tax period to a subsequent
9 tax period.

10 "Eligible position" or "full-time job" means a full-time position
11 in a business in this State which the business has filled with a [full-
12 time employee] a person employed by the business for
13 consideration for at least 35 hours per week who is primarily
14 located at the qualified business facility and spends at least 28 hours
15 per week at the qualified business facility.

16 "Full-time employee" means a person:

17 a. who is employed by a business for consideration for at least
18 35 hours a week, or who renders any other standard of service
19 generally accepted by custom or practice as full-time employment;
20 or

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

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

39 d. who, except for purposes of the Statewide workforce, is
40 provided, by the business, with employee health benefits under a
41 health benefits plan authorized pursuant to State or federal law.

42 With respect to a logistics, manufacturing, energy, defense,
43 aviation, or maritime business, excluding primarily warehouse or
44 distribution operations, located in a port district having a container
45 terminal:

46 the requirement that employee health benefits are to be provided
47 shall be deemed to be satisfied if the benefits are provided in

1 accordance with industry practice by a third party obligated to
2 provide such benefits pursuant to a collective bargaining agreement;
3 full-time employment shall include, but not be limited to,
4 employees that have been hired by way of a labor union hiring hall
5 or its equivalent;

6 35 hours of employment per week at a qualified business facility
7 shall constitute one "full-time employee," regardless of whether or
8 not the hours of work were performed by one or more persons.

9 For any project located in a Garden State Growth Zone which
10 qualifies under the "Municipal Rehabilitation and Economic
11 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
12 project located in the Atlantic City Tourism District as established
13 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
14 by the Casino Reinvestment Development Authority, and which
15 will include a retail facility of at least 150,000 square feet, of which
16 at least 50 percent will be occupied by either a full-service
17 supermarket or grocery store, 30 hours of employment per week at a
18 qualified business facility shall constitute one "full-time employee,"
19 regardless of whether the hours of work were performed by one or
20 more persons, and the requirement that employee health benefits are
21 to be provided shall be deemed to be satisfied if the employees of
22 the business are covered by a collective bargaining agreement.

23 "Full-time employee" shall not include any person who works as
24 an independent contractor or on a consulting basis for the business,
25 except that any person working as an independent contractor for the
26 business shall be deemed a full-time employee if the business
27 demonstrates to the authority that:

28 (1) the person working as an independent contractor for the
29 business works for at least 35 hours a week, or renders any other
30 standard service generally accepted by custom or practice as full-
31 time employment, and the person is provided with employee health
32 benefits under a health benefits plan authorized pursuant to State or
33 federal law; and

34 (2) the business provides documentation to the authority to
35 permit the authority to verify the compensation paid to, and the time
36 worked by, the person working as an independent contractor.

37 The business shall provide to the authority an annual report that
38 identifies the number of persons working as independent contractors
39 for the business and their contractual or partnering relationship with
40 the business as provided pursuant to subsection i. of section 3 of
41 P.L.2011, c.149 (C.34:1B-244).

42 Full-time employee shall also not include any person who at the
43 time of project application works in New Jersey for consideration
44 for at least 35 hours per week, or who renders any other standard of
45 service generally accepted by custom or practice as full-time
46 employment but who prior to project application was not provided,
47 by the business, with employee health benefits under a health
48 benefits plan authorized pursuant to State or federal law.

1 "Garden State Create Zone" means the campus of a doctoral
2 university, and the area within a three-mile radius of the outermost
3 boundary of the campus of a doctoral university, according to a map
4 appearing in the doctoral university's official catalog or other
5 official publication on the effective date of P.L.2017, c.221.

6 "Garden State Growth Zone" or "growth zone" means the four
7 New Jersey cities with the lowest median family income based on
8 the 2009 American Community Survey from the US Census, (Table
9 708. Household, Family, and Per Capita Income and Individuals,
10 and Families Below Poverty Level by City: 2009); a municipality
11 which contains a Tourism District as established pursuant to section
12 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
13 Reinvestment Development Authority; or an aviation district.

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

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

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

28 "Incentive phase agreement" means a sub-agreement of the
29 incentive agreement that governs the timing, capital investment,
30 employment levels, and other applicable details of the respective
31 phase.

32 "Incentive phase agreement effective date" means the date the
33 authority issues a tax credit for a portion of the total tax credits
34 awarded proportionate to the number of new full-time jobs created
35 during the respective phase, based on documentation submitted by a
36 business pursuant to section 6 of P.L.2011, c.149 (C.34:1B-247).

37 "Independent institution of higher education" means a college or
38 university incorporated and located in New Jersey, which by virtue
39 of law or character or license is a nonprofit educational institution
40 authorized to grant academic degrees and which provides a level of
41 education which is equivalent to the education provided by the
42 State's public institutions of higher education, as attested by the
43 receipt of and continuation of regional accreditation by the Middle
44 States Association of Colleges and Schools, and which is eligible to
45 receive State aid under the provisions of the Constitution of the
46 United States and the Constitution of the State of New Jersey, but
47 does not include any educational institution dedicated primarily to

1 the education or training of ministers, priests, rabbis or other
2 professional persons in the field of religion.

3 "Major rail station" means a railroad station located within a
4 qualified incentive area which provides access to the public to a
5 minimum of six rail passenger service lines operated by the New
6 Jersey Transit Corporation.

7 "Mega project" means:

8 a. [a qualified business facility located in a port district
9 housing a business in the logistics, manufacturing, energy, defense,
10 or maritime industries, either:

11 (1) having a capital investment in excess of \$20,000,000, and at
12 which more than 250 full-time employees of the business are
13 created or retained; or

14 (2) at which more than 1,000 full-time employees of the
15 business are created or retained;] (Deleted by amendment. P.L. . . .
16 c.) (pending before the Legislature as this bill)

17 b. [a qualified business facility located in an aviation district
18 housing a business in the aviation industry, in a Garden State
19 Growth Zone, or in a priority area housing the United States
20 headquarters and related facilities of an automobile manufacturer,
21 either:

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

25 (2) at which more than 1,000 full-time employees of the
26 business are created or retained;] (Deleted by amendment. P.L. . . .
27 c.) (pending before the Legislature as this bill)

28 c. [a qualified business facility located in an urban transit hub
29 housing a business of any kind, having a capital investment in
30 excess of \$50,000,000, and at which more than 250 full-time
31 employees of the business are created or retained;] (Deleted by
32 amendment. P.L. . . . c.) (pending before the Legislature as this
33 bill)

34 d. [a project located in an area designated in need of
35 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
36 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
37 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
38 Ocean, or Salem counties having a capital investment in excess of
39 \$20,000,000, and at which more than 150 full-time employees of
40 the business are created or retained; or] (Deleted by amendment,
41 P.L. . . . c.) (pending before the Legislature as this bill)

42 e. [a qualified business facility primarily used by a business
43 principally engaged in research, development, or manufacture of a
44 drug or device, as defined in R.S.24:1-1, or primarily used by a
45 business licensed to conduct a clinical laboratory and business
46 facility pursuant to the "New Jersey Clinical Laboratory
47 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:

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

4 (2) at which more than 1,000 full-time employees of the
5 business are created or retained. ~~] (Deleted by amendment, P.L. ,
6 c.) (pending before the Legislature as this bill)~~

7 f. a transformative project of special economic importance as
8 measured by the level of new jobs, new capital investment, and
9 opportunities to leverage leadership in a high-priority targeted
10 industry, as determined by the authority pursuant to rules and
11 regulations promulgated to implement P.L. , c. (C.)
12 (pending before the Legislature as this bill).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 "Public research university" means a public research university
32 as defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).

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

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

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

48 "Qualified incentive area" means:

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11

- 1 a. an aviation district;
- 2 b. a port district;
- 3 c. a distressed municipality or urban transit hub municipality;
- 4 d. an area (1) designated pursuant to the "State Planning Act,"
- 5 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
 - 6 (a) Planning Area 1 (Metropolitan);
 - 7 (b) Planning Area 2 (Suburban); or
 - 8 (c) Planning Area 3 (Fringe Planning Area);
- 9 (2) located within a smart growth area and planning area
- 10 designated in a master plan adopted by the New Jersey
- 11 Meadowlands Commission pursuant to subsection (i) of section 6 of
- 12 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
- 13 adopted by the New Jersey Meadowlands Commission pursuant to
- 14 section 20 of P.L.1968, c.404 (C.13:17-21);
- 15 (3) located within any land owned by the New Jersey Sports and
- 16 Exposition Authority, established pursuant to P.L.1971, c.137
- 17 (C.5:10-1 et seq.), within the boundaries of the Hackensack
- 18 Meadowlands District as delineated in section 4 of P.L.1968, c.404
- 19 (C.13:17-4);
- 20 (4) located within a regional growth area, rural development
- 21 area zoned for industrial use as of the effective date of P.L.2016,
- 22 c.75, town, village, or a military and federal installation area
- 23 designated in the comprehensive management plan prepared and
- 24 adopted by the Pinelands Commission pursuant to the "Pinelands
- 25 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
- 26 (5) located within the planning area of the Highlands Region as
- 27 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
- 28 development credit receiving area or redevelopment area;
- 29 (6) located within a Garden State Growth Zone;
- 30 (7) located within land approved for closure under any federal
- 31 Commission on Base Realignment and Closure action; or
- 32 (8) located only within the following portions of the areas
- 33 designated pursuant to the "State Planning Act," P.L.1985, c.398
- 34 (C.52:18A-196 et seq.), as Planning Area 4A (Rural Planning
- 35 Area), Planning Area 4B (Rural/Environmentally Sensitive) or
- 36 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
- 37 (Rural Planning Area), Planning Area 4B (Rural/Environmentally
- 38 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
- 39 located within:
 - 40 (a) a designated center under the State Development and
 - 41 Redevelopment Plan;
 - 42 (b) a designated growth center in an endorsed plan until the
 - 43 State Planning Commission revises and readopts New Jersey's State
 - 44 Strategic Plan and adopts regulations to revise this definition as it
 - 45 pertains to Statewide planning areas;
 - 46 (c) any area determined to be in need of redevelopment pursuant
 - 47 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and

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

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

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

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

13 "Qualified incentive area" shall not include any property located
14 within the preservation area of the Highlands Region as defined in
15 section 3 of P.L.2004, c.120 (C.13:20-3).

16 "Qualified incubator facility" means a commercial building
17 located within a qualified incentive area: which contains 50,000 or
18 more square feet of office, laboratory, or industrial space; which is
19 located near, and presents opportunities for collaboration with, a
20 research institution, teaching hospital, college, or university; and
21 within which, at least 50 percent of the gross leasable area is
22 restricted for use by one or more technology startup companies
23 during the commitment period.

24 "Retained full-time job" means an eligible position that currently
25 exists in New Jersey and is filled by a full-time employee but
26 which, because of a potential relocation by the business, is at risk of
27 being lost to another state or country, or eliminated. For the
28 purposes of determining a number of retained full-time jobs, the
29 eligible positions of an affiliate shall be considered eligible
30 positions of the business. For the purposes of the certifications and
31 annual reports required in the incentive agreement pursuant to
32 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
33 extent an eligible position that was the basis of the award no longer
34 exists, a business shall include as a retained full-time job a new
35 eligible position that is filled by a full-time employee provided that
36 the position is included in the order of date of hire and is not the
37 basis for any other incentive award. For a project located in a
38 Garden State Growth Zone which qualified for the "Municipal
39 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
40 (C.52:27BBB-1 et al.), retained full-time job shall include any
41 employee previously employed in New Jersey and transferred to the
42 new location in the Garden State Growth Zone which qualified for
43 the "Municipal Rehabilitation and Economic Recovery Act,"
44 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

47 "SDA municipality" means a municipality in which an SDA
48 district is situate.

1 "Small Business" means a business engaged in the conduct of a
2 trade or business in this State that qualifies as a "small business
3 concern" within the meaning of the federal "Small Business Act,"
4 Pub.L.85-536 (15 U.S.C. s.631 et seq.) for the purpose of the small
5 business's eligibility for performing a contract offered by the
6 federal government or for assistance from the United States Small
7 Business Administration. "Small business" shall also include a
8 small business established and operating in this State that is
9 certified, pursuant to federal law, under the United States Small
10 Business Administration's 8(a) Business Development Program or
11 the HUBZone Program, or as a Small Disadvantaged Business, or
12 as a Section 3 business concern by the United States Department of
13 Housing and Urban Development.

14 "State college" means a State college or university established
15 pursuant to chapter 64 of Title 18A of the New Jersey Statutes.

16 "Targeted industry" means any industry identified from time to
17 time by the authority including initially, a transportation,
18 manufacturing, defense, energy, logistics, life sciences, technology,
19 health, and finance business, but excluding a primarily warehouse
20 or distribution business.

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

26 "Tourism destination project" means a qualified non-gaming
27 business facility that will be among the most visited privately
28 owned or operated tourism or recreation sites in the State, and
29 which is located within the qualified incentive area and has been
30 determined by the authority to be in an area appropriate for
31 development and in need of economic development incentive
32 assistance, including a non-gaming business within an established
33 Tourism District with a significant impact on the economic viability
34 of that District.

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

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

46 "Urban transit hub municipality" means a municipality: a. which
47 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
48 seq.), or which has continued to be a qualified municipality

1 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent
2 or more of the value of real property was exempt from local
3 property taxation during tax year 2006. The percentage of exempt
4 property shall be calculated by dividing the total exempt value by
5 the sum of the net valuation which is taxable and that which is tax
6 exempt.

7 (cf: P.L.2018, c.120, s.1)

8

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

11 3. a. The Grow New Jersey Assistance Program is hereby
12 established as a program under the jurisdiction of the New Jersey
13 Economic Development Authority and shall be administered by the
14 authority. The purpose of the program is to encourage economic
15 development and job creation and to preserve jobs that currently
16 exist in New Jersey but which are in danger of being relocated
17 outside of the State. To implement this purpose, the program may
18 provide tax credits to eligible businesses for an eligibility period not
19 to exceed 10 years.

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

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

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

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

32 or

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

36 (2) the qualified business facility shall be constructed in
37 accordance with the minimum environmental and sustainability
38 standards;

39 (3) the capital investment resultant from the award of tax credits
40 and the resultant retention and creation of full-time jobs will yield a
41 net positive benefit to the State equaling at least ~~110~~ 130 percent
42 of the requested tax credit allocation amount, or for a phased project
43 the requested tax credit allocation amount for the initial phase, and
44 on a cumulative basis each phase thereafter, which determination is
45 calculated prior to taking into account the value of the requested tax
46 credit and shall be based on the benefits generated during the ~~first~~
47 20 years following the completion of the project] period of time
48 from approval through the end of the commitment period, or

1 through the end of the longer period of extended commitment that
2 the business may elect for purposes of receiving credit for benefits
3 projected to occur after the expiration of the commitment period,
4 except that:

5 (a) for a project located in a priority area, the determination
6 shall be based on the benefits generated during the period of time
7 from approval through the end of the commitment period, as
8 determined by the authority, and shall equal at least 120 percent of
9 the requested tax credit award amount, and,

10 (b) for a project located in a distressed municipality, the
11 determination shall be based on the benefits generated during the
12 period of time from approval through the end of the commitment
13 period, as determined by the authority, and shall equal at least 110
14 percent of the requested tax credit award amount, and

15 (c) for a mega project or a project located in a Garden State
16 Growth Zone, the determination shall be based on the benefits
17 generated ~~during~~ a period of up to 30 years following the
18 completion of the project, as determined by the authority ~~during~~
19 the period of time from approval through the end of the
20 commitment period, and shall equal at least 110 percent of the
21 requested tax credit award amount, and

22 ~~[(b)]~~ (d) for a project located in a Garden State Growth Zone
23 which qualified for the "Municipal Rehabilitation and Economic
24 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), the net
25 positive benefit determination shall be based on the benefits
26 generated during a period of up to 35 years following completion of
27 the project, as determined by the authority, and shall equal at least
28 100 percent of the requested tax credit allocation amount and may
29 utilize the value of those property taxes subject to the provisions of
30 section 24 of P.L.2013 c.161 (C.52:27D-489s), or the value of those
31 property taxes that would have been assessed on the new
32 construction, improvements, or substantial rehabilitation of
33 structures on real property if the structures were not exempt because
34 they are on real property owned by a public entity, and incremental
35 sales and excise taxes that are derived from activities within the
36 area and which are rebated or retained by the municipality pursuant
37 to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303
38 (C.52:27H-60 et seq.) or any other law providing for such rebate or
39 retention; and

40 (e) the net economic benefits shall be discounted to reflect the
41 uncertainty of the business's location after the commitment period
42 expires, provided that a business may elect a period of extended
43 commitment for which time the economic benefits shall be
44 creditable to the determination of the net economic benefit of the
45 project, and a business electing a period of extended commitment
46 and failing to maintain the project through the expiration of that
47 extended commitment period shall be obligated to repay a
48 proportion of the incremental benefits received on account of

1 having extended the commitment period, taking into consideration
2 the number of years of extended commitment during which the
3 business maintained the project; and

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

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

12 b. For all projects approved after the effective date of
13 P.L.2013, c.161, the minimum capital investment required to be
14 eligible under this program shall be as follows:

15 (1) for the rehabilitation, improvement, fit-out, or retrofit of an
16 existing industrial, warehousing, logistics, or research and
17 development premises for continued similar use by the business in
18 at least 51 percent of the gross leasable area of the premises, a
19 minimum investment of \$20 per square foot of gross leasable area;

20 (2) for the new construction of an industrial, warehousing,
21 logistics, or research and development premises for similar use by
22 the business in at least 51 percent of the gross leasable area of the
23 premises, a minimum investment of \$60 per square foot of gross
24 leasable area;

25 (3) for the rehabilitation, improvement, fit-out, or retrofit of an
26 existing premises that does not qualify pursuant to paragraph (1) or
27 (2) of this subsection, a minimum investment of \$40 per square foot
28 of gross leasable area; and

29 (4) for the new construction of a premises that does not qualify
30 pursuant to paragraph (1) or (2) of this subsection, a minimum
31 investment of \$120 per square foot of gross leasable area.

