

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

GOVERNOR MURPHY ANNOUNCES TOOLS TO SPUR INNOVATION AND GROWTH OF HIGH-TECH FIRMS

PRINCETON – Governor Phil Murphy today announced two important tools - the Incubator and Collaborative Workspace Rent Initiative (ICWRI) and a modernized Research and Development (R&D) tax credit - to support new and established high-tech companies in growing the Garden State's Innovation Economy. The Governor made the announcement during a visit to Princeton Innovation Center BioLabs.

"Both of these initiatives will allow us to take full advantage of all New Jersey has to offer entrepreneurs and startups as well as our established innovation-driven companies," **said Governor Phil Murphy**. "We have everything right here at our fingertips to dominate the Innovation Economy – our people, our location, and our history. We've led this sector before, and through these additional tools, New Jersey will reclaim our national and international prominence for innovation and discovery."

Through the NJ Economic Development Authority's (EDA) ICWRI, new start-ups will be assisted with rent at incubators, accelerators and other collaborative workspaces. EDA will make an initial investment of \$500,000 in the program and will provide grants for two, four, or six months of rent payments, with the workspace committing to subsidize half that amount. For a startup, there is a maximum benefit of up to \$15,000.

In addition, EDA will provide up to three months of bonus support if the collaborative workspace is (1) recently established, (2) in an Opportunity Zone census tract, or (3) affiliated with a hospital system or New Jersey university (one month for each category).

"The benefits of collaborative workspaces are clear for young startups, but capital constraints often serve as an obstacle, with entrepreneurs investing their limited resources to optimize research and product development efforts instead of paying rent," **said EDA Chief Executive Officer Tim Sullivan**. "The Incubator and Collaborative Workspace Rent Initiative will address this barrier to growth, while also enhancing demand for New Jersey's incubators, accelerators, and co-working spaces. This new initiative supports an important component of Governor Murphy's stronger and fairer Innovation Economy agenda, and will serve to further develop the State's entrepreneurial ecosystem and help to strengthen our value proposition to innovative companies at all stages of growth."

According to research by the National Business Incubation Association, companies nurtured in a business incubator have a survival rate of 87 percent, compared with 44 percent for unassisted enterprises. The presence of an accelerator has been associated with a 104 percent annual increase in a region's seed and early stage venture capital deals.

New Jersey currently has 29 incubators, 7 accelerators, and 31 coworking facilities.

The second tool New Jersey is providing to foster innovation is the modernization of the State's existing state R&D tax credit, which was revised in Governor Murphy's Fiscal Year 2019 budget.

While many positive changes have been made to the federal R&D tax credit over the past 26 years, New Jersey has operated within the original 1992 criteria. This means innovative companies have missed opportunities on new eligible research categories, new calculation methods, and larger available credits.

"For many years New Jersey was known as the 'medicine chest' of the world. However, increasing competition, both domestically and abroad, has threatened that distinction and demanded we do more to spur economic growth. The modernized R&D tax credit established in this year's budget will help us attract and retain innovators, spur long-term job growth and stimulate sustainable revenue while sending a message that New Jersey is committed to remaining a global leader in innovation," **said State Treasurer Elizabeth Maher Muoio**.

By updating the R&D tax credit, the state will be aligned with current federal law, making the credit more generous and more accessible, and will benefit firms who invest in R&D in New Jersey.

In Fiscal Year 2018, over 200 New Jersey companies received credits totaling \$80 million. Current recipients are concentrated in the pharmaceutical, telecommunications, and other advanced technology industries.

“Governor Murphy’s new initiatives, which are designed to support startups in New Jersey, are very promising. The innovation ecosystem of New Jersey is heating up, and funding programs that give concrete support to young companies are the kindling,” **said Anne-Marie Maman, President of New Jersey Business Innovation Network (NJBIN).**

“Innovation is the key to New Jersey’s economic development in the future. These initiatives will add to our already robust innovation ecosystem to help us compete with states like New York and Massachusetts for tomorrow’s cutting-edge companies,” **said Michele S. Siekerka, President and CEO of the New Jersey Business & Industry Association.** “Startups and companies that thrive on innovation are as sensitive to operational costs as any other business. These initiatives get at the heart of what new companies need to be successful.”

“Governor Murphy has been laser-focused on reclaiming New Jersey’s place in the Innovation Economy. With today’s announcements, the Governor continues to support new and established companies in the life sciences space, and BioNJ looks forward to advancing this work,” **said Debbie Hart, President and CEO of BioNJ.**

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