

ASSEMBLY, No. 1183

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

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SYNOPSIS

Establishes Main Street Assistance Program to encourage business development in small municipalities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 8/26/2019)

1 AN ACT creating the Main Street Assistance Program and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).
3

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

7 1. This act shall be known and may be cited as the "Main Street
8 Assistance Act."
9

10 2. The Legislature finds and declares that:

11 a. Many municipalities in this State having small populations
12 face considerable obstacles in fostering new jobs and business
13 growth and do not qualify for assistance offered by the State's
14 municipal and business assistance programs; and

15 b. Recognizing the difficulties faced by these municipalities
16 and businesses, it is in the long-term economic interest of this State
17 to establish an economic development incentive program to
18 encourage business growth in the commercial areas of smaller
19 municipalities, so that the local economy of these municipalities
20 may grow and thrive.
21

22 3. As used in P.L. , c. (C.) (pending before the
23 Legislature as this bill):

24 "Area business" means an entity authorized to do business in the
25 State of New Jersey, which is engaged in the active conduct of a
26 trade or business in a Main Street area and has at least 15 percent of
27 its full-time employees employed at a business location in that Main
28 Street area, who are residents of the small municipality in which the
29 Main Street area is situated.

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

32 "Developed" means an area where the landscape has been altered
33 by human activities and that is referred to as Level 1 Urban in the
34 2012 New Jersey Department of Environmental Protection land
35 use/land cover data set.

36 "Full-time employee" means a person: employed by an area
37 business for at least 29 hours a week; who renders a standard of
38 service generally accepted, by custom or practice, as full-time
39 employment; employed by a professional employer organization
40 pursuant to an employee leasing agreement between an area
41 business and the professional employer organization, in accordance
42 with P.L.2001, c.260 (C.34:8-67 et seq.), for at least 29 hours a
43 week; who renders a standard of service generally accepted, by
44 custom or practice, as full-time employment and whose wages are
45 subject to withholding as provided in the "New Jersey Gross
46 Income Tax Act," N.J.S.54A:1-1 et seq.; who renders a standard of
47 service generally accepted, by custom or practice, as full-time
48 employment and is a resident of another State but whose income is

1 not subject to the "New Jersey Gross Income Tax Act,"
2 N.J.S.54A:1-1 et seq.; or who renders a standard of service,
3 generally accepted by custom or practice, as full-time employment,
4 and whose distributive share of income, gain, loss, or deduction, or
5 whose guaranteed payments or any combination thereof, is subject
6 to the payment of estimated taxes, as provided in the "New Jersey
7 Gross Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time
8 employee" shall not include any person who works as an
9 independent contractor or on a consulting basis for the area
10 business.

11 "Main Street area" or "area" means an eligible area designated by
12 a small municipality pursuant to section 5 of P.L. , c. (C.)
13 (pending before the Legislature as this bill).

14 "Privilege period" means the same as that term is defined in
15 section 4 of P.L.1945, c.162 (C.54:10A-4).

16 "Program" means the "Main Street Assistance Program"
17 established pursuant to section 4 of P.L. , c. (C.)
18 (pending before the Legislature as this bill).

19 "Small municipality" means any municipality with a population
20 of under 20,000 persons, according to the most recent federal
21 decennial census, which is over 75 percent developed according to
22 the 2012 New Jersey Department of Environmental Protection land
23 use/land cover data set.

24 "Technical assistance" means assistance in the establishment,
25 development, or promotion of an area business operating within a
26 Main Street area under the terms and conditions adopted by the
27 authority pursuant to P.L. , c. (C.) (pending before the
28 Legislature as this bill).

29

30 4. The Economic Development Authority shall establish the
31 Main Street Assistance Program for providing loans, loan
32 guarantees, tax credits, and technical assistance to area businesses
33 located within small municipalities and technical assistance grants
34 to small municipalities to help them improve the economy,
35 appearance, and image of their central business districts. The
36 authority shall establish terms governing the provision of loans,
37 loan guarantees, tax credits, and technical assistance to area
38 businesses and technical assistance grants to small municipalities.

