

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3046

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: NOVEMBER 30, 2020

SUMMARY

- Synopsis:** Extends certain document submission deadlines for Urban Transit Hub Tax Credit program and Economic Redevelopment and Growth Grant Program.
- Type of Impact:** Annual loss of State revenue
- Agencies Affected:** Economic Development Authority

Office of Legislative Services Estimate

| Annual Fiscal Impact | |
|----------------------|---------------|
| State Revenue Loss | Indeterminate |

- The Office of Legislative Services (OLS) estimates that this bill will result in an indeterminate annual loss of State revenue. The OLS assumes that some businesses wanting to participate in the programs are likely to miss certain deadlines, due to the Covid-19 public health emergency or other factors, and therefore lose access to the tax credits. As a result of the deadline extension, more businesses and developers could qualify for the tax credits awards and more tax credits could be awarded.
- The OLS cannot quantify the exact amount of revenue that would be lost because of a lack of data on the specific projects that may be affected by the bill, the amount of tax credits they would receive, the number of businesses and developers that would have lost the tax credits as a result of the old deadline, and the number of businesses and developers that will receive credits with the new deadline. The OLS notes that the bill increases the amount of tax credits available for qualified residential projects and mixed use parking projects in Garden State Growth Zones by \$20 million, which will likely augment the State revenue loss.
- The OLS also notes that to the extent the tax credit programs lead to increased economic activity, the State could realize additional indeterminate revenues.

BILL DESCRIPTION

This bill extends the document submission deadlines applicable to a business or developer that was seeking to receive tax credits under the Economic Redevelopment and Growth Grant Program (ERGG) and the Urban Transit Hub Tax Credit Program (UTHTC). The bill also increases the amount of tax credits available for qualified residential projects and mixed use parking projects in Garden State Growth Zones by \$20 million

The original deadline for submitting the required documentation for approval of tax documents for certain residential and commercial UTHTC projects was April 26, 2021. This bill extends the deadline to December 31, 2023. The bill also changes the date when approved UTHTC projects will begin forfeiting annual tax credit awards if the project has not been certified as having met investment capital and employment qualifications. The original deadline was July 28, 2021, and the bill extends it to December 31, 2023.

The bill also extends the deadline for when developers of certain qualified residential and mixed use parking ERGG projects are required to submit temporary certificates of occupancy to December 31, 2023.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will result in an indeterminate annual loss of State revenue. The OLS assumes that some businesses wanting to participate in the ERGG and UTHTC programs are likely to miss certain deadlines, due to the Covid-19 public health emergency or other factors, and therefore lose tax credits. As a result of the deadline extension, more businesses and developers could qualify for the tax credits awards and more tax credits could be awarded. The OLS cannot quantify the exact amount of revenue that would be lost because the OLS does not have data on the specific projects that would qualify, the amount of tax credits they would receive, and the number of businesses and developers that would have lost the tax credits as a result of the old deadline. The OLS cannot estimate how many businesses will gain tax credit awards as a result of the extension of the deadlines or how many developers will be able to submit the temporary certificates of occupancy by the new deadline. The OLS notes that the bill increases the amount of tax credits available for qualified residential projects and mixed use parking projects in Garden State Growth Zones by \$20 million, which will likely augment the State revenue loss. To the extent the tax credit programs lead to increased economic activity, the State could realize additional indeterminate revenues.

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| <i>Section:</i> | <i>Revenue, Finance, and Appropriations</i> |
| <i>Analyst:</i> | <i>Parag Shende</i> <i>Associate Fiscal Analyst</i> |
| <i>Approved:</i> | <i>Thomas Koenig</i> <i>Assistant Legislative Budget and Finance Officer</i> |

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).