32 The minimum capital investment required by this subsection
33 shall be reduced by one-third for projects located in a Garden State
34 Growth Zone or projects located within Atlantic, Burlington,
35 Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
36 counties, and by one-half for projects in which the business is a
37 small business.

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

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

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

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

1 The minimum number of new or retained full-time jobs required
2 by this subsection shall be reduced by one-quarter for projects
3 located in a Garden State Growth Zone or projects located within
4 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
5 Ocean, or Salem counties, and by one-half for projects in which the
6 business is a small business.

7 Each person working as independent contractor for the business
8 may be counted as eight tenths of a full-time employee for the
9 purposes of calculating the business's Statewide workforce.

10 d. To assist the authority in determining whether a proposed
11 capital investment will yield a net positive benefit, the business's
12 chief executive officer, or equivalent officer, shall submit a
13 certification to the authority indicating: (1) that any existing full-
14 time jobs are at risk of leaving the State or being eliminated; (2)
15 that any projected creation or retention, as applicable, of new full-
16 time jobs would not occur but for the provision of tax credits under
17 the program; and (3) that the business's chief executive officer, or
18 equivalent officer, has reviewed the information submitted to the
19 authority and that the representations contained therein are accurate,
20 provided however, that in satisfaction of the provisions of
21 paragraphs (1) and (2) of this subsection, the certification with
22 respect to a project in a Garden State Growth Zone that qualifies
23 under the "Municipal Rehabilitation and Economic Recovery Act,"
24 P.L.2002, c.43 (C.52:27BBB-1 et al.), or a project located in a
25 Garden State Growth Zone which contains a Tourism District as
26 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
27 regulated by the Casino Reinvestment Development Authority, shall
28 indicate that the provision of tax credits under the program is a
29 material factor in the business decision to make a capital investment
30 and locate in a Garden State Growth Zone that qualifies under the
31 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
32 c.43 (C.52:27BBB-1 et al.), or a Garden State Growth Zone which
33 contains a Tourism District as established pursuant to section 5 of
34 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
35 Reinvestment Development Authority. In the event that this
36 certification by the business's chief executive officer, or equivalent
37 officer, is found to be willfully false, the authority may revoke any
38 award of tax credits in their entirety, which revocation shall be in
39 addition to any other criminal or civil penalties that the business
40 and the officer may be subject to. When considering an application
41 involving intra-State job transfers, the authority shall require the
42 business to submit the following information as part of its
43 application: a full economic analysis of all locations under
44 consideration by the business; all lease agreements, ownership
45 documents, or substantially similar documentation for the business's
46 current in-State locations; and all lease agreements, ownership
47 documents, or substantially similar documentation for the potential
48 out-of-State location alternatives, to the extent they exist. Based on

1 this information, and any other information deemed relevant by the
2 authority, the authority shall independently verify and confirm, by
3 way of making a factual finding by separate vote of the authority's
4 board, the business's assertion that the jobs are actually at risk of
5 leaving the State, and as to the date or dates at which the authority
6 expects that those jobs would actually leave the State, or, with
7 respect to projects located in a Garden State Growth Zone that
8 qualifies under the "Municipal Rehabilitation and Economic
9 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or projects
10 located in a Garden State Growth Zone which contains a Tourism
11 District as established pursuant to section 5 of P.L.2011, c.18
12 (C.5:12-219) and regulated by the Casino Reinvestment
13 Development Authority, the business's assertion that the provision
14 of tax credits under the program is a material factor in the business's
15 decision to make a capital investment and locate in a Garden State
16 Growth Zone that qualifies under the "Municipal Rehabilitation and
17 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
18 in a Garden State Growth Zone which contains a Tourism District
19 as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219)
20 and regulated by the Casino Reinvestment Development Authority,
21 before a business may be awarded any tax credits under this section.

22 e. A project that consists solely of point-of-final-purchase
23 retail facilities shall not be eligible for a grant of tax credits. If a
24 project consists of both point-of-final-purchase retail facilities and
25 non-retail facilities, only the portion of the project consisting of
26 non-retail facilities shall be eligible for a grant of tax credits. For a
27 qualified business facility that is a mixed-use project that includes
28 retail facilities and that is located in a Garden State Growth Zone or
29 the Atlantic City Tourism District as established pursuant to section
30 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
31 Reinvestment Development Authority, retail facilities in an amount
32 up to 7.5 percent of the mixed-use project may be included in the
33 mixed-use project application for a grant of tax credits along with
34 the non-retail facilities, and that application may include in the
35 aggregate the pro-rata number of full-time employees employed by
36 any number of tenants or other occupants of the included retail
37 facilities. If a warehouse facility is part of a point-of-final-purchase
38 retail facility and supplies only that facility, the warehouse facility
39 shall not be eligible for a grant of tax credits. For the purposes of
40 this section, a retail facility of at least 150,000 square feet, of which
41 at least 50 percent is occupied by a full-service supermarket or
42 grocery store, located in a Garden State Growth Zone which
43 qualified under the "Municipal Rehabilitation and Economic
44 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
45 destination project in the Atlantic City Tourism District as
46 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
47 catalog distribution centers shall not be considered point-of-final-
48 purchase retail facilities.

1 f. The authority may determine as eligible for tax credits under
2 the program any business that is required to respond to a request for
3 proposals and to fulfill a contract with the federal government
4 although the business's chief executive officer or equivalent officer
5 has not demonstrated to the authority that the award of tax credits
6 will be a material factor in the business's decision to retain the
7 minimum number of retained full-time jobs, as otherwise required
8 by this section. The authority may, in its discretion, consider the
9 economic benefit of the retained jobs servicing the contract in
10 conducting a net benefit analysis required by paragraph (4) of
11 subsection a. of this section. For the purposes of this subsection,
12 "retained full-time jobs" includes jobs that are at risk of being
13 eliminated. Applications to the authority for eligibility under the
14 program pursuant to the criteria set forth in this subsection shall be
15 completed by December 31, 2013. Submission of a proposal to the
16 federal government prior to authority approval shall not disqualify a
17 business from the program.

18 g. Nothing shall preclude a business from applying for tax
19 credits under the program for more than one project pursuant to one
20 or more applications.

21 h. A business shall not be required to purchase pinelands
22 development credits under the "Pinelands Protection Act,"
23 P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive
24 management plan, or any other rule or regulation adopted pursuant
25 to that act in connection with any approval or relief obtained related
26 to a qualified business facility located in an aviation district on or
27 after the effective date of P.L.2018, c.120, except if seeking to
28 develop in permanently protected open space pursuant to the
29 Pinelands Protection Act.

30 i. Persons working as independent contractors for the business
31 shall not be included in the business's Statewide workforce total if
32 those persons are simultaneously receiving a State economic
33 incentive benefit for job creation or retention under any other
34 program. Compliance period obligations of those persons following
35 the receipt of an economic incentive benefit shall not disqualify
36 inclusion of those persons as part of the business's Statewide
37 workforce total.

38 (cf: P.L.2018, c.120, s.2)

39

40 3. Section 4 of P.L.2011, c.149 (C.34:1B-245) is amended to read
41 as follows:

42 4. The authority shall require an eligible business to enter into
43 an incentive agreement prior to the issuance of tax credits. The
44 incentive agreement shall include, but shall not be limited to, the
45 following:

46 a. A detailed description of the proposed project which will
47 result in job creation or retention, and the number of new or
48 retained full-time jobs that are approved for tax credits.

1 b. for a phased project, an incentive phase agreement which for
2 each phase identifies a description of the phase, the expected capital
3 investment and number of new full-time jobs, and the time
4 following acceptance of the incentive agreement when each phase is
5 to begin and be completed, with the awarding of tax credits under
6 the incentive agreement to be predicated on the number of full-time
7 jobs created through the fulfillment of each incentive phase
8 agreement.

9 c. The eligibility period of the tax credits, or for a phased
10 project the eligibility period of the tax credits for each phase,
11 including the first year for which the tax credits may be claimed.

12 **[c.]** d. Personnel information that will enable the authority to
13 administer the program.

14 **[d.]** e. A requirement that the applicant maintain the project at a
15 location in New Jersey for the commitment period, with at least the
16 minimum number of full-time employees as required by this
17 program, and a provision to permit the authority to recapture all or
18 part of any tax credits awarded, at its discretion, if the business does
19 not remain in compliance with this provision for the required term,
20 and in the instance of the business terminating an existing incentive
21 agreement in order to participate in an incentive agreement
22 authorized pursuant to the "New Jersey Economic Opportunity Act
23 of 2013," P.L.2013, c.161 (C.52:27D-489p et al.), such permitted
24 recapture may be calculated to recognize the period of time that the
25 business was in compliance prior to termination.

26 **[e.]** f. A method for the business to certify that it has met the
27 capital investment and employment requirements of the program
28 pursuant to paragraph (1) of subsection a. of section 3 of P.L.2011,
29 c.149 (C.34:1B-244) and the applicable incentive phase agreements
30 and to report annually to the authority the number of full-time
31 employees for which the tax credits are to be made.

32 **[f.]** g. A provision permitting an audit of the payroll records of
33 the business from time to time, as the authority deems necessary.

34 **[g.]** h. A provision which permits the authority to amend the
35 agreement.

36 **[h.]** i. A provision establishing the conditions under which the
37 agreement may be terminated.

38 (cf: P.L.2013, c.161, s.9)

39

40 4. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to read
41 as follows:

42 5. a. The total amount of the tax credit for an eligible business
43 for each new or retained full-time job shall be as set forth in
44 subsections b. through f. of this section. The total tax credit amount
45 shall be calculated and credited to the business annually for each
46 year of the eligibility period. Notwithstanding any other provisions
47 of the "New Jersey Economic Opportunity Act of 2013." P.L.2013,

1 c.161 (C.52:27D-489p et al.), a business may assign its ability to
2 apply for the tax credit under this subsection to a non-profit
3 organization with a mission dedicated to attracting investment and
4 completing development and redevelopment projects in a Garden
5 State Growth Zone. The non-profit organization or organization
6 operating a qualified incubator facility may make an application on
7 behalf of a business which meets the requirements for the tax credit,
8 or a group of non-qualifying businesses or positions, located at a
9 qualified business facility, that shall be considered a unified project
10 for the purposes of the incentives provided under this section. For
11 any project located in a Garden State Growth Zone that qualifies
12 under the "Municipal Rehabilitation and Economic Recovery Act,"
13 P.L.2002, c.43 (C.52:27BBB-1 et al.), or any project located in a
14 Garden State Growth Zone which contains a Tourism District as
15 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
16 regulated by the Casino Reinvestment Development Authority, and
17 which will include a retail facility of at least 150,000 square feet, of
18 which at least 50 percent will be occupied by either a full-service
19 supermarket or grocery store, a business may assign its ability to
20 apply for the tax credit under this subsection to the developer of the
21 facility. The developer may make an application on behalf of the
22 business which meets the requirements for the tax credit, or a group
23 of non-qualifying businesses located at the business facility, that
24 shall be considered a unified project for the purposes of the
25 incentives provided under this section, and the developer may apply
26 for tax credits available based on the number of jobs provided by
27 the business or businesses and the total capital investment of the
28 business or businesses and the developer.

29 b. The base amount of the tax credit for each new or retained
30 full-time job shall be as follows:

31 (1) (a) for a qualified business facility located within an urban
32 transit hub municipality, located within a Garden State Growth
33 Zone, or which is a mega project, \$5,000 per year;

34 (b) for a qualified business facility located within a Garden State
35 Create Zone and used by an eligible business in a targeted industry
36 to conduct a collaborative research relationship with a doctoral
37 university within the zone, \$5,000 per year;

38 (2) for a qualified business facility located within a distressed
39 municipality but not qualifying under paragraph (1) of this
40 subsection, \$4,000 per year;

41 (3) for a project in a priority area, \$3,000 per year; and

42 (4) for a project in other eligible areas, \$500 per year.

43 c. In addition to the base amount of the tax credit, the amount
44 of the tax credit to be awarded for each new or retained full-time
45 job shall be increased if the qualified business facility meets any of
46 the following priority criteria or other additional or replacement
47 criteria determined by the authority from time to time in response to
48 evolving economic or market conditions:

- 1 (1) for a qualified business facility located in a deep poverty
2 pocket or in an area that is the subject of a Choice Neighborhoods
3 Transformation Plan funded by the federal Department of Housing
4 and Urban Development, an increase of \$1,500 per year;
- 5 (2) for a qualified business facility located in a qualified
6 incubator facility, an increase of \$500 per year;
- 7 (3) for a qualified business facility located in a mixed-use
8 development that incorporates sufficient moderate income housing
9 on site to accommodate a minimum of 20 percent of the full-time
10 employees of the business, an increase of \$500 per year;
- 11 (4) for a qualified business facility located within a transit
12 oriented development and located either in a Garden State Growth
13 Zone or in a municipality which is not an urban transit hub
14 municipality, an increase of \$2,000 per year;
- 15 (5) for a qualified business facility, other than a mega project, at
16 which the capital investment in industrial or research and
17 development premises for industrial or research and development
18 use by the business is in excess of the minimum capital investment
19 required for eligibility pursuant to subsection b. of section 3 of
20 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
21 each additional amount of investment that exceeds the minimum
22 amount required for eligibility by ~~20~~ 40 percent, with a maximum
23 increase of \$3,000 per year;
- 24 (6) for a business with new full-time jobs and retained full-time
25 jobs at the project with an average salary in excess of the existing
26 average salary for the county in which the project is located, or, in
27 the case of a project in a Garden State Growth Zone, a business that
28 employs full-time positions at the project with an average salary in
29 excess of the average salary for the Garden State Growth Zone, an
30 increase of \$250 per year during the commitment period for each 35
31 percent by which the project's average salary levels exceeds the
32 county or Garden State Growth Zone average salary, with a
33 maximum increase of \$1,500 per year;
- 34 (7) for a business with large numbers of new full-time jobs and
35 retained full-time jobs during the commitment period, the increases
36 shall be in accordance with the following schedule:
- 37 (a) if the number of new full-time jobs and retained full-time
38 jobs is between 251 and 400, \$500 per year;
- 39 (b) if the number of new full-time jobs and retained full-time
40 jobs is between 401 and 600, \$750 per year;
- 41 (c) if the number of new full-time jobs and retained full-time
42 jobs is between 601 and 800, \$1000 per year;
- 43 (d) if the number of new full-time jobs and retained full-time
44 jobs is between 801 and 1,000, \$1,250 per year;
- 45 (e) if the number of new full-time jobs and retained full-time
46 jobs is in excess of 1,000, \$1,500 per year;
- 47 (8) for a business in a targeted industry, an increase of \$500 per
48 year;