39

40 5. The governing body of a small municipality may, by
41 ordinance, designate an area zoned for commercial use on the
42 effective date of P.L. , c. (C.) (pending before the
43 Legislature as this bill) within the small municipality as a Main
44 Street area. In designating a Main Street area, the governing body
45 shall set forth the boundaries of the area, state findings of fact
46 concerning the economic conditions existing in the Main Street
47 area, and state the small municipality's policy and intentions for
48 addressing these conditions. The statement of intent to address

1 conditions in a Main Street area shall include:

2 a. Utilizing the powers conferred on the small municipality by
3 law to stimulate investment in, and economic development of, the
4 Main Street area;

5 b. Utilizing State assistance through the provisions of the Main
6 Street Assistance Program relating to financial and technical
7 assistance to area businesses available from the authority or any
8 other State entity;

9 c. Securing the involvement in, and commitment to, Main
10 Street area economic development by private entities, including
11 area neighborhood associations, voluntary community organizations
12 supported by residents, and area businesses;

13 d. Utilizing the powers conferred by law to revise municipal
14 planning and zoning ordinances and other land use regulations as
15 they pertain to the Main Street area, in order to enhance the
16 attraction of the area to existing and prospective area businesses;

17 e. Increasing the availability and efficiency of support services,
18 public and private, generally used by, and necessary to, the efficient
19 functioning of commercial and industrial facilities within and
20 outside of the Main Street area; and

21 f. The extent to which improvements in the Main Street area
22 will be financed by the municipal government or by other entities.

23

24 6. The Economic Development Authority shall work
25 cooperatively with the Business Action Center and other State
26 departments, agencies, boards, commissions, and authorities to
27 explore and implement opportunities to direct resources and create
28 enhanced incentives for area businesses participating in the Main
29 Street Assistance Program.

30

31 7. a. A taxpayer shall be allowed a credit for the privilege period
32 against the tax imposed pursuant to section 5 of P.L.1945,
33 c.162 (C.54:10A-5), in an amount equal to 15 percent of the taxpayer's
34 employee compensation expenses related to meeting the employment
35 criteria under the definition of an area business pursuant to section 3 of
36 P.L. , c. (C.) (pending before the Legislature as this bill) and
37 participation in the program, as determined by the authority, pursuant
38 to P.L. , c. (C.) (pending before the Legislature as this bill). A
39 taxpayer may carry forward an unused credit, if necessary, for use in
40 the seven privilege periods following the privilege period for which
41 the credit is allowed.

42 b. The director of the authority shall prescribe the order of
43 priority of the application of the credit allowed pursuant to this section
44 and any other credits allowed by law. The amount of the credit
45 applied under this section against the tax imposed pursuant to section 5
46 of P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
47 any other credits allowed by law, shall not exceed 50 percent of the tax
48 liability otherwise due and shall not reduce the tax liability to an

1 amount less than the statutory minimum provided in subsection (e) of
2 section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of expense
3 claimed as a credit pursuant to this section shall not be allowed as an
4 amount calculated or claimed pursuant to any other credit against the
5 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

6
7 8. a. A taxpayer shall be allowed a credit for the taxable year
8 against the tax otherwise due for the taxable year pursuant to the "New
9 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount
10 equal to 15 percent of the taxpayer's employee compensation expenses
11 related to meeting the definition of an area business pursuant to section
12 3 of P.L. , c. (C.) (pending before the Legislature as this bill)
13 and participation in the program, as determined by the authority. A
14 taxpayer may carry forward an unused credit, if necessary, for use in
15 the seven taxable years following the taxable year for which the credit
16 is allowed.

17 b. The director of the authority shall prescribe the order of
18 priority of the application of the credit allowed pursuant to this section
19 and any other credits allowed by law. The amount of the credit
20 applied under this section against the tax imposed pursuant to "New
21 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable
22 year together with any other credits allowed by law, shall not exceed
23 50 percent of the tax liability otherwise due. An amount of expense
24 claimed as a credit pursuant to this section shall not be allowed as an
25 amount calculated or claimed pursuant to any other credit against the
26 tax imposed pursuant to "New Jersey Gross Income Tax Act,"
27 N.J.S.54A:1-1 et seq.

28 A business entity classified as a partnership for federal income tax
29 purposes shall not be allowed a tax credit directly under the gross
30 income tax. Instead, the tax credit shall be allocated to a taxpayer, in
31 proportion to the credit acquired by the partnership, equal to the
32 taxpayer's share, whether or not distributed, of the total distributive
33 income or gain of the partnership for the taxable year ending within or
34 with the taxpayer's taxable year.

35 A New Jersey S Corporation shall not be allowed a credit directly
36 under the gross income tax. Instead, a pro rata share of S Corporation
37 income shall be determined by allocating to the taxpayer that
38 proportion of the credit acquired by the New Jersey S Corporation that
39 is equal to the taxpayer's share, whether or not distributed, of the total
40 pro rata share of S Corporation income of the New Jersey S
41 Corporation for its privilege period ending within or with the
42 taxpayer's taxable year.

