

[First Reprint]

**SENATE, No. 1997**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED MARCH 5, 2020

**Sponsored by:**

**Senator VIN GOPAL**

**District 11 (Monmouth)**

**Senator STEVEN V. OROHO**

**District 24 (Morris, Sussex and Warren)**

**Co-Sponsored by:**

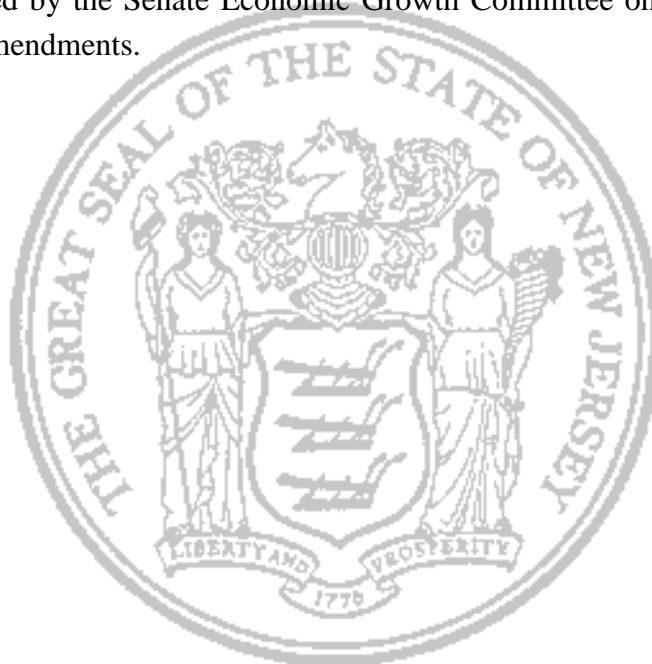
**Senators Singleton and Pou**

**SYNOPSIS**

Establishes Main Street Economic Growth Program to encourage business development in small, highly developed municipalities.

**CURRENT VERSION OF TEXT**

As reported by the Senate Economic Growth Committee on December 10, 2020, with amendments.



**(Sponsorship Updated As Of: 12/21/2020)**

1 AN ACT creating the Main Street Economic Growth 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 Economic Growth Act.”  
9

10 2. The Legislature finds and declares that:

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

16 b. Recognizing the difficulties faced by these municipalities  
17 and businesses, it is in the long-term economic interest of this State  
18 to establish an economic development incentive program to  
19 encourage business growth in the commercial areas of smaller,  
20 substantially developed municipalities so that the local economy of  
21 these municipalities may grow and thrive.  
22

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

25 “Area business” means any entity authorized to do business in  
26 the State of New Jersey which, at the time a small municipality  
27 designates an area as a Main Street area, is engaged in the active  
28 conduct of a trade or business in that area; or an entity which, after  
29 a small municipality designates an area as a Main Street area,  
30 becomes newly engaged in the active conduct of a trade or business  
31 in that area and has at least 25 percent of its full-time employees  
32 employed at a business location in the area who are residents within  
33 the small municipality.

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

36 “Center” means the New Jersey Business Action Center created  
37 in the Department of State.

38 “Department” means the Department of Community Affairs.

39 “Developed” means areas included within the Level 1 Urban or  
40 Built-up Land category in the 2012 New Jersey Department of  
41 Environmental Protection land use/land cover data set.

42 “Full-time employee” means a person employed by an area  
43 business for consideration for at least 35 hours a week, or who  
44 renders any other standard of service generally accepted by custom

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SEG committee amendments adopted December 10, 2020.

1 or practice as full-time employment, or a person who is employed  
2 by a professional employer organization pursuant to an employee  
3 leasing agreement between an area business and the professional  
4 employer organization, in accordance with P.L.2001, c.260 (C.34:8-  
5 67 et seq.) for at least 35 hours a week, or who renders any other  
6 standard of service generally accepted by custom or practice as full-  
7 time employment, and whose wages are subject to withholding as  
8 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
9 et seq. or a person who is a resident of another State but whose  
10 income is not subject to the "New Jersey Gross Income Tax Act,"  
11 N.J.S.54A:1-1 et seq., or who renders any other standard of service  
12 generally accepted by custom or practice as full-time employment,  
13 and whose distributive share of income, gain, loss, or deduction, or  
14 whose guaranteed payments, or any combination thereof, is subject  
15 to the payment of estimated taxes, as provided in the "New Jersey  
16 Gross Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time  
17 employee" shall not include any person who works as an  
18 independent contractor or on a consulting basis for an area business.