1 (9) for a qualified business facility exceeding the Leadership in
2 Energy and Environmental Design's "Silver" rating standards or
3 completes substantial environmental remediation, an additional
4 increase of \$250 per year;

5 (10) for a mega project or a project located within a Garden State
6 Growth Zone at which the capital investment in industrial or
7 research and development premises for industrial or research and
8 development use by the business exceeds the minimum capital
9 investment required for eligibility pursuant to subsection b. of
10 section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000
11 per year for each additional amount of investment that exceeds the
12 minimum amount by ~~20~~ 40 percent, with a maximum increase of
13 \$5,000 per year;

14 (11) ~~for a project in which a business retains at least 400 jobs~~
15 ~~and is located within the municipality in which it was located~~
16 ~~immediately prior to the filing of the application hereunder and is~~
17 ~~the United States headquarters of an automobile manufacturer, an~~
18 ~~increase of \$1,500 per year;~~ ~~(Deleted by amendment, P.L. , c.)~~
19 ~~(pending before the Legislature as this bill)~~

20 (12) for a project located in a municipality in Atlantic,
21 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
22 and Salem counties with a 2007 Municipality Revitalization Index
23 greater than 465, an increase of \$1,000 per year;

24 (13) for a project located within a half-mile of any light rail
25 station constructed after the effective date of P.L.2013, c.161
26 (C.52:27D-489p et al.), an increase of \$1,000 per year;

27 (14) for a marine terminal project in a municipality located
28 outside the Garden State Growth Zone, but within the geographical
29 boundaries of the South Jersey Port District, an increase of \$1,500
30 per year;

31 (15) for a project located within an area determined to be in need
32 of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
33 (C.40A:12A-5 and C.40A:12A-6), and which is located within a
34 quarter mile of at least one United States Highway and at least two
35 New Jersey State Highways, an increase of \$1,500 per year;

36 (16) for a project that generates solar energy on site for use
37 within the project of an amount that equals at least 50 percent of the
38 project's electric supply service needs, an increase of \$250 per year;

39 (17) for a qualified business facility that includes a vacant
40 commercial building having over 1,000,000 square feet of office or
41 laboratory space available for occupancy for a period of over one
42 year, an increase of \$1,000 per year; ~~and~~

43 (18) for an eligible business in a targeted industry at a qualified
44 business facility on the campus of a college or university other than
45 a doctoral university, or at a qualified business facility within a
46 three-mile radius of the outermost boundary of the campus of a
47 college or university other than a doctoral university, which facility
48 is used by the business to conduct a collaborative research

1 relationship with the college or university, an increase of \$1,000 per
2 year. The boundary of the campus of a college or university shall
3 be based upon a map appearing in the college's or university's
4 official catalog or other official publication on the effective date of
5 P.L.2017, c.221; and

6 (19) for a small business, an increase of \$500 per year.

7 d. The gross amount of the tax credit for an eligible business
8 for each new or retained full-time job shall be the sum of the base
9 amount as set forth pursuant to subsection b. of this section and the
10 various additional bonus amounts for which the business is eligible
11 pursuant to subsection c. of this section, subject to the following
12 limitations:

13 (1) for a mega project or a project in a Garden State Growth
14 Zone, the gross amount for each new or retained full-time job shall
15 not exceed ~~[\$15,000]~~ \$12,000 per year;

16 (2) for a qualified business facility located within an urban
17 transit hub municipality or a Garden State Create Zone, the gross
18 amount for each new or retained full-time job shall not exceed
19 ~~[\$12,000]~~ \$10,000 per year;

20 (3) for a qualified business facility in a distressed municipality
21 the gross amount for each new or retained full-time job shall not
22 exceed ~~[\$11,000]~~ \$8,000 per year;

23 (4) for a qualified business facility in other priority areas, the
24 gross amount for each new or retained full-time job shall not exceed
25 ~~[\$10,500]~~ \$7,500 per year;

26 (5) for a qualified business facility in other eligible areas, the
27 gross amount for each new or retained full-time job shall not exceed
28 ~~[\$6,000]~~ \$5,500 per year; and

29 (6) for a disaster recovery project, the gross amount for each
30 new or retained full-time job shall not exceed \$2,000 per year.

31 Notwithstanding anything to the contrary set forth herein and in
32 the provisions of subsections a. through f. of this section, but
33 subject to the provisions of paragraph (1) of subsection f. of this
34 section, for a project located within a Garden State Growth Zone
35 which qualifies for the "Municipal Rehabilitation and Economic
36 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which
37 creates 35 or more full-time jobs new to the municipality, the total
38 tax credit shall be:

39 (a) for a project which creates 35 or more full-time jobs new to
40 the municipality and makes a capital investment of at least
41 \$5,000,000, the total tax credit amount per full-time job shall be the
42 greater of: (i) the total tax credit amount for a qualifying project in
43 a Garden State Growth Zone as calculated pursuant to subsections
44 a. through f. of this section; or (ii) the total capital investment of the
45 project divided by the total number of full-time jobs at that project
46 but not greater than \$2,000,000 per year over the grant term of ten
47 years;

1 (b) for a project which creates 70 or more full-time jobs new to
2 the municipality and makes a capital investment of at least
3 \$10,000,000, the total tax credit amount per full-time job shall be
4 the greater of: (i) the total tax credit amount for a qualifying project
5 in a Garden State Growth Zone as calculated pursuant to
6 subsections a. through f. of this section; or (ii) the total capital
7 investment of the project divided by the total number of full-time
8 jobs at that project but not greater than \$3,000,000 per year over the
9 grant term of ten years;

10 (c) for a project which creates 100 or more full-time jobs new to
11 the municipality and makes a capital investment of at least
12 \$15,000,000, the total tax credit amount per full-time job shall be
13 the greater of: (i) the total tax credit amount for a qualifying project
14 in a Garden State Growth Zone as calculated pursuant to
15 subsections a. through f. of this section; or (ii) the total capital
16 investment of the project divided by the total number of full-time
17 jobs at that project but not greater than \$4,000,000 per year over the
18 grant term of ten years;

19 (d) for a project which creates 150 or more full-time jobs new to
20 the municipality and makes a capital investment of at least
21 \$20,000,000, the total tax credit amount per full-time job shall be
22 the greater of: (i) the total tax credit amount for a qualifying project
23 in a Garden State Growth Zone as calculated pursuant to
24 subsections a. through f. of this section; or (ii) the total capital
25 investment of the project divided by the total number of full-time
26 jobs at that project but not greater than \$5,000,000 per year over the
27 grant term of ten years; or

28 (e) for a project which creates 250 or more full-time jobs new to
29 the municipality and makes a capital investment of at least
30 \$30,000,000, the total tax credit amount per full-time job shall be
31 the greater of: (i) the total tax credit amount for a qualifying project
32 in a Garden State Growth Zone as calculated pursuant to
33 subsections a. through f. of this section; or (ii) the total capital
34 investment of the project divided by the total number of full-time
35 jobs as defined herein at that project divided by the ten-year grant
36 term.

37 e. After the determination by the authority of the gross amount
38 of tax credits for which a business is eligible pursuant to subsection
39 d. of this section, the final total tax credit amount shall be
40 calculated as follows:

41 (1) for each new full-time job, the business shall be allowed tax
42 credits equaling 100 percent of the gross amount of tax credits for
43 each new full-time job; and

44 (2) for each retained full-time job, the business shall be allowed
45 tax credits equaling the lesser of:

46 (i) 80 percent of the gross amount of tax credits for each retained
47 full-time job for a project located in a Garden State Growth Zone, a
48 Garden State Create Zone, or an urban transit hub municipality;

- 1 (ii) 50 percent of the gross amount of tax credits for each
2 retained full-time job 【,】 for a project located in a distressed
3 municipality;
- 4 (iii) 40 percent of the gross amount of tax credits for each
5 retained full-time job for a project located in other priority areas;
- 6 (iv) 30 percent of the gross amount of tax credits for each
7 retained full-time job for a project located in other eligible areas; or
- 8 (v) one-tenth of the capital investment divided by the number of
9 retained 【and new】 full-time jobs per year over the grant term of
10 ten years, unless 【the jobs are part of a mega project which is the
11 United States headquarters of an automobile manufacturer located
12 within a priority area or in a Garden State Growth Zone, in which
13 case the business shall be entitled to tax credits equaling 100
14 percent of the gross amount of tax credits for each retained full-time
15 job, or unless】 the new qualified business facility would replace a
16 facility that has been wholly or substantially damaged as a result of
17 a federally-declared disaster, in which case the business shall be
18 entitled to tax credits equaling 100 percent of the gross amount of
19 tax credits for each retained full-time job.
- 20 f. Notwithstanding the provisions of subsections a. through e.
21 of this section, for each application approved by the authority's
22 board, the amount of tax credits available to be applied by the
23 business annually shall not exceed:
- 24 (1) \$35,000,000 and provides a net benefit to the State as provided
25 herein with respect to a qualified business facility in a Garden State
26 Growth Zone which qualifies under the "Municipal Rehabilitation and
27 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or
28 which contains a Tourism District as established pursuant to section 5
29 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
30 Reinvestment Development Authority but, unless the business is in a
31 targeted industry and at least 25 percent of the employees of the
32 business at the qualified business facility on a monthly average basis
33 reside in a distressed municipality, not more than 100 percent of the
34 withholdings of the business from the qualified business facility;
- 35 (2) \$30,000,000 and provides a net benefit to the State as provided
36 herein with respect to a mega project or a qualified business facility in
37 a Garden State Growth Zone but, unless the business is in a targeted
38 industry and at least 25 percent of the employees of the business at the
39 qualified business facility on a monthly average basis reside in a
40 distressed municipality, not more than 100 percent of the withholdings
41 of the business from the qualified business facility;
- 42 (3) \$10,000,000 and provides a net benefit to the State as provided
43 herein with respect to a qualified business facility in an urban transit
44 hub municipality or a Garden State Create Zone but, unless the
45 business is in a targeted industry and at least 25 percent of the
46 employees of the business at the qualified business facility on a
47 monthly average basis reside in a distressed municipality, not more

1 than 100 percent of the withholdings of the business from the qualified
2 business facility;

3 (4) \$8,000,000 and provides a net benefit to the State as
4 provided herein with respect to a qualified business facility in a
5 distressed municipality but, unless the business is in a targeted
6 industry and at least 25 percent of the employees of the business at
7 the qualified business facility on a monthly average basis reside in a
8 distressed municipality, not more than 100 percent of the
9 withholdings of the business from the qualified business facility;

10 (5) \$4,000,000 and provides a net benefit to the State as
11 provided herein with respect to a qualified business facility in other
12 priority areas, but not more than 90 percent of the withholdings of
13 the business from the qualified business facility; and

14 (6) \$2,500,000 and provides a net benefit to the State as
15 provided herein with respect to a qualified business facility in other
16 eligible areas, but not more than 90 percent of the withholdings of
17 the business from the qualified business facility.

18 A business may pursue separate awards for multiple projects
19 provided that each such project individually satisfies the
20 requirements of the program and provided that the limitations
21 described in paragraphs (1) through (6) of this subsection shall
22 apply cumulatively to each project unless the authority determines
23 sufficient differentiability for a subsequent project to justify
24 separate application of the limitations described in paragraphs (1)
25 through (6) of this subsection.

26 Under paragraphs (1) through (6) of this subsection, with the
27 exception of a project located within a Garden State Growth Zone
28 **【which qualifies for the "Municipal Rehabilitation and Economic**
29 **Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which**
30 **contains a Tourism District as established pursuant to section 5 of**
31 **P.L.2011, c.18 (C.5:12-219) and regulated by the Casino**
32 **Reinvestment Development Authority】**, that divides the total capital
33 investment of the project by the total number of full-time jobs at
34 that project, for each application for tax credits in excess of
35 **【\$4,000,000】** \$1,000,000 annually, the amount of tax credits
36 available to be applied by the business annually shall be the lesser
37 of the maximum amount under the applicable subsection or an
38 amount determined by the authority necessary to complete the
39 project, with such determination made by the authority's utilization
40 of a full economic analysis of all locations under consideration by
41 the business; all lease agreements, ownership documents, or
42 substantially similar documentation for the business's current in-
43 State locations, as applicable; and all lease agreements, ownership
44 documents, or substantially similar documentation for the potential
45 out-of-State location alternatives, to the extent they exist. Based on
46 this information, and any other information deemed relevant by the
47 authority, the authority shall independently verify and confirm the

1 amount necessary to complete the project.

2 (cf: P.L.2017, c.221, s.2)

3

4 5. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to read
5 as follows:

6 6. a. (1) The combined value of all credits approved by the
7 authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
8 P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
9 shall not exceed \$1,750,000,000, except as may be increased by the
10 authority as set forth in paragraph (5) of subsection a. of section 35
11 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the
12 "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
13 (C.52:27D-489p et al.), there shall be no monetary cap on the value
14 of credits approved by the authority attributable to the program
15 pursuant to the "New Jersey Economic Opportunity Act of 2013,"
16 P.L.2013, c.161 (C.52:27D-489p et al.).

17 (2) (Deleted by amendment, P.L.2013, c.161)

18 (3) (Deleted by amendment, P.L.2013, c.161)

19 (4) (Deleted by amendment, P.L.2013, c.161)

20 (5) (Deleted by amendment, P.L.2013, c.161)

21 b. (1) A business shall submit an application for tax credits prior
22 to July 1, ~~2019~~ 2023. The authority shall not approve an
23 application for tax credits unless the application was submitted
24 prior to July 1, ~~2019~~ 2023.

25 (2) (a) A business shall submit its documentation indicating that
26 it has met the capital investment and employment requirements
27 specified in the incentive agreement, or for a phased project the
28 capital investment and employment requirements specified in the
29 initial incentive phase agreement. for certification of its tax credit
30 amount within three years following the date of approval of its
31 application by the authority. The authority shall have the discretion
32 to grant two six-month extensions of this deadline. Except as
33 provided in subparagraph (b) of this paragraph, in no event shall the
34 incentive effective date, or for a phased project the incentive phase
35 agreement effective date. occur later than four years following the
36 date of approval of an application by the authority.

37 (b) As of the effective date of P.L.2017, c.314, a business which
38 applied for the tax credit prior to July 1, 2014 under P.L.2011,
39 c.149 (C.34:1B-242 et al.), shall submit its documentation to the
40 authority no later than July 28, 2019, indicating that it has met the
41 capital investment and employment requirements specified in the
42 incentive agreement for certification of its tax credit amount.

43 (3) Full-time employment for an accounting or privilege period
44 shall be determined as the average of the monthly full-time
45 employment for the period.

46 (4) A business seeking a credit for a mega project shall apply for
47 the credit ~~within four years after the effective date of the "New~~
48 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161

1 (C.52:27D-489p et al.)] prior to July 1, 2023. The authority shall
2 not approve an application for tax credits for a mega project unless
3 the application was submitted prior to July 1, 2023.

4 c. (1) In conducting its annual review, the authority may
5 require a business to submit any information determined by the
6 authority to be necessary and relevant to its review.

7 The credit amount for any tax period for which the
8 documentation of a business's credit amount remains uncertified as
9 of a date three years after the closing date of that period shall be
10 forfeited, although credit amounts for the remainder of the years of
11 the eligibility period shall remain available to it.

12 The credit amount may be taken by the tax certificate holder for
13 the tax period for which it was issued or may be carried forward for
14 use by the tax certificate holder in any of the next 20 successive tax
15 periods, and shall expire thereafter. The tax certificate holder may
16 transfer the tax credit amount on or after the date of issuance or at
17 any time within three years of the date of issuance for use by the
18 transferee in the tax period for which it was issued or in any of the
19 next 20 successive tax periods. Notwithstanding the foregoing, no
20 more than the amount of tax credits equal to the total credit amount
21 divided by the duration of the eligibility period in years may be
22 taken in any tax period.

