

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## SENATE, No. 250

with committee amendments

# STATE OF NEW JERSEY

DATED: MARCH 5, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 250 (1R), with committee amendments.

As amended, this bill allows a business located within the boundaries of a general aviation airport operated by an interstate authority, and located in a county of the sixth class, to receive a base tax credit of \$5,000 for each job created or retained under the Grow New Jersey Assistance Program (Grow NJ) if the business is otherwise qualified to receive tax credits under Grow NJ. The bill provides that certain point of sale retail business facilities located within that airport qualify under Grow NJ.

The bill also allows a business, located within the boundaries of a general aviation airport operated by a municipal port authority as of January 1, 2016, that is located in a priority area in a county of the sixth class, to receive a base tax credit of \$4,000 for each job created or retained under Grow NJ if the business is otherwise qualified to receive tax credits under Grow NJ. The bill provides that certain point of sale retail business facilities located within that airport qualify under Grow NJ.

### COMMITTEE AMENDMENTS:

The amendments allow a business, located within the boundaries of a general aviation airport operated by a municipal port authority as of January 1, 2016, that is located in a priority area in a county of the sixth class, to receive a base tax credit of \$4,000 for each job created or retained by a business that is eligible under Grow NJ.

The amendments provide that certain point of sale retail business facilities located within that airport qualify under Grow NJ.

### FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot determine whether the bill will have a positive or negative net fiscal impact on the State. The inability to determine the direction and magnitude of the fiscal net impact is rooted in imperfect information on the number

and attributes of projects that, under the bill, might newly qualify for Grow NJ tax credits.

The State fiscal net impact is calculated by adding the indeterminate direct revenue loss from awarding additional incentive amounts and their opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

The bill's direct revenue loss to the State from additional Grow NJ tax credits awarded as a result of the bill cannot be quantified. Any revenue loss related to the additional tax credit amounts, however, will be limited by several factors, such as geographical restrictions, application deadlines, and eligibility requirements.

The bill might accrue an indeterminate revenue gain to affected local governments if the bill results in the New Jersey Economic Development Authority extending financial assistance to business projects that would not be undertaken absent the assistance and if the business projects involve value-increasing improvements to taxable real estate.