19 "Fund" means the "Main Street Economic Growth Loan Fund"  
20 established pursuant to section 10 of P.L. , c. (C. ) (pending  
21 before the Legislature as this bill).

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

25 "Program" means the "Main Street Economic Growth Program"  
26 established pursuant to section 4 of P.L. ,  
27 c. (C. ) (pending before the Legislature as this bill).

28 "Small municipality" means <sup>1</sup>[any] <sup>a</sup> municipality <sup>1</sup>[with]  
29 which has<sup>1</sup> a population of under 11,000 persons according to the  
30 <sup>1</sup>[latest] most recent federal<sup>1</sup> decennial census <sup>1</sup>, and<sup>1</sup> which  
31 municipality either is designated as a county seat or<sup>1</sup> is over 70  
32 percent developed according to the 2012 New Jersey Department of  
33 Environmental Protection land use/land cover data set.

34 "Technical assistance" means assistance in the establishment,  
35 development, or promotion of an area business operating within a  
36 Main Street area under the terms and conditions adopted by the  
37 authority under the provisions of P.L. , c. (C. )  
38 (pending before the Legislature as this bill).

39  
40 4. a. The Economic Development Authority, in consultation  
41 with the Department of Community Affairs and the New Jersey  
42 Business Action Center, shall establish the Main Street Economic  
43 Growth Program for the purpose of providing loans, loan  
44 guarantees, tax credits, and technical assistance to area businesses  
45 located within a Main Street area designated by a small municipality.

46 b. The authority may establish terms governing the provision of  
47 loans, loan guarantees, tax credits, and technical assistance to area

1 businesses for the implementation of the program pursuant to  
2 P.L. , c. (C. ) (pending before the Legislature as this bill).

3  
4 5. Under terms and conditions established by the authority, the  
5 governing body of a small municipality may, by ordinance,  
6 designate an area within the small municipality as a Main Street  
7 area. In designating a Main Street area, the governing body shall  
8 set forth the boundaries of the area with the approval of the  
9 authority, state findings of fact concerning the economic conditions  
10 existing in the Main Street area, and state the small municipality's  
11 policy and intentions for addressing these conditions. The  
12 statement of intent to address conditions in a Main Street area shall  
13 include:

14 a. Utilizing the powers conferred on the small municipality by  
15 law for the purpose of stimulating investment in and economic  
16 development of the Main Street area;

17 b. Utilizing State assistance through the provisions of the Main  
18 Street Economic Growth Program relating to financial and technical  
19 assistance to area businesses available from the authority or any  
20 other State entity;

21 c. Securing the involvement in, and commitment to, Main  
22 Street area economic development by private entities, including  
23 area neighborhood associations, voluntary community organizations  
24 supported by residents, and area businesses;

25 d. Utilizing the powers conferred by law to revise municipal  
26 planning and zoning ordinances and other land use regulations as  
27 they pertain to the Main Street area, in order to enhance the  
28 attraction of the area to existing and prospective area businesses;  
29 and

30 e. Increasing the availability and efficiency of support services,  
31 public and private, generally used by, and necessary to, the efficient  
32 functioning of commercial and industrial facilities within and  
33 outside of the Main Street area, and the extent to which the increase  
34 or improvement is to be provided and financed by the municipal  
35 government or by other entities.

36  
37 6. The authority shall work cooperatively with the center and  
38 other State departments, agencies, boards, commissions, and  
39 authorities to explore and implement opportunities to direct  
40 resources and create enhanced incentives for area businesses  
41 participating in the Main Street Economic Growth Program.

42  
43 7. a. A taxpayer shall be allowed a credit for the privilege period  
44 against the tax imposed pursuant to section 5 of P.L.1945,  
45 c.162 (C.54:10A-5), in an amount equal to 15 percent of the taxpayer's  
46 employee compensation expenses related to meeting the employment  
47 criteria under the definition of an area business pursuant to section 3 of  
48 P.L. , c. (C. ) (pending before the Legislature as this bill) and

1 participation in the program, as determined by the authority, pursuant  
2 to P.L. , c. (C. ) (pending before the Legislature as this bill),  
3 that is allowed for the privilege period. An unused credit may be  
4 carried forward, if necessary, for use in the seven privilege periods  
5 following the privilege period for which the credit is allowed.