23 (2) Credits granted to a partnership shall be passed through to
24 the partners, members, or owners, respectively, pro-rata or pursuant
25 to an executed agreement among the partners, members, or owners
26 documenting an alternate distribution method provided to the
27 Director of the Division of Taxation in the Department of the
28 Treasury accompanied by any additional information as the director
29 may require.

30 (3) The amount of credit allowed may be applied against the tax
31 liability otherwise due pursuant to section 5 of P.L.1945, c.162
32 (C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
33 (C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
34 c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

35 (4) In lieu of applying any credit certificate or credit transfer
36 certificate against tax liability otherwise due pursuant to section 5
37 of P.L.1945, c.162 (C.54:10A-5), pursuant to sections 2 and 3 of
38 P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), pursuant to section
39 1 of P.L.1950, c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5,
40 the credit certificate or credit transfer certificate may be surrendered
41 to the Division of Taxation in the Department of the Treasury for a
42 cash payment equal to 90 percent of the amount of tax credits
43 evidenced by the certificate, provided that the issuance date of the
44 credit certificate or credit transfer certificate occurred at least two
45 years prior to the date of surrender and provided further that the
46 taxpayer surrendering the certificate or credit transfer certificate is
47 the taxpayer to which the certificate or credit transfer certificate
48 was initially issued.

1 d. (1) If, in any tax period, the business reduces the total
2 number of full-time employees in its Statewide workforce by more
3 than 20 percent from the number of full-time employees in its
4 Statewide workforce in the last tax period prior to the credit amount
5 approval under section 3 of P.L.2011, c.149 (C.34:1B-244), then the
6 business shall forfeit its credit amount for that tax period and each
7 subsequent tax period, until the first tax period for which
8 documentation demonstrating the restoration of the business's
9 Statewide workforce to the threshold levels required by the
10 incentive agreement has been reviewed and approved by the
11 authority, for which tax period and each subsequent tax period the
12 full amount of the credit shall be allowed.

13 (2) If, in any tax period, the number of full-time employees
14 employed by the business at the qualified business facility located
15 within a qualified incentive area drops below 80 percent of the
16 number of new and retained full-time jobs specified in the incentive
17 agreement or the incentive phase agreement, then the business shall
18 forfeit its credit amount for that tax period and each subsequent tax
19 period, until the first tax period for which documentation
20 demonstrating the restoration of the number of full-time employees
21 employed by the business at the qualified business facility to 80
22 percent of the number of jobs specified in the incentive agreement
23 or the incentive phase agreement.

24 (3) (a) If the qualified business facility is sold by the owner in
25 whole or in part during the eligibility period, the new owner shall
26 not acquire the capital investment of the seller and the seller shall
27 forfeit all credits for the tax period in which the sale occurs and all
28 subsequent tax periods, provided however that any credits of the
29 business shall remain unaffected. If a tenant subleases its tenancy
30 in whole or in part during the 10-year eligibility period, the new
31 tenant shall not acquire the credit of the sublessor and the sublessor
32 shall forfeit the credits for any tax period in which the portion of the
33 qualified business facility that the sublessor continues to occupy
34 fails to maintain the number of jobs required for the sublessor to
35 earn tax credits for the tax period and fails to independently satisfy
36 the minimum capital investment or sustainability requirements of
37 the program.

38 (b) In connection with a regional distribution facility of
39 foodstuffs, the business entity or entities which own or lease the
40 facility shall qualify as a business regardless of: (i) the type of the
41 business entity or entities which own or lease the facility; (ii) the
42 ownership or leasing of the facility by more than one business
43 entity; or (iii) the ownership of the business entity or entities which
44 own or lease the facility. The ownership or leasing, whether by
45 members, shareholders, partners, or other owners of the business
46 entity or entities, shall be treated as ownership or leasing by
47 affiliates. The members, shareholders, partners, or other ownership
48 or leasing participants and others that are tenants in the facility shall

1 be treated as affiliates for the purpose of counting the full-time
2 employees and capital investments in the facility. The business
3 entity or entities may distribute credits to members, shareholders,
4 partners, or other ownership or leasing participants in accordance
5 with their respective interests. If the business entity or entities or
6 their members, shareholders, partners, or other ownership or leasing
7 participants lease space in the facility to members, shareholders,
8 partners, or other ownership or leasing participants or others as
9 tenants in the facility, the leases shall be treated as a lease to an
10 affiliate, and the business entity or entities shall not be subject to
11 forfeiture of the credits. For the purposes of this section, leasing
12 shall include subleasing and tenants shall include subtenants.

13 (4) (a) For a project located within a Garden State Growth Zone,
14 if, in any tax period, the number of full-time employees employed
15 by the business at the qualified business facility located within a
16 qualified incentive area increases above the number of full-time
17 employees specified in the incentive agreement, then the business
18 shall be entitled to an increased base credit amount for that tax
19 period and each subsequent tax period, for each additional full-time
20 employee added above the number of full-time employees specified
21 in the incentive agreement, until the first tax period for which
22 documentation demonstrating a reduction of the number of full-time
23 employees employed by the business at the qualified business
24 facility, at which time the tax credit amount will be adjusted
25 accordingly pursuant to this section.

26 (b) For a project located within a Garden State Growth Zone
27 which qualifies under the "Municipal Rehabilitation and Economic
28 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
29 contains a Tourism District as established pursuant to section 5 of
30 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
31 Reinvestment Development Authority, and which qualifies for a tax
32 credit pursuant to subsubparagraph (ii) of subparagraphs (a) through
33 (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
34 (C.34:1B-246), if, in any tax period the number of full-time
35 employees employed by the business at the qualified business
36 facility located within a qualified incentive area increases above the
37 number of full-time employees specified in the incentive agreement
38 such that the business shall then meet the minimum number of
39 employees required in subparagraph (b), (c), (d), or (e) of paragraph
40 (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
41 then the authority shall recalculate the total tax credit amount per
42 full-time job by using the certified capital investment of the project
43 allowable under the applicable subsubparagraph and the number of
44 full-time jobs certified on the date of the recalculation and applying
45 those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
46 of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
47 until the first tax period for which documentation demonstrating a
48 reduction of the number of full-time employees employed by the

1 business at the qualified business facility, at which time the tax
2 credit amount shall be adjusted accordingly pursuant to this section.

3 e. The authority shall not enter into an incentive agreement
4 with a business that has previously received incentives pursuant to
5 the "Business Retention and Relocation Assistance Act," P.L.1996,
6 c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
7 Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
8 program administered by the authority unless:

9 (1) the business has satisfied all of its obligations underlying the
10 previous award of incentives or is compliant with section 4 of
11 P.L.2011, c.149 (C.34:1B-245); or

12 (2) the capital investment incurred and new or retained full-time
13 jobs pledged by the business in the new incentive agreement are
14 separate and apart from any capital investment or jobs underlying
15 the previous award of incentives.

16 f. A business which has already applied for a tax credit
17 incentive award prior to the effective date of the "New Jersey
18 Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-
19 489p et al.), but who has not yet been approved for the tax credits,
20 or has not executed an agreement with the authority, may proceed
21 under that application or seek to amend the application or reapply
22 for a tax credit incentive award for the same project or any part
23 thereof for the purpose of availing itself of any more favorable
24 provisions of the program.

25 g. (1) A business may change the location of the qualified
26 business facility to another facility:

27 (a) meeting all applicable location qualifying criteria and having
28 a gross leasable area not less than the gross leasable area of the
29 qualified business facility initially approved by the authority if the
30 alternate qualified business facility meets the minimum capital
31 investment and sustainability requirements of the program; or

32 (b) which does not meet all applicable location qualifying
33 criteria or which has less gross leasable area than the gross leasable
34 area of the qualified business facility initially approved by the
35 authority, if the alternate qualified business facility meets the
36 minimum capital investment and sustainability requirements of the
37 program, provided that the authority shall require a new cost benefit
38 analysis illustrating the economics of the project which reflect
39 occupancy at the alternate proposed qualified business facility
40 location for the remaining duration of the commitment period and
41 shall re-calculate the net economic benefit of the project to reflect
42 the economics of occupancy at the alternate proposed location for
43 the remaining duration of the net benefit test period in lieu of the
44 economics of continuing occupancy at the qualified business
45 facility proposed to be vacated, and provided further that the award
46 of tax credits shall be reduced consistent with the variations in
47 qualifying criteria for the alternate qualified business facility

1 location as well as in a manner consistent with the revised net
2 economic benefit calculation.

3 (2) A business requesting a change to the qualified business
4 facility shall be required to obtain the approval of the members of
5 the authority if the modified project economics materially deviate
6 from the economics of the initial approval in a manner that
7 undermines the recommendation of approval made by the staff of
8 the authority at the time of the initial approval.

9 h. A business may include an affiliate for any period provided
10 that the business provides a valid tax clearance certificate for the
11 affiliate, a verification of the nature of the affiliate relationship
12 during the relevant period, and provided further that the affiliate
13 provides acceptable responses to the authority's legal disclosures
14 inquiries, as determined by the authority. A formal modification of
15 the authority's approval or of the incentive agreement shall not be
16 necessary to add or remove an affiliate after approval or execution
17 of the incentive agreement.

18 i. A business may change its name that it has on file with the
19 authority by providing a copy of the filed amendment to the
20 certificate of incorporation or formation, as the case may be, of the
21 business and a valid tax clearance certificate with the business's
22 new name. A formal modification of the authority's approval shall
23 not be necessary to change a business's name after approval or
24 execution of the incentive agreement.

25 (cf: P.L.2018, c.120, s.3)

26
27 6. Section 8 of P.L.2011, c.149 (C.34:1B-249) is amended to read
28 as follows:

29 8. a. The chief executive officer of the authority, in
30 consultation with the Director of the Division of Taxation in the
31 Department of the Treasury, shall adopt rules in accordance with
32 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
33 seq.) as are necessary to implement P.L.2011, c.149 (C.34:1B-242
34 et al.), including but not limited to: examples of and the
35 determination of capital investment; the enumeration of qualified
36 incentive areas; the enumeration of specific targeted industries;
37 specific delineation of the incentive areas; the determination of the
38 limits, if any, on the expense or type of furnishings that may
39 constitute capital improvements; the promulgation of procedures
40 and forms necessary to apply for a tax credit, including the
41 enumeration of the certification procedures and allocation of tax
42 credits for different phases of a qualified business facility; and
43 provisions for tax credit applicants to be charged an initial
44 application fee, and ongoing service fees, to cover the
45 administrative costs related to the tax credit, provided that, for a
46 business that is a small business, the fees shall be reduced by 50
47 percent, and provided further that the authority shall defer the
48 collection of a fee which is equal to one quarter of one percent of

1 the total award until the first annual tax credit certificate is issued to
2 the business.

3 b. Through regulation, the authority shall establish standards
4 by which qualified business facilities shall be constructed or
5 renovated in compliance with the minimum environmental and
6 sustainability standards.

7 c. Through regulation, the chief executive officer of the
8 authority, in consultation with the Secretary of Higher Education,
9 shall establish standards for collaborative research relationships
10 between businesses in targeted industries and colleges and
11 universities sufficient to qualify a business for an enhanced base or
12 bonus tax credit amount under P.L.2017, c.221 **D**].

13 (cf: P.L.2017, c.221, s.3)

14

15 7. This act shall take effect on July 1, 2019, except that the
16 New Jersey Economic Development Authority may take
17 anticipatory action in advance thereof as shall be necessary to
18 implement the provisions of P.L. , c. (C.) (pending before
19 the Legislature as this bill).

20

21

22

STATEMENT

23

24 This bill provides certain reductions, expansions, and
25 simplifications to the ability of a business to qualify for tax credits
26 awarded under the Grow New Jersey Assistance (Grow) Program.

27 The bill makes certain reductions to the program as follows:

28 The bill reduces the amount of a tax credit award (award) for
29 retained jobs to a tiered percentage of:

30 (1) 80 percent for projects in a Garden State Growth Zone
31 (GSGZ), Garden State Create Zone (GSCZ), and Urban Transit Hub
32 (UTH) municipality;

33 (2) 50 percent for projects in a "distressed municipality";

34 (3) 40 percent for projects in a "priority area"; and

35 (4) 30 percent for projects in "other eligible areas."

36 The bill provides for a tiered net benefits test by project location
37 type as follows:

38 (1) 110 percent for projects in GSGZs and distressed
39 municipalities;

40 (2) 120 percent for projects in priority areas; and

41 (3) 130 percent for projects in other eligible areas.

42 The bill lowers the per-job annual award cap to:

43 (1) \$12,000 for projects in a GSGZ;

44 (2) \$10,000 for projects in a UTH municipality;

45 (3) \$8,000 for projects in a distressed municipality;

46 (4) \$7,500 for projects in a priority area; and

47 (5) \$5,500 for projects in other eligible areas.

1 The bill applies a tax withholdings limitation to awards, tiered by
2 location type as follows:

- 3 (1) 100 percent for projects in GSGZs, GSCZs, UTH
4 municipalities, and distressed municipalities;
- 5 (2) 90 percent for projects in priority areas; and
- 6 (3) 80 percent for projects in other eligible areas.

7 Businesses in targeted industries with 25 percent or more of its
8 employees residing in distressed areas are exempted from the tax
9 withholding limitation.

10 The bill removes, restricts, or otherwise modifies the award
11 bonus for certain types of projects.

12 The bill makes certain expansions to the program by:

13 (1) extending the deadline for authority acceptance of
14 applications to the program to June 30, 2023;

15 (2) redefining the term “mega project” and extending the
16 application deadline for a mega project;

17 (3) creating a project designation for small businesses that
18 provides for a bonus award of up to \$500 per year and a 50 percent
19 reduction of any authority fee for that type of project;

20 (4) expanding the definition of full-time job to include
21 contractors under certain circumstances and permitting their jobs at
22 a project to be counted as 80 percent of the business’s Statewide
23 workforce if the contractors work at least 35 hours per week at the
24 project;

25 (5) permitting an add-on project, even if the add-on component
26 is substantively similarly to project initially approved, so long as
27 the add-on component stands on its own merit as to inducement;

28 (6) allowing the authority the discretion to permit a business a
29 one-time election to pause the project performance for up to five
30 years, provided that project lease is extended for the remaining term
31 of commitment upon its resumption;

32 (7) including a mechanism for authority approval of phased
33 projects;

34 (8) permitting a business to change its facility to another “like-
35 kind” location, or to not-like-kind location provided the award is
36 adjusted downward based only on differing conditions; and

37 (9) permitting subleasing of a project provided that the capital
38 investment and jobs are maintained in the remaining project
39 premises and the minimum amount of capital investment is met for
40 the subleased portion of the project.

41 The bill provides for procedural simplifications for businesses
42 qualified under the program by:

43 (1) requiring the Division of Taxation in the Department of the
44 Treasury to allow an award to be claimed as a cash payment at 90
45 percent of the award amount once two years have passed from when
46 the award was issued;

47 (2) simplifying the process for adding affiliates of the business
48 assuming the business provides to the authority a clear tax account,

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- 1 clean legal questionnaire response, and clear evidence of affiliate
- 2 relationship; and
- 3 (3) simplifying the process for a name change of a business.

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ASSEMBLYMAN ROBERT J. KARABINCHAK (Vice Chair): We'd like to get the meeting started.

I would like everyone to please stand for the Pledge of Allegiance. (all recite the Pledge)

Thank you.

Roll call, please.

MR. ROTHBERG (Committee Aide): Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: I'm here.

MR. ROTHBERG: Assemblyman Tully.

ASSEMBLYMAN TULLY: Here.

MR. ROTHBERG: Assemblyman Freiman.

ASSEMBLYMAN FREIMAN: Here.

MR. ROTHBERG: Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTI: Here.

MR. ROTHBERG: Assemblyman Calabrese.

ASSEMBLYMAN CALABRESE: Here.

MR. ROTHBERG: Assemblyman Armato.

ASSEMBLYMAN ARMATO: Here.

MR. ROTHBERG: And Assemblyman Karabinchak.

ASSEMBLYMAN KARABINCHAK: Here.

MR. ROTHBERG: We have a quorum.

Thank you.

Just a few--

(After the meeting was called to order, and following the establishment of a quorum, approximately three unidentified members of the public interrupted the proceedings. At least one of those individuals made comments off-microphone. The attempt to offer oral and written comment was ruled out of order by the Chair, and the individuals were removed from the room.)

