ASSEMBLY, No. 3681

STATE OF NEW JERSEY

216th LEGISLATURE

INTRODUCED SEPTEMBER 18, 2014

Sponsored by:
Assemblywoman  BONNIE WATSON COLEMAN
District 15 (Hunterdon and Mercer)
Assemblyman  REED GUSCIORA
District 15 (Hunterdon and Mercer)

SYNOPSIS
Prohibits corporations from qualifying for or maintaining State development subsidy grants if corporation qualifies as inverted domestic corporation.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning State development subsidy grants to certain corporations and amending P.L.2007, c.200.

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

1. Section 4 of P.L.2007, c.200 (C.52:39-4) is amended to read as follows:

4. a. Each applicant for a development subsidy shall submit to the granting body an application for the development subsidy on a form prepared by the State Treasurer. The information required on the application, or in supplements accompanying the application, shall include the following:

   (1) An application tracking number provided by the granting body;

   (2) The names, street and mailing addresses, and phone numbers of the chief officer of the granting body, the chief officer of the applicant’s corporate parent and the applicant, and the street address and three-digit North American Industry Classification System number of the project site;

   (3) The start date and the end date, if any, of the development subsidy;

   (4) A list of all development subsidies that the applicant is requesting or receiving, the name of any other granting body from which development subsidies are sought or obtained, the value of each development subsidy and the aggregate value of all development subsidies requested or received from all sources;

   (5) A signed certification by the chief officer of the recipient corporation that the application is accurate and meets the requirements of this act, P.L.2007, c.200 (C.52:39-1 et seq.);

   (6) The total number of individuals employed by the applicant at the project site on the date of the application, the anticipated number of jobs that will be retained as a result of the development subsidy and the number of new jobs to be created by the applicant at the project site if the development subsidy is granted, broken down by full-time, part-time, and temporary jobs;

   (7) The average annual wage and benefit rates of current employees and the anticipated average annual wage and benefit rates of new employees;

   (8) The number of current employees provided health benefits, and the number of new employees anticipated to be provided health benefits;

   (9) How many of the current employees and how many of the anticipated new employees are represented by a collective bargaining unit;

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.
(10) The average total number of individuals employed in New Jersey during the calendar year preceding the submission of the application by the applicant’s corporate parent and all subsidiaries thereof, broken down by full-time, part-time, and temporary jobs;

(11) A statement as to whether the development subsidy may reduce employment at any other site controlled by the applicant or its corporate parent, inside the State, resulting from automation, merger, acquisition, corporate restructuring, or other business activity;

(12) A statement as to whether or not the project involves the relocation of work from another address and if so, the number of jobs to be relocated and the address from which they are to be relocated; [and]

(13) Any other information deemed useful or necessary by the State Treasurer for the implementation of this [this act] P.L.2007, c.200 (C.52:39-1 et seq.); and

(14) A standing certificate attesting to the legal status of the applicant.

b. Any granting body, other than the State Treasurer approving the application, shall send a copy to the State Treasurer not more than 15 business days after approval. If the application is not approved, the granting body shall retain the application.

c. A granting body shall not approve an application for a development subsidy if the applicant or its corporate parent became an inverted domestic corporation prior to its application.

d. A recipient corporation shall submit to the granting body a standing certificate attesting to the legal status of the recipient corporation one year after receiving a development subsidy and annually throughout the term of the development subsidy.

e. If a recipient corporation of a development subsidy becomes an inverted domestic corporation during the term of a development subsidy, the recipient corporation shall pay back the total value of the development subsidy.

f. As used in this section, “inverted domestic corporation” means a corporation incorporated or previously incorporated in the United States that becomes or has become incorporated in a foreign country or that becomes or has become a subsidiary of a corporation that is incorporated in a foreign country, primarily for the purpose of avoiding United States taxes.

(cf: P.L.2007, c.200, s.4)

2. This act shall take effect immediately, but shall remain inoperative for 60 days following the date of enactment.
STATEMENT

This bill prohibits a public entity of the State from approving a development subsidy for a business or parent corporation of the business if the business or its corporate parent became an inverted domestic corporation prior to its application. The bill defines an inverted domestic corporation as a business or parent corporation incorporated or previously incorporated in the United States that became incorporated in a foreign country or that became a subsidiary of a corporation that is incorporated in a foreign country, primarily for the purpose of avoiding United States taxes. The bill requires the business to pay back the total value of the development subsidy if it becomes an inverted domestic corporation at any time during the term of receiving the subsidy. Further, the bill requires every business receiving a development subsidy to submit to the public entity annually during the term of the development subsidy a standing certificate attesting to the legal status of the recipient corporation operating in this State.