43
44 9. Within one year after the effective date of P.L. , c. (C.)
45 (pending before the Legislature as this bill), and annually thereafter,
46 the Economic Development Authority shall report to the Governor
47 and the Legislature, pursuant to section 2 of P.L.1991, c.164
48 (C.52:14-19.1), and publish the report on the authority's Internet

1 website. The report shall include the number of area businesses
2 participating in the program, the names and types of area businesses
3 participating in the program, the total amount of financial and
4 technical assistance provided to area businesses, the amount of
5 financial and technical assistance received per area business, the
6 number of jobs created overall and per area business, the amount of
7 capital investment made per area business, the total amount of
8 technical assistance grants provided to small municipalities, and
9 any other information as the authority determines is necessary to
10 evaluate the progress of the program.

11

12 10. a. To fund the Main Street Assistance Program, the
13 Economic Development Authority shall establish and maintain a
14 special non-lapsing, revolving fund to be known as the "Main Street
15 Assistance Fund" for providing loans, loan guarantees, and
16 technical assistance to area businesses located within small
17 municipalities. The terms of a loan or loan guarantee, and the
18 amount of technical assistance shall be at the discretion of the
19 authority based on the monies made available by the authority for
20 the purposes of the fund. The authority may provide technical
21 assistance grants to small municipalities to improve the economy,
22 appearance, and image of a municipality's central business district.

23 b. The fund may be credited with:

24 (1) moneys made available by the authority for the purpose of
25 the fund;

26 (2) moneys received by the authority from any public or private
27 source;

28 (3) moneys repaid to the fund by area business awarded loans
29 from the fund; and

30 (4) any return on investment of moneys deposited in the fund.

31

32 11. The authority shall adopt rules and regulations, pursuant to
33 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
34 seq.), necessary to implement the provisions of P.L. , c. (C.)
35 (pending before the Legislature as this bill), including, but not
36 limited to, a requirement that, in order for an area business to
37 receive financial and technical assistance from the authority, an area
38 business shall enter into an agreement with the authority to submit
39 an audited financial statement to the authority.

40

41 12. This act shall take effect immediately, but shall remain
42 inoperative for 60 days following the date of enactment. Sections 7
43 and 8 shall apply to privilege periods and taxable years beginning
44 on or after January 1 next following the date of enactment.

STATEMENT

This bill establishes in the New Jersey Economic Development Authority (EDA) the "Main Street Assistance Program" (program) for providing financial and technical assistance to businesses located in Main Street areas within small municipalities. The bill's purpose is to encourage business development in small municipalities having substantially developed commercial areas.

The bill authorizes the governing body of a "small municipality," which is a municipality having a population under 20,000 that is over 75 percent developed according to 2012 data published by the Department of Environmental Protection, to designate a "Main Street area" in the municipality. To designate a "Main Street area," the governing body must provide a statement of intent to the EDA setting forth the municipality's findings concerning the economic conditions existing in the area and the municipality's intentions for addressing them.

For a business to be eligible to receive financial and technical assistance from the EDA under the program, at least 15 percent of the full-time employees of the business must reside within the small municipality. Under the bill, the EDA must work cooperatively with other State agencies to explore and implement opportunities to direct resources and create enhanced incentives for area businesses participating in the program.

The bill provides corporation business tax credits and gross income tax credits to businesses located in a Main Street area that meet the criteria determined by the EDA. The credits are equal to 15 percent of the cost of employee compensation expenses related to meeting the definition of an area business under the bill.

To provide funding for the program, the EDA is to create the "Main Street Assistance Fund" for providing loans, loan guarantees, and technical assistance to area businesses located within a small municipality. The terms of a loan or loan guarantee and the amount of technical assistance is at the discretion of the authority based on the moneys made available by the authority for the purposes of the fund. The EDA may make moneys available for the purpose of the fund from moneys received by the EDA from any public or private sources, moneys repaid to the fund by persons awarded loans from the fund, and any return on investment of moneys deposited in the fund. In addition, the EDA may provide technical assistance grants to small municipalities to improve the economy, appearance, and image of central business districts.

The bill requires the EDA to issue an annual report to the Governor and Legislature on the program and to adopt rules and regulations to implement the program. This bill would take effect immediately, but area businesses receiving tax credits would apply the credits to privilege periods and taxable years beginning on or after January 1 next following the date of enactment.