ASSEMBLYMAN KARABINCHAK: Well, I have to tell you, I didn't think my first day of chairing -- being the Chairman here, I was going to have a show, too. (laughter)

However-- So we're just going to start to move forward.

And if I could ask somebody to remove those boxes off the table (indicates), because there are other people who are going to come and speak. And I know the-- Obviously, it's a nice prop there; but I'm going to ask to have them put in front here (indicates).

Thank you.

Just a few notes for today.

One of the items, A-4730, is just going to be for discussion only. There will not be a vote on that today.

With regard to Assembly Bill 5343, there's an amendment that will change and extend the deadline to January 31, 2020.

There are a lot of people who are going to testify and have their points. I'm going to ask them to please limit it -- that they be between three and five minutes, because we have a lot of people who are going to talk. And obviously there may be a lot of questions coming from the panel.

So with that being said, one other note that-- Obviously, anything that is said here is going to be transcribed. And there will also be-- Anything that's written, coming to this Committee, will also be put into the transcribed information and will be part of the testimony for the record. So

whether it's said here or not, anything that is written will be part of the record, okay?

So with that being said, Mr. McKoy from NJ Policy Perspective.

Thank you. Either one, and just push the button.

BRANDON M c K O Y: Hello.

Thank you, Chairman; good morning to you, and all the members of the Committee.

My name is Brandon McKoy; I am the President of New Jersey Policy Perspective, and I really appreciate the opportunity to testify on this important issue.

New Jersey Policy Perspective has researched and analyzed the State's economic development programs for over 20 years. We closely monitor the tax credits awarded by the State EDA, how many jobs created and maintained that the State gets in return, and we regularly compare New Jersey's corporate subsidy programs -- and the laws that guide them -- against those in other states across the nation.

These decades of research and analysis bring us to a simple conclusion: New Jersey's economic development programs have been improperly designed, poorly measured, and insufficiently examined since the implementation of the 2013 Economic Opportunity Act, which I will heretofore refer to as the *2013 EOA*.

While the Economic Development Authority, in and of itself, is not a problematic entity, the legislation that guides its operations leaves much to be desired.

Since the passage of the 2013 EOA, New Jersey's corporate tax subsidies have risen to unprecedented levels, with an enormous financial reward to very few corporations and at an enormous cost to Garden State taxpayers. New Jersey is now a national outlier for how much it spends on corporate tax subsidies and how little it receives as a return on that investment.

But it does not have to be this way. As the current laws guiding the State's corporate subsidy programs are set to expire on June 30, this legislative body has an incredible opportunity to revamp the State's approach to economic development so that it benefits businesses, workers, and taxpayers alike.

The purported goals of the legislation being considered today may have good intentions, but they lack the critical reforms necessary to get New Jersey's economic development strategy back on track. It is NJPP's position that the extensive flaws in the 2013 EOA must be addressed before any consideration of extending these programs.

While Bill A-4730 would slightly improve eligibility requirements for the Grow New Jersey Assistance Program, it lacks key reforms that would reel in an out-of-control corporate tax subsidy initiative. It contains no annual spending caps, no mandated reporting to verify outcomes, no recurring evaluation process, no annual forecasting or multi-year cost projections, and no labor protections. In fact, this legislation rewards corporations that hire contract workers.

Meanwhile, with regards to A-5343 -- it would simply extend the existing program to January 31, 2020. For a program with well-documented flaws that is projected to rob the State budget of over \$1

billion in revenue annually, this is a problem for the foreseeable future of the State of New Jersey. It makes little sense to extend this program.

Rational and attainable fixes have been suggested, time and time again, to this Legislature, both by NJPP and national experts; and yet, they remain conspicuously absent from both of these proposals.

Before considering extensions, we must recognize that these programs have not produced results as intended, and the cost to the State remains too great, and the means to verify impact remains insufficient.

Before 2013, New Jersey's corporate subsidy spending was in line with the national average, at about \$16,000 per job created or maintained. Since the passage of the 2013 EOA, the State has awarded enormous corporate subsidies that are more than five times the national average. In return, the State has received little verifiable performance or uptick in jobs, development, and economic growth. And simply put, rather than being another tool in the toolbox of economic development, corporate tax subsidies became *the* economic development strategy of New Jersey.

For years, we have raised the alarm about the enormous cost of these programs to our State, at a time when New Jersey can least afford to gamble away future tax revenue. These bills proposed today do not sufficiently assuage the concerns that we have documented.

And you don't have to just take my word on it, honestly. Other than the findings of multiple reviews and analyses by other independent actors, the Fiscal Impact Statement by OLS that accompanied the final version of the 2013 EOA clearly states that the loss of revenue to the State's Treasury, due to credit redemptions, would be enormous. It also says that the levels of Corporate Business Tax uncertainty and losses, even with

implied increased local spending and jobs development, could be substantial and result in a decade of direct business tax revenue reductions and losses. And while some would like to deny that reality, those warnings have actually come to fruition.

Without implementing annual caps for awards, shorter term lengths for awards, penalties for bad actors, and known tax dodgers, wage protections for workers, and nationally recognized best practices for assessment and review, NJPP cannot support these bills as currently constructed.

And, just finally, I'll say I understand that this body and the Legislature are on a short timeline with regard to the sunset of the 2013 EOA; you're looking at a couple of weeks here. But NJPP, and others have been commenting on these issues to lawmakers for years. None of this should have come as a surprise to anyone.

Given the scope and cost of New Jersey's corporate tax subsidies, the laws guiding the EDA will be among the most consequential pieces of legislation passed this session. Passage of any extension without the inclusion of critically necessary reforms continues to leave the State extremely vulnerable to uncertain and insufficient economic outcomes.

This presents you an incredible opportunity to fix the problems with New Jersey's existing corporate subsidy programs, and to ensure that future economic development benefits all New Jerseyans -- business owners, their workers, local communities, and taxpayers alike.

I appreciate the opportunity to testify.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you very much.

Are there any questions from the members?

ASSEMBLYMAN CHIARAVALLOTI: Can I ask one?

ASSEMBLYMAN KARABINCHAK: Yes.

ASSEMBLYMAN CHIARAVALLOTI: Brandon, good to see you.

MR. McKOY: Good to see you, sir.

ASSEMBLYMAN CHIARAVALLOTI: Today is going to be an interesting day.

But I do want-- Since you're here -- and I think that we're going to continue to have conversations about this in the coming months -- but I do have a concern on the cap and the way you view the cap. So forgetting the theatrics for a second, I know you're a serious thinker. Why do you favor an overall cap on yearly expenditures, rather than creating a system where we cap the support for a specific project? So for example, as you know, when you look at the 15-year-out program under the current system, there is no cap. So if your delta is only \$8 million, but the formula says you should get \$20 million, you get the \$20 million. I think that's clearly a flaw in the system that I want to address going forward. But that's different than what you're discussing, as far as -- and what's been proposed by others, as far as capping overall projects.

So if you can talk to just -- a little bit about it.

And Chairman, I promise I'm not going to take up a lot of time, but this is the first time I've had a chance to ask him a question in public.

MR. McKOY: Absolutely.

So I think the impetus to support caps on these programs comes from two places. One, we discussed the effects these programs have

had with national experts for the past 20 years, right? And this is from the best practice they suggest because they feel-- I mean, no mayor, or freeholder, anyone in charge of the government would have a line item in the budget that they did not know what that was going to cost, right? And so we feel like it's very dangerous for the State to not at least have a cap; which really, in our eyes, is simply saying here's how much money we're going to spend on this effort for this year; and that is going to force us to be smart in how we deploy these resources.

The other situation, and the other reason why we support caps is because New Jersey really cannot afford to engage in this sort of exercise, to the degree that it has, due to our overall fiscal standing. If we were California, if we were Massachusetts, and we had a better fiscal health situation, maybe then you could talk about having more spending on these sorts of programs. But because of the inability for the State to invest in what we consider our very, very important investments in other assets, we need to prioritize those things over this. So the cap is really, for us, a budget.

ASSEMBLYMAN CHIARAVALLOTI: Okay.

I'm going to-- The only other comment I have -- and I have lots of questions, but I think I'll wait for a future date.

MR. McKOY: I'm happy--

ASSEMBLYMAN CHIARAVALLOTI: I know, I know. But it's the Chairman's first time out, and I want to take it easy today.
(laughter)

ASSEMBLYMAN KARABINCHAK: We had a nice show first.

ASSEMBLYMAN CHIARAVALLOTI: Yes, we did have a nice show.

I would say this to you. I think there-- From my perspective, since the Comptroller's report, this has been something we've been much more focused in on; and there are concerns.

I would say, though, that because of the rhythm of Trenton -- okay? -- and there's no big surprise. I'm going to be supporting moving this forward, with the understanding that this Committee is going to be charged with holding hearings, and hearing from the public on it, going forward, so that we can fix the program. I think the Comptroller's report raised a lot of issues. And to be honest with you, the Governor's decision to put those issues front and center surprised a lot of us, since the Comptroller's-- Because of the time the Comptroller's came out and the State of the State address was in just a couple of days.

So I understand your concerns. And as you know, from previous conversations with your group-- Although I have historically supported the tax incentive program, and I think we need to be competitive in the process. I don't think that today is the end game, okay? I think the end game is six, seven months from now, and in the ensuing months over the summer, when we have those hearings and can really delve into the good, the bad, and the ugly.

But I do appreciate your testimony.

Chairman, I appreciate the time.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

ASSEMBLYMAN CHIARAVALLOTI: Thank you, Brandon.

MR. McKOY: Thank you, Assemblyman.

ASSEMBLYMAN DiMAIO: Chairman, may I please?

ASSEMBLYMAN KARABINCHAK: Yes, Assemblyman
DiMaio.

ASSEMBLYMAN DiMAIO: Thank you, Mr. Chairman.

Why are the tax incentive programs necessary?

MR. McKOY: Necessary? I'm not sure that they are necessary.

ASSEMBLYMAN DiMAIO: Taxes are too high, maybe?

ASSEMBLYMAN DiMAIO: I'm not sure that they are
necessary to begin with, though.

If the State had the revenue necessary to invest in a long-term
fashion, and could attract businesses because of those assets being highly
supported and high quality, the need for a tax incentive program would be
low.

ASSEMBLYMAN DiMAIO: So right now CBT top rate with
the surcharge is about 11.5 percent?

MR. McKOY: Yes.

ASSEMBLYMAN DiMAIO: How does that compare to other
states around us?

MR. McKOY: That is higher than a couple of states around us.
Income taxes for the top 1 percent are lower than they should be, and
so we have results--

ASSEMBLYMAN DiMAIO: But that's GIT; I'm talking about
corporate business tax.

MR. McKOY: Yes,

ASSEMBLYMAN DiMAIO: Because--

MR. McKOY: CBT is higher than other states.

ASSEMBLYMAN DiMAIO: New Jersey is situated halfway between D.C. and Boston, right in the middle of Philadelphia and New York. You would think that we'd be a natural for job creation, job retention.

I didn't vote for that 2013 Bill, because I feel a lower tax structure in the corporate world would bring businesses in and retain businesses on their own, and we'd have more jobs. We're really after jobs; we want to have the income from the gross income tax side. We want higher-income people to live here, but we need the jobs to sustain that. I just don't feel like New Jersey's ever-- With all the economic recovery in New Jersey, I don't feel that New Jersey has really had the same robust economic recovery that other states have.

MR. McKOY: And I would argue that's because we did not invest in the assets that have made us unique.

ASSEMBLYMAN DiMAIO: What are those assets?

MR. McKOY: New Jersey Transit, higher education, property tax reform are the things that make people really want to live here. New Jersey Transit was the gold standard for the country up until 2007. And as a result of defunding it has now fallen from that perch. And obviously people having transportation, and being able to move people around to get to work, to get to school on time is a significant part of our economy; and failure to do that is failure.

ASSEMBLYMAN DiMAIO: But even with these programs, we haven't been able to spur significant job growth in New Jersey, as compared to other states--

MR. McKOY: And I would say--

ASSEMBLYMAN DiMAIO: --that have lower taxes -- corporate business taxes, and are giving out incentives too.

So, I mean, I agree-- Listen, your presentation was probably one of the most insightful and on-the-mark as I've heard on this issue. But I still believe that if we had an overall lower tax rate so we'd have more businesses occur here, we would have more higher-paying jobs here for everyone and we would grow and be able to take care of those programs with the income from higher-paying jobs.

MR. McKOY: I would appreciate the opportunity to talk with you about that.

ASSEMBLYMAN DiMAIO: Okay, thank you.

Thank you, Mr. Chair.

ASSEMBLYMAN KARABINCHAK: Thank you, Assemblyman.

Anyone else? (no response)

Okay, thank you very much.

MR. McKOY: Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Okay, the next speakers are from NAIOP of New Jersey, Michael and Anthony.

M I C H A E L G. M c G U I N N E S S: Good morning, Mr. Chairman; members of the Committee.

My name is Mike McGuinness, Chief Executive for NAIOP New Jersey. We are a trade association for investors, developers, and asset managers of commercial and industrial real estate properties in the state.

We thank you for this opportunity to provide a few remarks today about the Bills that are on the docket here.

We'd like to start off by saying that we urge you to support A-5343, which would extend the program GROW 2.0 for another seven months, so that we all have time to digest some of these ideas that have been put forth on the table.

We would also support a continuation of the program with many changes, which would be decided upon in those seven months.

Before I get into any details -- and it will be brief -- I just wanted to mention that you all have, in front of you, a packet, a green packet. And in there -- what I wanted to do was provide you with some statistics, some facts, some summary data on what's happening out there now.

There's a piece in here called *Debunking Myths Surrounding the GROW New Jersey Incentive Program*. There are some charts -- which summarize the amount of capital investment by county in the state, in terms of percentages and actual dollar amounts -- to see that it's not just one or two counties; although much of the money has gone to only a few counties.

There's also a report in here which talks about summary of key facts; and it gets into, again, some more detail on where the jobs have occurred; which sectors.

And there's also a table in here where the growth has occurred; under which programs that EDA administers.

There's also an op-ed piece -- I had an opportunity to author it in NJBIZ -- which talks about a vision for a state of innovation and more, which talks about the incentives.

What I would like to leave you with today is that now we-- Our members are really on the front lines of economic development in the state, whether it be in the industrial parks; that line -- the Turnpike or Route 295 in the western part of the state; whether it's in the urban centers, north, Hackensack, Asbury Park, Trenton, Morristown, Camden, Paterson; or in the suburban areas of Somerset, Morris, Mercer counties. We're all over. Wherever the market takes us, that's where -- we're there.

And we're not there without support from the local communities. If the community has the vision to see that they want to have this type of job in their town, we're there to work with them and partner with them.

So we're basically on the front lines of economic development. We see the trends, we advise the municipalities, we certainly have to comply with a lot of State, Federal, and local permits and standards. So this is not done with -- it's done with a lot of forethought and a lot of careful thinking.

We also share Governor Murphy's vision for a state of innovation, a fairer economy, meaningful wage growth, increase in venture capital investments, encouraging the thriving urban centers, and closing the racial and gender wage gaps.

We also agree with the Governor's intent, which is to scale back the awards -- the size of the awards; and to rebalance priorities to

reflect today's market, and to reduce the benefits that go to retain jobs, as opposed to new jobs.

Let's admit it: Organic job growth is best. But until New Jersey, as the earlier gentleman said, makes a lot more meaningful investments in our infrastructure -- whether it be digital, transportation, water, energy; and we're a long ways from being there -- we're going to need these incentives. And it's not just us telling you that; the companies that are coming in from Chicago, Atlanta, Long Island -- they're doing the numbers, and if it makes sense to be here they'll be here.

Another big driver today is the labor market. We have a very low unemployment rate of 3 percent, 3.5 percent. But in the tech sector, it's much lower; it's maybe 1.5 percent. So companies do these heat maps of where they have an employee base; and that's where they want to be.

So I think New Jersey would be best served to invest -- put more to start investing substantial money in its infrastructure; and over time, perhaps we can wean ourselves off some of these incentives. But we're not there yet; we're a long ways from being there. So to be able to compete with other states, we have to be at the table in terms of the incentives game.