6 b. The order of priority of the application of the credit allowed  
7 pursuant to this section and any other credits allowed by law shall be  
8 prescribed by the director. The amount of the credit applied under this  
9 section against the tax imposed pursuant to section 5 of P.L.1945,  
10 c.162 (C.54:10A-5) for a privilege period, together with any other  
11 credits allowed by law, shall not exceed 50 percent of the tax liability  
12 otherwise due and shall not reduce the tax liability to an amount less  
13 than the statutory minimum provided in subsection (e) of section 5 of  
14 P.L.1945, c.162 (C.54:10A-5). An amount of expense claimed as a  
15 credit pursuant to this section shall not be allowed as an amount  
16 calculated or claimed pursuant to any other credit against the tax  
17 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

18  
19 8. a. A taxpayer shall be allowed a credit for the taxable year  
20 against the tax otherwise due for the taxable year pursuant to the “New  
21 Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount  
22 equal to 15 percent of the taxpayer’s employee compensation expenses  
23 related to meeting the employment criteria under the definition of an  
24 area business pursuant to section 3 of P.L. , c. (C. ) (pending  
25 before the Legislature as this bill) and participation in the program, as  
26 determined by the authority, pursuant to P.L. c. (C. ) (pending  
27 before the Legislature as this bill), that is allowed for the taxable year.  
28 An unused credit may be carried forward, if necessary, for use in the  
29 seven taxable years following the taxable year for which the credit is  
30 allowed.

31 b. The order of priority of the application of the credit allowed  
32 pursuant to this section and any other credits allowed by law shall be  
33 prescribed by the director. The amount of the credit applied under this  
34 section against the tax imposed pursuant to “New Jersey Gross Income  
35 Tax Act,” N.J.S.54A:1-1 et seq., for a taxable year together with any  
36 other credits allowed by law, shall not exceed 50 percent of the tax  
37 liability otherwise due. An amount of expense claimed as a credit  
38 pursuant to this section shall not be allowed as an amount calculated or  
39 claimed pursuant to any other credit against the tax imposed pursuant  
40 to “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.

41 A business entity classified as a partnership for federal income tax  
42 purposes shall not be allowed a credit directly under the gross income  
43 tax, but the amount of credit of a taxpayer in respect of a distributive  
44 share of partnership income shall be determined by allocating to the  
45 taxpayer that proportion of the credit acquired by the partnership that  
46 is equal to the taxpayer's share, whether or not distributed, of the total  
47 distributive income or gain of the partnership for its taxable year  
48 ending within or with the taxpayer's taxable year.

1 A New Jersey S Corporation shall not be allowed a credit directly  
2 under the gross income tax, but the amount of credit of a taxpayer in  
3 respect of a pro rata share of S Corporation income shall be  
4 determined by allocating to the taxpayer that proportion of the credit  
5 acquired by the New Jersey S Corporation that is equal to the  
6 taxpayer's share, whether or not distributed, of the total pro rata share  
7 of S Corporation income of the New Jersey S Corporation for its  
8 privilege period ending within or with the taxpayer's taxable year.

9  
10 9. Not longer than one year after the effective date of P.L. ,  
11 c. (C. ) (pending before the Legislature as this bill) and  
12 annually thereafter, the authority shall prepare a report on the Main  
13 Street Economic Growth Program, deliver the report to the  
14 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
15 19.1), to the Legislature, and make the report available on the  
16 authority's website. The report shall include the number of area  
17 businesses participating in the program, the names and types of area  
18 businesses participating in the program, the total amount of  
19 financial and technical assistance provided to area businesses, the  
20 amount of financial and technical assistance received per area  
21 business, the number of jobs created overall and per area business,  
22 the amount of capital investment made per area business, and any  
23 other information as the authority determines is necessary to  
24 evaluate the progress of the program.

25  
26 10. a. To fund the Main Street Economic Growth Program, the  
27 authority shall establish and maintain a special non-lapsing,  
28 revolving fund to be known as the "Main Street Economic Growth  
29 Assistance Fund" for the purpose of providing loans, loan  
30 guarantees, and technical assistance to an area businesses located  
31 within a small municipality. The terms of a loan or loan guarantee,  
32 and the amount of technical assistance shall be at the discretion of  
33 the authority based on the monies made available by the authority  
34 for the purposes of the fund.

35 b. The fund may be credited with:

36 (1) monies made available by the authority for the purpose of  
37 the fund; and

38 (2) monies received by the authority from any public or private  
39 source.

40  
41 11. The authority shall adopt rules and regulations, pursuant to  
42 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1  
43 et seq.), necessary to implement the provisions of P.L. ,  
44 c. (C. ) (pending before the Legislature as this bill), including,  
45 but not limited to, a requirement that, in order for an area business  
46 to receive financial and technical assistance from the authority, an  
47 area business shall enter into an agreement with the authority to  
48 submit an audited financial statement to the authority.

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