So I think with that having been said, I'd like to introduce my colleague, Tony Pizzutillo, who will talk a little bit more on some of the details of what it should look like moving forward.

ASSEMBLYMAN KARABINCHAK: Thank you.

ANTHONY PIZZUTILLO: Thank you, Mr. Chairman; thank you, Michael.

Let me just add a little bit to what Michael was just stating.

I think it's important for everyone to realize that the whole-- One of the major objectives of EO 2013 was to inject economic activity and revitalization in distressed areas. And it is conventional knowledge that 72 percent of the awards that have been made over the last five years have been into statutorily defined distressed areas. That is indicative of the geographic zones, which are still embodied in A-4730; and now I'd like to talk about A-4730.

And those geographic zones are also statutorily qualified and defined. And they're important, Mr. Chairman, for a number of reasons. They have evolved over the last 20 years and, as a result of that, have been embodied in a number pieces of legislations as they evolved, from BRRAG, and BEIP, to Urban Transit, to Grow, and ERG. And as a result of that, they have been branded by the industry. So when commercial brokers, employers, businesses that are from out of state that are looking at New Jersey, these definitions make it user-friendly for them to determine where growth, and bonuses, and awards can be made. And the whole purpose of the Act was to encourage growth where New Jersey has already invested significantly in infrastructure; and basically to prohibit sprawl and growth in green lands. It's so much easier for green fields to be developed in this state than it is when you're talking about contaminated sites, or sites that need to be repurposed.

So the whole impetus is to match a couple of things. To maximize the use of those underutilized properties, as well as to attract the labor market in those urban areas where millennials and the young labor market want to live and work. So geographic areas are really important; and we should continue them, and that continues in the Pintor Marin Bill.

In addition to that, with regards to caps, Assemblyman Chiaravalloti had a good point. There are caps in the Grow program; there are base caps, and there are bonus caps, as well as withholding caps. There are no annual caps. And the reason why there are no annual caps is because the industry, as they inform us, goes through a poor planning process that may take years to determine where they strategically want to move. And what we do is take out the guesswork on whether or not, two years from now, if a company wants to move into New Jersey -- on whether or not tax credits are going to be available.

So since we have a net benefit test, we don't need annual caps. The net benefit test essentially empowers and authorizes the EDA to make a determination -- an economic determination -- that the rate of return is going to be in New Jersey's favor. And not until that company earns those tax credits are they then awarded over the next 10 years. And that doesn't include the multiplier effect as a result of that company generating jobs and growth in New Jersey. No one thinks about that; but that is a very important aspect when you think about when you create jobs in Newark, or Camden, or wherever.

In addition to that, New Jersey still has a *but-for* test. The but-for test is a rigorous test that a CEO has to sign, to state that but for these incentives, they would not be looking to move to New Jersey. And that's a big step, and that's hard to do. And it has one of the most rigorous but-for tests in all the nation.

I already spoke about the net benefit test.

Another important aspect is transferability of tax credits; very important, okay? I think everyone wants to see small businesses,

innovative, high-tech companies, biotech companies move into New Jersey. They do not have a corporate business tax burden, okay? They will then receive tax credits as payment for their investment. Now remember, Grow is both capital investment and employment investment. It's not just employment investment like the old program. You have to put a shovel in the ground, you need to improve a building, you need to put skin in the game.

So you're then awarded -- once you've earned them -- those tax credits that then can be monetized to pay for your investment in New Jersey. There's nothing wrong with that; it makes perfect sense. Everybody does it around this country; they're called *exchanges*. And if we want to attract companies that are small businesses -- like we are; innovation -- they are -- their corporate formation is not a corporate business tax burden formation; and that needs to be understood.

And then, lastly, what I'd like to say is that NAIOP respectfully recommends that, as with the Grow New Jersey program that included the commercial ERG program-- ERG is a tax increment financing program; very common across the country, and very important for New Jersey for developers that want to build in at-risk areas -- where we would like to see them build, okay? -- that had gap financing issues with regards to constructing their project. This would amount to a revenue strip -- as a result of that new use -- from State taxes that are generated from that new use, to basically pay for a bridge loan over 10 years. That is important; that was recently, back in August, enhanced, and improved, and sponsored by Speaker Coughlin; and signed into law, in August, by Governor Murphy, so

that we have a more robust ERG program. That needs to be reattached to this Bill -- to A-4730.

And with that, Mr. Chairman, those are my comments.

ASSEMBLYMAN KARABINCHAK: Thank you, sir.

I just wanted to mention that Assemblyman Auth has just joined the Committee.

With that being said, are there any questions?

Assemblyman.

ASSEMBLYMAN FREIMAN: Thank you, Chairman.

A question regarding some of this information provided. Unfortunately, it's not sourced, Mr. McGuinness, so I'm trying to figure out where it's coming from.

But my basic question is, it looks like Camden received a disproportionate amount of support -- right? -- over the years. But yet, Hudson County had three times the amount of jobs created.

Could you comment on that?

MR. MCGUINNESS: Well, okay.

So first of all, as it relates to the source, it's all EDA, Bloustein School; it's all publicly available information.

Honestly, it is what it is. I don't know the nature of the-- I mean, it's easily obtained from the EDA. I don't know what types of companies they were. I would say this -- from my understanding of the Grow New Jersey legislation, I think the most recent law that was enacted, purposely, was very focused on creating jobs, and expenditures, and investment in Camden. I mean, that was intentional by the Legislature. That's my take on the way the law was written; that it was intentional.

MR. PIZZUTILLO: Pardon me.

MR. McGUINNESS: Yes, Tony.

MR. PIZZUTILLO: Assemblyman, very quickly, the Grow law provides for four Garden State Growth Zones; now five -- Atlantic City. Hudson County does not have a Garden State Growth Zone. So what you have is a more expensive investment in Camden, due to its deep depression that has existed for over a half a century. And the intent there was to do whatever it takes to create a critical mass to break the cycle of poverty and joblessness; and basically, to bring back and revitalize Camden. So that was the thinking back then.

Now it's different; and that is recalibrated in the Pintor Marin Bill substantially.

ASSEMBLYMAN FREIMAN: Thank you very much.

ASSEMBLYMAN KARABINCHAK: Okay; anyone else? (no response)

Okay; thank you very much.

MR. PIZZUTILLO: Thank you.

MR. McGUINNESS: Thank you.

ASSEMBLYMAN KARABINCHAK: The next speaker will be Andrew Musick from the NJ Business and Industry Association.

A N D R E W M U S I C K: Good morning, Mr. Chairman; members of the Committee.

Andrew Musick, with the New Jersey Business and Industry Association. Our member companies represent about a million jobs here in the State of New Jersey.

I just want to thank you for allowing me to express the Association's views on Assembly Bill 4730, Assembly Bill 5343, as well as sort of New Jersey's overall economic development strategy.

You know, it's no secret, here in New Jersey, that we do have a challenging business climate. The high cost of doing business and the high cost of living here do serve as a barrier of entry to the state. We do have the highest gross income tax in our region, the highest corporate business tax in our region; the highest sales tax and the highest property tax rates as well.

However, we still have a number of advantages here in New Jersey: our location, our infrastructure network, and our well-educated workforce. However, these qualities do come with a large price tag.

New Jersey's incentive programs help to make our state more competitive and affordable, while leveling the playing field with the states within our region. And we're not alone. States across the country use economic development incentives to create and retain jobs, attract companies, and create economic activity.

As the environment for business attraction and retention is becoming increasingly competitive, New Jersey's incentive programs serve as a valuable tool to allow us to offset some of these higher costs; and that's what makes these programs so critical. Perhaps most importantly, New Jersey's programs are performance-based; meaning that companies must earn any benefit by generating new tax revenue and fulfilling all job and capital investment requirements before they receive a tax credit.

The Legislature and the EDA should be commended for taking great care to ensure that these programs deliver their promised benefits, which they have, in communities across the state like Camden and Newark.

However, as economic conditions change and our past investments take shape, I think it's only right to reevaluate and reshape the incentives that New Jersey offers. NJBIA believes that responsible tax incentives play a key role in our economic development strategy; and we look to be a regional, a national, and a global leader in business attraction and retention.

And I want to be clear: We support transparency, sufficient monitoring, and oversight of these programs.

The basis for today's discussion, Assembly Bill 4730, makes changes to the State's Grow New Jersey program. As you move forward, designing the future of New Jersey's economic development incentives, I would ask you to consider the following recommendations, many of which are already embodied in Assembly Bill 4730.

To concentrate incentives primarily on new jobs; to further increase the State's return on investment; to continue to strengthen program governance; to further expand access to small businesses and rapidly growing start-up companies; to focus a percentage of future investments on high-tech growth sectors; to maintain the transferability and monetization of tax credits; and to exercise caution on the use of annual caps on total awards.

NJBIA is also committed to reclaiming our stature as the "Innovation State," as we released a report entitled *Indicators of Innovation* earlier this year. As New Jersey lags behind our regional competitors, New

York and Massachusetts, in venture capital investments, we offer the following recommendations to help jumpstart and sustain the state's innovation ecosystem.

To analyze the impact a policy will have on New Jersey's overall regional business climate prior to implementing that policy; to increase the thresholds for those investing in R&D, and small and emerging start-up companies -- this is specifically the Research and Development Tax Credit, as well as the Angel Investor Tax Credit; to increase venture capital throughout the state; to drive increased Federal research and development funding to our higher education institutions; and to provide employers flexibility to structure their workforce in a way that's reflective of the innovation economy.

We face a potential reality where new programs may not be in place or approved prior to the June 30 deadline. If that's the case, I think it's imperative that we have an extension of the current programs, or a transitional arrangement while new programs are established. It's vital that New Jersey continues to attract and retain both small and large businesses in order to create economic growth in the state. And we would urge the Governor and the Legislature to work collaboratively together to provide a temporary transition until a more permanent solution can be finished. This allows policymakers more time to discuss the details of the new programs without a looming budget deadline hanging over their heads.

As such, we're pleased to support Assembly Bill 5343, which would extend the Grow New Jersey and ERG programs until January 31, 2020.

We look forward to working with you all to reshape New Jersey's economic development strategy and create a business climate that drives economic growth and job creation.

So I just want to thank you for allowing me the opportunity to testify this morning, and I'm happy to answer any questions you may have.

ASSEMBLYMAN KARABINCHAK: Thank you.

One thing I just want to mention is that Assemblyman Kennedy has just joined the Committee.

Thank you.

Are there any questions? (no response)

I have none; thank you so much.

MR. MUSICK: Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Our next speaker will be Michael Egenton from the New Jersey State Chamber of Commerce.

MICHAEL A. ESENTON: Thank you, Chairman; members of the Committee.

I'm Mike Egenton; I'm the Executive Vice President with the New Jersey State Chamber of Commerce.

I always appreciate the opportunity to offer our views.

The State Chamber thanks the sponsors and this Committee for understanding that incentives are imperative to our state's economy and to making New Jersey competitive. We appreciate this discussion and the Legislature's willingness to extend the current program until we can find a more viable option for a long-term solution.

New Jersey's current incentive programs, created through the Economic Opportunity Act -- that are set to expire at the end of this month

-- were designed to enhance business attraction, retention, job creation, and to strengthen our state's competitive edge. Through Grow New Jersey and the Economic Redevelopment and Growth programs, regions of the state, such as the City of Camden, have benefited from these initiatives and have seen revitalization.

While there has been a lot of attention surrounding how the programs were administered, this should not be indicative of their overall success. The majority of businesses that make the decision to stay and/or expand here in New Jersey are good corporate, responsible parties. If the State, through its research and analysis, finds any fraudulent activity, those responsible should be held accountable. The State Chamber agrees that we need enhanced transparency, but we must not create a negative atmosphere of uncertainty. We must all continue to be cheerleaders for economic development.

Incentives spur businesses to grow their initiatives and jobs so that they can positively influence the economy. We agree with the provisions in Assembly Bill 4730 that use the net benefits test to determine the overall success of an incentive program. Indeed, if the benefits outweigh the costs, the program should be expanded to meet the needs of the community.

Another provision in this Bill would essentially cap awards. The State Chamber believes that a cap signifies a stop in progress. Why would we want to stop something if it has proven to be successful? If there must be such a mechanism, we suggest that a monitoring level be implemented as an alternative. Once that threshold is met, then the State can reevaluate.

Recognizing that the current programs took approximately 18 months -- and I was involved during that process -- to effectuate, we cannot create a new, more effective, functioning program within the next two weeks, on top of the budget and during this time of year that you're all familiar with. Nor can we allow for the current ones to expire. Let me say this: A state that lets its economic growth incentives lapse signals that it's out of business.

A-4730 is a great starting point. But at this time, we must ensure that our State continues to offer incentive programs, which is why the New Jersey State Chamber of Commerce supports the passage of A-5343. The Bill grants the Legislature, the Governor's Administration, and the stakeholders the critical time needed to implement more sustainable options.

Lastly, during the time frame of the extension, why don't we all, collectively, take the opportunity to look at incentive programs around the country, implement benchmarking, look at success stories, and bring them here to New Jersey and consider modeling our programs after the most successful ones? I don't have to tell you, as a South Jersey resident, I see commercials on TV from Governor Cuomo saying, "Come to our state." There are a lot of factors out there; there's an economic war going on out there. And I would ask that the Legislature take a pause, reevaluate, and do the right thing.

Thank you, as always, for the opportunity to testify.

Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Thank you so much.

Do we have any questions for this witness? (no response)

None? Thank you so much.

The next speaker is Ms. Christina Renna, from the Chamber of Commerce Southern New Jersey.

C H R I S T I N A M. R E N N A: Well, good morning, Vice Chair and members of the Committee.

For those of you who don't know me, my name is Christina Renna; I'm Senior Vice President at the Chamber of Commerce Southern New Jersey. And I'm very pleased to be invited to testify today on all the slew of, kind of, topics and comments that we've been seeing and hearing, from all sources, on the tax incentive programs, and of course, the two pieces of legislation that we're here to talk about today.

I want to start by explaining -- for those of you who are unclear of our footprint -- we do have approximately 11,000 members. And those members are from the seven southern-most counties of New Jersey, and encompass not just businesses, but also a huge faction of the nonprofit community in South Jersey. And that's important, and we're going to come back to that a little bit later.

But I do want to give a little bit of background about our organization, and it does -- just bear with me -- because it does actually make sense in the grand scheme of things.

Many people are unaware that the South Jersey Chamber of Commerce started several years after the Civil War in the late 1800s, and was founded by the Campbell Soup Company and RCA -- at the time, in the late 1800s, the largest employers in the City of Camden.

We were named the Camden Board of Trades, and remained that way into the early 1900s. After which our name changed to the

Chamber of Commerce Camden, New Jersey; and to where we have evolved to today, which is the Chamber of Commerce Southern New Jersey, representing the entire region.

But it's this history and background that really makes us believe that Camden City is the backbone of our organization, and certainly where we began -- where we started. And a core faction of our membership, of course, is represented there -- not just the businesses that have come into the City and received incentives, but a huge faction of the nonprofit community that work in Camden City on behalf of the residents and the small businesses, as well in the City.

At the end of the day, with that background in your mind, we feel as though, organizationally, the tax incentives have absolutely done the job that they were intended to do in Camden. This was-- Looking long-term, we were proud to support the Economic Opportunity Act. Up until that year that the Bill was passed, we had seen, because of our history, starts and finishes of economic development in Camden that never got off the ground; a lot of, you know, misled ideas and false promises from all sorts of people that had led to Camden's decline. And until the Economic Opportunity Act was -- the language was added to include Camden City, that's the first time that we had actually seen something incentivize Camden and work in Camden; and we feel very strongly that it has.

But again, it's not just the incentives and not just the businesses relocating to the City of Camden that we are so proud of and see as success. There are also socioeconomic factors that we're seeing change and evolve over time as well. So in the City of Camden, you know, I don't need to go through the litany of issues that they've had, and their crime rate

too, poor schooling and education systems. That is all changing, in the process of changing, or has changed. Crime rates are lower, graduation rates are up, money is being spent in the City to beautify the City and make more community spaces for the City's residents and businesses to enjoy.

This, along with the economic development we've seen as a result of the Economic Opportunity Act, combined, bring us to where we are today with a really successful, in our mind, positioning of the City of Camden to continue to do good things, grow, and revitalize a community that, for years, was not doing well.

There has been criticism, as we saw; and from the protest we saw starting off the day. There are loud advocates who certainly oppose the tax incentive programs. And we respect their opinion on that. That being said, there's also been criticism that these large companies are getting tax breaks and not giving back to the City, or not-- The return on investment isn't there. I would like to counter that because, from my experience-- I had a meeting in Camden on Tuesday at 1 o'clock. The entire downtown -- everything has changed; the feeling has changed. And these companies have only been there -- some one year, some two years, some three years -- they got the incentives. So I would offer that we should still give these organizations time to give back.

However, they already have given back tremendously. And I want to circle back to my point about the nonprofit community in Camden, which is very vibrant; and all active, dues-paying members of my organization that I have a right to support, just as much as I do the large businesses that have moved into Camden. Those nonprofits -- I implore all of you, in your spare time, go on your phone and Google any one of those

companies that got a tax incentive. And Google any of the nonprofits in Camden, and I guarantee you an article will come up with one of those companies giving generous donations and contributions to those nonprofits, or lending man-hours -- up to hundreds of man-hours of their employees -- and millions of dollars, across the board, spread out through nonprofit organizations -- all of which are also my member companies. We're seeing the give-back, and that's only going to continue. And I think that's a narrative that is lost in all of this really heated rhetoric these days.

All that being said, as well as these programs have done, in our opinion, in the City of Camden, always changes and progress can be made. And we are here today to speak to that Bill in just one moment.

But that progress that I just talked to -- unfortunately we're starting to see that momentum die a little bit.

Earlier this week, we learned, organizationally, at the Chamber that two businesses that had committed to moving into Camden have declined moving into Camden. So two businesses that had committed to moving into the community -- one is a large employer, what we would categorize as a large employer; one is more considered to be a mid-size employer; both of which committed to Camden -- have notified City government of their intention to no longer come to Camden. And one of those two businesses specifically cited the political climate as the reason why they are not coming to Camden City.

Words matter; actions matter. All of this rhetoric and all the things that are happening at the different levels of government -- it matters. And we're starting to, unfortunately, on the heels of all this great momentum, starting to see it slow down; and then we fear decline is on its

way. We fear more businesses are going to start pulling out of Camden, and that's not what we need. We need to continue the progress there.

We need to continue the progress there, and that brings me to the piece of legislation, A-4730, today. The Chamber really feels as though that is a very strong jumping-off point. It takes-- First of all, it does not have a hard cap, which is something that we feel is absolutely essential. We need on an open-ended tax incentive program simply due to the business unfriendliness that we are faced with day-to-day, that my colleagues have already referred to, and you've heard testify at length about. So we're not going to get into all the reasons why New Jersey is not a friendly place to do business. But because it's an unfriendly place to do business, we need an uncapped incentive program to be able to have any tool in our tool chest to attract businesses to New Jersey.

And we were happy to see that 4730 doesn't have a hard cap, but instead is more strategic in the way that it allocates tax incentives. It's more spread out; it's not necessarily targeting specific municipalities by name. But I think it's a really smart approach and, of course, can use retooling to the next iteration of what these tax incentives should look like. And again, we are supportive of that.

I would make two respectful recommendations for the Legislature to consider as they move forward with the conversations about renewing the program. And this comes directly from the businesses in the Camden area. One is that we would encourage State government to include, in legislation, State government -- a small amount of funding that would create a marketplace, at the State government level, for all the municipalities where tax incentive awards are created. That marketplace

would do two things. It would allow the small businesses in the municipalities getting the tax incentives to alert and post the kinds of jobs -- or the kinds of jobs that they do -- right? -- the goods and services they provide. And then, similarly, have the large businesses that receive the incentives -- have that same marketplace search for the goods and services that they are looking to procure from the city -- from city small businesses. Because one thing we hear all the time from our larger businesses that have received these tax incentives is they want to use small businesses in the cities in which they're located, but they don't know where to go about finding that information. And similarly, the small businesses get lost in the maze of these companies' websites, and don't understand the application process. State government can help streamline that; and all that can do is not only help the small and mid-sized businesses looking to do business with these larger businesses, but also help these businesses give back to the city and the small businesses located there.

A second recommendation that we would share is that the Department of Labor try to expedite training grants for people who are located in the municipalities in which the tax incentives are given, so they can kind of streamline -- expedite those training grants. Get the residents of that community ready to go in and apply for a job, and prepared and trained appropriately to do so. And our companies -- the larger companies say that that would be extremely helpful in allowing them to hire more people from the town. But those training grants need to be expedited by the Department of Labor.

So there are two recommendations that we would love to see in the final version of whatever these extensions of the programs do look like.

When it comes to the actual extension legislation that you will be voting on today, the Chamber is supportive of that. You know, we believe greatly that we need, of course, smart, thorough accountability and oversight. We need these programs to be looked at fairly and accurately; and the only way to do that is to not rush this through in the next two weeks and just, you know, rush it through and not do things as smartly and appropriately as they could be. That being said, I think it's a fair point, to point out, that this six-month extension is essentially going to freeze these programs. Because no business looking to come to New Jersey is going to be taking advantage of these programs as they're being retooled. They are already semi-frozen now, because businesses aren't taking the incentives already, due to, sort of, the political climate we're in as a result of these programs. But this will really kind of stick a nail in the coffin, where, yes, we'll be extending them and keeping them open; but no one's going to be taking advantage of them, which is never something the Chamber would support. We always want to see economic development continuing to grow.

However, in the larger picture of things, time is needed to make sure we get these programs right; that accountability and oversight are intertwined in these bills; that the distribution of tax incentives is done fairly and accurately.

And so for those reasons, we do support the extension legislation.

So with that, I appreciate the opportunity to give comments today. And if anyone has any questions, I'm happy to take them.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anybody from the Board?

Yes, Assemblyman.

ASSEMBLYMAN FREIMAN: Thank you for your testimony.

In your last point, if functionally the incentive program is dead right now, from a practical perspective, why extend it?

MS. RENNA: I'm sorry?

ASSEMBLYMAN FREIMAN: Why extend it? If it's functionally ineffective right now because of concerns, and companies aren't going to take advantage of it, aren't we just wasting some-- Utilizing your thoughts, aren't we wasting time on extending it then?

MS. RENNA: Well, no, because the extension of the program is just to give more time for the Legislature to debate how it should be retooled. So we're for the retooling, we're for a rigorous evaluation of the current plans and changes that are appropriate, where appropriate, to the current programs.

Freezing it-- I mean, no one's going to use the programs while they're under retooling; it's just a common fact. But that doesn't mean that we don't support a thoughtful process by the Legislature; and we don't feel as though a thoughtful process can happen, one, in the next 10 to 15 days; and two, with, kind of, the heated rhetoric and the things that we're seeing day-to-day.

So that's the explanation of that.

ASSEMBLYMAN FREIMAN: I heard it; I'm not sure I'm clear on it.

So you can argue that having no program is the greatest incentive to get one up and going faster, by actually saying, "All right, we're

not going to continue it. We have a higher sense of urgency to do the right thing.” Create it, rather than having one that is sitting out there that no one is going to utilize because they’re worried that it’s just going to go away.

MS. RENNA: Okay, I apologize. That statement helps clarify, then, the answer to the question.

So currently, right now, there are many businesses in the queue before all of this started -- before any of this conversation started -- that are currently in the queue to get. And it’s my understanding that the extension would allow them to still continue through the process, should they want to do it.

ASSEMBLYMAN FREIMAN: Okay.

MS. RENNA: Should they want to do it. So if we just end them, that dies; and that’s obviously not something that we would want.

ASSEMBLYMAN FREIMAN: Thank you.

MS. RENNA: Thank you.

ASSEMBLYMAN KARABINCHAK: Any other questions?

ASSEMBLYMAN AUTH: Chairman, yes -- one.

ASSEMBLYMAN KARABINCHAK: Yes.

ASSEMBLYMAN AUTH: Good morning, and thank you for your testimony.

MS. RENNA: Thank you, Assemblyman.

ASSEMBLYMAN AUTH: I just want to extrapolate out a little bit more from the Assemblyman’s questions to you, with regard to eliminating it as opposed to extending it.

If you have people, like you mentioned, who are in the queue, and if you have people who had been considering making application and becoming involved-- And I'm kind of hoping like, maybe, you're poaching some businesses from Philadelphia, and so on, and making Camden the suburb of Philly; getting some of that business and incentivizing them to come to New Jersey -- similar to what they're doing in Jersey City from New York City. And I look at that model as being almost the same. Wouldn't it be better -- even if people weren't availing themselves of the incentives, wouldn't it be better that the incentives were there? And people would say, "Hey, they may be in a state of flux, they're working on a few glitches in the system, but they haven't taken them off the table," which is a more permanent flat-out "no;" as opposed to saying, "It's here, and we're going to improve it and make it just a little bit better."

Wouldn't that be better for the community of entrepreneurs, and the community of commerce in the area, to see that type of a signal, rather than the signal of taking it off the table completely?

MS. RENNA: Well sure. Yes, I think that if you end the programs and they are dead, that sends a terrible message as well, right? And we already have a business community that doesn't have, as I said, many tools in its tool chest to pick from, with all the disadvantages we have here in New Jersey.

So killing the program would send a terrible message. At least extending the program -- again, thoughtful conversations with key stakeholders on all sides of the issue. I mean, that should send a positive message, as long as we can keep the rhetoric at a respectful manner.

ASSEMBLYMAN AUTH: Yes, okay.

Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Okay; any other questions?

ASSEMBLYMAN DiMAIO: Just-- Chairman.

ASSEMBLYMAN KARABINCHAK: Assemblyman.

ASSEMBLYMAN DiMAIO: Thank you, Mr. Chairman.

And not to go off-topic too much, but I think it's something that is certainly related -- you touched on it briefly -- and that's regulation, and how that impacts the ability for businesses to move forward.

I've seen issues where the local level gets bogged down at the planning board level. And maybe it's on a county road -- you have that level; and then the State agencies-- If you have DOT and DEP involved in the same issue, they have their own inability to move things along at times, and bog things down. And I don't know how we get a handle on that; and you know that, certainly, Chairman. You've seen this yourself in your business.

What can we do to make sure those things don't happen? I see an intersection that needs to happen where-- DEP claimed terrestrial crossings -- and I'll tell you about that later -- were necessary on a bridge that needed to be moved for business. And then, now, after two years of delays, all of a sudden they don't need them anymore.

Can you speak to that?

MS. RENNA: Yes; I mean, it's something -- it's actually in my written testimony, which I didn't read, obviously. But towards the end of it you'll see us make the comment that we believe strongly that oversight -- a rigorous oversight, and evaluations, and potentially more regulations are

something that may be needed for this program; it remains to be seen, at this point. But that being said-- And we support that; we always want these programs to be working as effectively as possible, and on the up-and-up as possible.

That being said, we can't support added regulations and oversight that are going to serve as a disservice for employers to take advantage of the program. Because then the program, again, is just going to sit there. If I'm a business owner, and the regulations have strengthened so much that it's just not even worth going through all the hoops and paying a lawyer to make sure I'm doing it correctly -- because now we know if something happens legally, there's going to be a lot of oversight -- it's going to deter businesses from doing that.

That's not saying we don't support oversight. Please don't get me wrong; we support strong oversight. There needs to be a balance, because we already are so overburdened regulatorily. But this program is, obviously, a generous program in its current state; and hopefully we'll retool it and we'll keep that cap off the program. That is what we would like to see. So oversight is necessary.

The conversation is always, "What's the fair balance?" and that's something that obviously is up to you all and the Administration; and hopefully, we're happy to provide insight as well.

ASSEMBLYMAN DiMAIO: Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else? (no response)

Okay.

DENA MOTTOLA JABORSKA: (off mike) Mr. Chairman, can I speak? I put in a slip. There have been six people representing the business community, and only one representing the taxpayers who pay for this program.

ASSEMBLYMAN KARABINCHAK: I'm sorry; right now it's just for invited guests. I'll open it up to the public at the end, if you would like to speak at the end.

Thank you very much.

MS. RENNA: Thank you, Chair.

ASSEMBLYMAN KARABINCHAK: Our next speaker is Ms. Megan Chambers, from the SEIU 32BJ.

MEGAN CHAMBERS: Good morning.

My name is Megan Chambers; I'm with the Laundry, Distribution, and Food Service Joint Board; Workers United, SEIU. We are a labor union that represents 8,500 workers in warehouse distribution centers and other sectors.

And I'm joined by Tamara Clay, who is a warehouse worker here in the area.

And I want to thank the Chairman and the Committee for inviting us here to speak today. You should have a copy of our written testimony; it's a one-page document that looks like this (indicates) -- two-sided. We submitted them earlier.

So our union is part of a coalition -- the Warehouse Workers Stand Up Coalition. Its member organizations are unions, and community groups, and advocacy groups, fighting to improve standards for warehouse

workers. And we are going to focus our remarks on the importance of standards for what kinds of jobs we are creating with these subsidies.

As you are probably well aware, business is booming in the warehouse sector in New Jersey. More than 50,000 people are employed in the sector today. That's a 23,000-job increase in the last 10 years; so it's almost twofold. And the expansion continues because e-commerce -- with the growth of e-commerce, there is the growth of warehouses. And we are becoming, and have really become, the warehouse state because of our proximity to enormous consumer markets and our great infrastructure -- our ports and our highways.

So the jobs are coming, but these jobs are, too often, dangerous and poorly paid; and too often filled by temp workers who have few or no rights and few or no benefits.

And Tamara can tell you a little more about that.

Ms. Clay.

TAMARA CLAY: Good morning.

My name is Tamara Clay. I am a resident of Camden; I'm also a warehouse worker, and I'm a proud member of the Laundry, Distribution, and Food Service Joint Board; Workers United, SEIU.

I work at union and non-union warehouses in Burlington and Florence. I can tell you, firsthand, that warehouse work is demanding and dangerous. When you work in a warehouse, you have to lift heavy objects. You often have to work as high as 30 to 40 feet in the air on a cargo lift.

You are constantly under pressure to work faster, especially in e-commerce warehouses. If you do not have proper training and safety protection, you can get seriously injured or even die. This is what happened

to Jose Caba, a warehouse worker who died after falling 35 feet at a warehouse in Edison in October.

Many warehouses do not even hire a consistent workforce; instead, they depend on temp workers. I'm lucky to work at my current warehouse, where we have a voice on the job because we have a union. Unfortunately, most warehouse workers in the state do not have the same protection as me. This is why it is so important to establish strong standards for all warehouses, especially warehouses that receive taxpayer money. Standards keep workers safe. In Camden, we need good jobs with living wages and real safety protection. We should not give subsidies to companies who perpetrate poverty and undercut the protection I have as a union member.

By attaching strong labor standards to subsidies for warehouses, we can create the kind of good jobs that my community and Camden needs. As a resident of Camden, a taxpayer, and a union member, I urge you to reform these subsidy programs so they truly benefit my community.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

MS. CHAMBERS: Thanks, Tamara.

So we cannot underscore enough how urgent the need for this is. And for that reason, we do not support extending these programs without reforms.

Seven months more of the same is just not good policy. Just for an example, according to Federal statistics, New Jersey is second in the nation in the number of packing jobs, which are the fundamental, inside-the-warehouse jobs. But we are 37th, after Alabama -- lower than Alabama

in the average wages paid for these positions; \$11.64 an hour. That is shocking; it can't continue.

In the last five years, the NJEDA has awarded \$230 million in Grow NJ tax credits to warehouse developers and operators. And these awards are made with no standards for what kind of jobs will be created.

So EDA subsidies have gone to a warehouse operator who hires temporary workers at \$11 an hour. The EDA approved \$51 million for a big warehouse company to open a new facility; and the company had a history of wage and hour violations, illegal employee classification, and serious OSHA violations, including a worker death. They ended up not opening the facility, but they were approved for \$51 million, just in 2015, of our subsidized -- essentially, our foregone tax revenue.

So we cannot let these EDA subsidies in the warehouse sector continue like this. It is critical that the Legislature take this opportunity to reform these programs now.

So Assembly Bill 5343 simply extends the current programs for seven months. That's too long a delay. Assembly Bill 4730 not only fails to perform the job standards, it actually weakens them by allowing independent contractors -- so-called *independent contractors* -- to be considered as full-time employees. So an independent contractor is somebody who works, but has literally no rights at all. They don't have the right to health insurance; no unemployment insurance payments are made on their behalf by the employer. They are not covered by the employer's workers compensation policy. They have no right to organize, etc., etc., etc. I mean, that would be a terrible thing.

You know, warehouse developers and operators who receive tax incentives must be required to provide permanent, full-time jobs with fair wages, affordable health care, and decent, safe working conditions.

Last week, the Murphy Administration -- Governor Murphy proposed two reforms to Grow NJ and other NJEDA programs; and they include some really important steps in the right direction, such as an immediate \$15 minimum wage in that-- Actually, I think it was across the board, but we looked at the sector; improved oversight, and an onsite safety and health inspection by the Department of Health before subsidies are awarded.

Reforms-- You know, those are the kinds of reforms that really need to be incorporated into Grow NJ and other NJEDA programs, going forward. Business is going to continue to boom in the New Jersey warehouse sector. We do not need tax incentives to create jobs; the jobs are coming, hand over fist. The question is, what kinds of jobs will these be? Let's not subsidize poverty wages and worker deaths. Let's act now to make sure that warehouse subsidies provide safe jobs with decent wages that can support a family in dignity.

So I urge this Committee to develop legislation now for NJEDA reauthorization that incorporates labor standards for warehouse workers and others.

Thank you very much for the opportunity to speak today.

ASSEMBLYMAN KARABINCHAK: Thank you.

And if I could just ask Ms. Clay to please spell your name? Because you weren't on our list, and I just wanted to make sure the spelling is right for the record, please.

MS. CLAY: It's T-A-M-A-R-A C-L-A-Y.

ASSEMBLYMAN KARABINCHAK: Thank you so much.

MS. CLAY: Thank you.

ASSEMBLYMAN KARABINCHAK: Do we have any questions? (no response)

None? Thank you so much. We really appreciate your testimony.

MS. CHAMBERS: Thank you.

MS. CLAY: Thank you.

ASSEMBLYMAN KARABINCHAK: Well, first I'd like to thank all the invited guests who spoke today.

And as I said in my introduction remarks, that anyone in the public can submit any written testimony and that will become part of the record. In fact, that's one of the things that you should do, because I don't have anything from you here. And unfortunately, this was only for invited guests, and this is the first time -- I don't know how to handle having you come and testify.

So if I could ask you to please do it in writing, so we could have something viable.

MS. JABORSKA: (off mike) I spoke on many occasions with (indiscernible).

ASSEMBLYMAN KARABINCHAK: I'll tell you what, we're on a tight time constraint, but I'll give you one minute -- one minute.

MS. JABORSKA: Well, that won't be enough.

ASSEMBLYMAN KARABINCHAK: One minute.

MS. JABORSKA: Well, I'm sorry.

ASSEMBLYMAN KARABINCHAK: Well, if it's going to take longer, I apologize; then it will have to be in writing.

MS. JABORSKA: Well, I'll just--

ASSEMBLYMAN KARABINCHAK: And please state your name for the record, and spell it.

MS. JABORSKA: Good morning.

I'm Dena Mottola Jaborska; I'm the Associate Director at New Jersey Citizen Action.

We're both an advocacy and direct service organization. We work statewide to provide services to low- and moderate-income families. We also advocate with those families and on their behalf.

And I'm here today to speak on both the bills. I was coming to the hearing this morning with the understanding there would be no public testimony. And because that was the understanding of the advocates and the members of the public who have a lot of concerns about the EDA programs, they're not here today and I can't speak for all of them, but they should be in this room today. And it is very disappointing that they are not.

In addition, the hearing today has really lacked facts. We heard a lot about people's feelings and we heard a lot of anecdotes, but there have been facts that have come to light that have been completely missing from this entire discussion. And on top of that, you've only heard, in over an hour of testimony, from business lobbyists and only one person who represents the taxpayers who pay for this program.

So this hearing was wholly unbalanced and completely unfair to the members of the public and the taxpayers who fund this program. So that's the first thing I wanted to say.

These programs have been inefficient; they've been unaffordable for the State. They have been ineffective, and they have not always been the best investment that New Jersey could make in economic development and job creation.

And so we join Brandon at the New Jersey Policy Perspective in asking the question of whether we should even really have all these programs, or whether they need -- we think they need massive reform if they're going to go forward.

And therefore, both of these bills we oppose; we especially oppose advancing an extension without some common understanding and consensus around the reforms that are needed, especially if the public is not part of that conversation.

And I don't know where you're planning to hold these public hearings, but if you are planning on holding more public hearings for the public they need to be before the entire Committee, and not a horse-and-pony show in front of one legislator in a far distant part of the state. They should be central or in many places around the state.

I don't think that this program -- that the Governor's timing was wrong. I think his timing, in terms of bringing forward problems at the EDA, had to do with the extension and the fact that it's about to expire. What I do think was wrong is the timing of these pieces of legislation. This legislation needs time and input, and you can't move forward with just hearing from the business community that has captured the funds at the

expense of the taxpayer. So that's what's wrong with today; not the Governor's timing.

I already spoke to the process, so I guess I'll wrap up there. I have lots more to say, but I can see I'm getting the evil eye.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

I had my glasses on, so it wasn't the evil eye at all. (laughter) It was just timing.

MS. JABORSKA: I have mine off. (laughter)

ASSEMBLYMAN KARABINCHAK: Thank you very much for your opinion.

Okay, so just to go over a few housekeeping items.

Assembly 4730, which was for discussion only-- I'm just going to read some of the things.

Michael McGuinness and Tony Pizzutillo, in favor; Dena Mottola, New Jersey Citizen Action, opposed; NJBIA, in favor; New Jersey State Chamber of Commerce, in favor; Chamber of Southern New Jersey, in favor; and Clean Water Action, opposed.

In regard to A-5343, which extends the application deadlines for the Grow New Jersey Assistance Program, and the State and local Economic Redevelopment and Growth Grant programs; again NAIOP, is in favor; NJBIA is in favor; New Jersey State Chamber of Commerce is in favor; the Chamber of Commerce Southern New Jersey is in favor; the Laundry, Distribution, and Food Service Joint -- I can't understand what he wrote -- opposed; Laundry, Distribution, and Food Service, opposed;

Atlantic County Economic Alliance, in favor; CWA, opposed; New York Shipping Association, in favor; and New Jersey Citizen Action, opposed.

So if I could ask for the amendments to be read into the record for A-5343.

MR. ROTHBERG: As introduced, the Bill, A-5343, would extend the application deadlines, under the Grow New Jersey program and the ERG programs, for one year, until July 1, 2020.

The amendments shortened the proposed extension to January 31, 2020.

The amendments also would extend an application deadline under the ERG residential and mixed-use parking project tax credit program, that would also expire on July 1, 2019, to the same expiration date, January 31, 2020.

ASSEMBLYMAN KARABINCHAK: Thank you.

Do I have a motion to release A-5343, with Committee amendments?

ASSEMBLYMAN KENNEDY: So moved.

ASSEMBLYMAN KARABINCHAK: Do I have a second?

ASSEMBLYMAN FREIMAN: Second.

ASSEMBLYMAN KARABINCHAK: Any comments?

Assemblyman.

ASSEMBLYMAN FREIMAN: Thank you, Chairman.

Even though my name is on the extension Bill, I am disappointed we're here. I'm disappointed that we're actually talking about the need for extending a program.

I'm getting comfortable, and I'm comfortable with extending it, because I think that the choices, that we now have put our backs against the wall, give us no choice. But it was our own doing that put our backs against this wall. We should have vetted through the Governor's proposal; we sat through 12 hours of testimony, and I don't think we're doing a service, in aggregate, by merely extension.

Having said that, I think we have limited choices in front of us, and this is the lesser of all evils.

Going forward, I think that we've heard enough testimony to know that the program needs to be repaired or replaced; that there's opportunity for improvement, there is opportunity clearly for more oversight, more governance baked into it. There is an opportunity that we should put more emphasis on small businesses, which really have not had a chance to take advantage of our incentive programs. The best retention program New Jersey can have is a value proposition that is so compelling, why would we want to have a business elsewhere? To me, that's where we need to create a business environment where you'd want to come to New Jersey, rather than be paid to stay in New Jersey. And we need to focus our attention and our strategy on doing just that.

There has been some discussion that we should continue to allow the monetization of these tax credits. I'm not sure I'm fully there on the Grow program, on the retention program. I understand it on the financing side. But I think it's use it or lose it, overall, when it comes to it. Either you needed it, or you didn't, coming into it.

And lastly, while I appreciate you offering -- and this was set up as by invitation only -- this is critical. I think the public should have had

more access to it in total. I appreciate you allowing someone to speak; thank you very much for that.

But I am passing this, and I'm voting in favor of this, with reluctance, because we put ourselves in this situation.

Thank you for your time.

ASSEMBLYMAN KARABINCHAK: Thank you.

ASSEMBLYMAN CHIARAVALLOTI: Mr. Chairman?

ASSEMBLYMAN KARABINCHAK: Yes, sir.

ASSEMBLYMAN CHIARAVALLOTI: I just-- Similar to my colleague-- First of all, let me begin by thanking you for stepping in and chairing this Committee. Not an easy topic to take on the first time out. But, as always, you did a very good job.

But similar to Assemblyman Freiman, I will be voting this out of Committee and supporting the extension. But I do think that, as legislators, since that January report -- Comptroller's report came out, anyone who read that will recognize that there's a need for reform, a need for greater transparency.

We talked a little bit about my view of the caps. I think there are also other issues, including the audit process, that can be streamlined and be much more effective as an oversight tool. And I also think there is some work to be done on the *but for* -- our requirement. There are some states which would actually require senior executives to appear before the EDA Board and, under oath, testified but for. They would be either not coming to New Jersey or leaving the state. I think that's language we need to take a look at.

And, you know, just to-- I do think we need to focus more on creating new jobs, as well as-- If we're going to talk about innovation, how do we focus in on start-ups and some of these small businesses?

Unfortunately, I think what we have done is really paint ourselves into a corner. And we need the extension, because the work we probably should have been doing over the last six months hasn't really begun yet.

And I'm hoping that this Committee will take the charge and have those hearings over the next several months, so that in January we can have a new program that serves the interests of growing the economy, while also protecting the workers; and also taking into account the need for greater transparency on what the money is being spent on and what the rate of return is.

Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Thank you.

With that being said--

ASSEMBLYMAN KENNEDY: Chairman.

ASSEMBLYMAN KARABINCHAK: Oh, sorry; sorry.

ASSEMBLYMAN KENNEDY: I agree with everything my colleagues have just stated.

I have a little bit of a different spin. About a year ago, I got a call from a company that was going to relocate in Westchester County, and asked about New Jersey's opportunities. I directed him towards the EDA. They purchased a 256,000-square-foot building, and are moving a hundred employees from Brooklyn to New Jersey. And they subdivided the balance

of the building for two national companies that are also bringing employment to it.

But I do recognize that there's a great need for change. We've also had other EDA borrowers who have been put into different scenarios that they're not really thrilled about.

So, hesitantly, I am voting in favor of this to get it out of Committee as well.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else?

Assemblyman.

ASSEMBLYMAN AUTH: Thank you, Chairman.

I just wanted to bring one thing to the Committee's attention.

There wouldn't be any need for this at all if we offered businesses a business-friendly environment to begin with. We used to do that in New Jersey. And this place -- New Jersey was a place that businesses came to because there were so many reasons to come here. And we've slowly eroded those benefits to small businesses and larger businesses; businesses that would have corporate campuses in Bergen County and Morris County. And they would move out of New York, and they would bring a select group of employees with them who would buy homes in New Jersey and raise their families in New Jersey. And it was a desirable thing to do.

But slowly, over time, we've taken all these benefits to these companies and to people who would populate these companies, and we've made it impossible for them to come here. And now we are set up in a

situation where we're having government create incentives; you know, government doesn't do anything really very well. Private industry does it best on its own. If we had just left it alone and let them have an environment friendly to their activities, it would have been so much easier.

It's very important that we keep this program moving along, correct what needs to be corrected, and throw the welcome mat out to businesses that are surrounding us in Philadelphia, in New York, and bring them to New Jersey and show them that there is opportunity here. There are reasonable minds here that know that their presence here is extremely important.

I'll be voting "yes" on the Bill today.

ASSEMBLYMAN KARABINCHAK: Thank you.

Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Thank you, Chairman.

Not to restate what I spoke about earlier, but we really need to maybe balance this program a little more.

I'm going to vote to extend, because I feel we have no choice at this given time. And I don't want to message anything to the business community about us being "out of business." I don't think that's true at all.

We are in business; we want to have business. We have different viewpoints with regards to incentives and maybe the overall tax rate. I feel that the people who are there, pulling the wagon, paying that 11.5 percent, who aren't looking for anything but just to stay here and survive, should be given a break; just like the people who are getting a break to come here or stay here by creating new jobs. We want all jobs.

If we had a business-friendly tax environment in this state, lower than anyone in the region -- which I believe is an attainable goal -- we are so properly positioned in the marketplace that we would be booming. I don't see New Jersey as really seriously exploding at the seams in business right now. Yes, things have improved; but I think that is part of the overall economy. But I really think we need to look at a balance between, maybe, not so many incentives and maybe looking at the overall rates, so every business in New Jersey can flourish and hire more people.

Again, we'll have this discussion; whether it takes all summer -- that's fine by me. I'll wear shorts. (laughter)

But the thing is, this is probably one of the most important things we'll wrestle with for the rest of this year, once the budget is put to bed. So we're going to talk, and we're going to have an open discussion. I think we've had some private discussions that probably can be very productive over the long haul.

Certainly, changes need to be made. But I don't want to message anything to the business community that we are not open for business, so I intend to vote "yes" on the-- I have already left my vote as a "yes" on the Bill.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else? (no response)

Well, just a few of my own comments.

There was a lot of very good information that was brought up by the speakers today. There were a lot of good comments from the Committee.

This is not a simple solution; there is no simple solution. It's extremely complex, as many people spoke here today. It crosses the spectrum from labor to-- I'll talk about the State and how long it takes to get a permit through. That wasn't even talked about today. That I could personally tell you -- that one of my global clients took three years to get a permit in the ground -- to put a shovel in the ground. That's absolutely unacceptable.

That's one of the other reasons that this has to be done correctly, with all of the stakeholders having a piece and a say in what we're going to legislate here.

Beyond the incentives, we want businesses to come here because New Jersey is the best place on the East Coast. We're between the two largest cities, between Philadelphia and New York. It doesn't get better than that anywhere. We have a great skilled workforce. Again, this is something that we have to address, and it's not going to be done in the next two weeks.

Unfortunately, looking backwards is easy. We have to look forward. We can only change the future. And this is something that is extremely important for the fiscal stability of New Jersey, and all of our taxpayers, and all of our businesses.

The one thing that is critical is for everyone to succeed; that's all we ever want. And as legislators, all we can do is listen and do the best for everyone who lives in New Jersey.

So that being said, I'd like to take a vote.

MR. ROTHBERG: On A-5343, the motion to favorably release with Committee amendments in your packets; Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. ROTHBERG: Assemblyman Auth.

ASSEMBLYMAN AUTH: Yes.

MR. ROTHBERG: Assemblyman Tully.

ASSEMBLYMAN TULLY: Yes.

MR. ROTHBERG: Assemblyman Kennedy.

ASSEMBLYMAN KENNEDY: Yes.

MR. ROTHBERG: Assemblyman Freiman.

ASSEMBLYMAN FREIMAN: Yes.

MR. ROTHBERG: Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTI: Yes.

MR. ROTHBERG: Assemblyman Calabrese.

ASSEMBLYMAN CALABRESE: Yes.

MR. ROTHBERG: Assemblyman Armato.

ASSEMBLYMAN ARMATO: Yes.

MR. ROTHBERG: And Assemblyman Karabinchak.

ASSEMBLYMAN KARABINCHAK: Yes.

MR. ROTHBERG: The Bill is favorably released, with Committee amendments.

ASSEMBLYMAN KARABINCHAK: I want to thank everyone for coming; and the meeting is adjourned.

Thank you.

(MEETING CONCLUDED)