

SENATE BILL NO. **3046**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 3046 with my recommendations for reconsideration.

This bill extends certain document submission deadlines applicable to businesses and developers that are seeking to receive tax credits under the Urban Transit Hub Tax Credit ("UTHTC") and Economic Redevelopment and Growth Grant ("ERGG") programs. Specifically, the bill extends the deadline to submit the required documentation for approval of tax documents for residential and commercial UTHTC projects from April 26, 2021 to December 31, 2023. The bill also extends, from July 28, 2021 to December 31, 2023, the date on which approved UTHTC projects will begin forfeiting annual tax credit awards if the project has not been certified as having met its investment capital and employment qualifications. Finally, the bill extends, from July 28, 2021 and July 28, 2022 to December 31, 2023, the deadlines by which developers of certain qualified residential and mixed-use parking ERGG projects are required to submit temporary certificates of occupancy.

I ran for Governor and was elected on the promise to transform the State's incentive programs so that the programs work for all New Jerseyans. In the first year of my Administration, I recommended a suite of new tax incentive programs to refocus our State's economy to help create a stronger and fairer economy for the people of New Jersey. I remain optimistic that the State will soon have a new collection of business incentive programs that are innovative and focus on initiatives that value communities and corporations, programs that encourage new entrepreneurs, people of color, women, and veterans, and controls that safeguard taxpayer dollars.

While my partners in the Legislature and I continue to work on legislation to facilitate the next generation of economic development projects, this bill will extend certain deadlines under the existing programs in order to advance shovel-ready projects in communities that have been among the hardest hit by the Coronavirus disease 2019 ("COVID-19") pandemic. I commend the bill's sponsors for recognizing the need to give projects that have already submitted applications to the UTHTC and ERGG programs additional time to submit the documentation and obtain the certificates of occupancy necessary to receive the tax credits. The projects implicated in the bill, which were approved under the the prior tax incentive programs, will be particularly critical to our State's economic recovery.

However, while this legislation provides a lifeline to businesses and developers in need of additional time to satisfy project deadlines, it fails to assist others that may not have the financing necessary to bring their projects to completion. Accordingly, I am recommending changes that will make an additional \$20 million in tax credits available under the ERGG program. The additional credits will allow the New Jersey Economic Development Authority to act on new or existing applications under the ERGG program to help combat the pandemic's negative impacts on project development in the real estate market. The COVID-19 crisis has presented an unusual hardship for real estate developers who have struggled with a lack of project financing and liquidity in the capital markets caused by the financial uncertainty brought about by the pandemic. The changes I am recommending today will spur immediate economic activity, leverage private capital investments, and create jobs for State residents at this critical time.

Therefore, I herewith return Senate Bill No. 3046 and recommend that it be amended as follows:

Page 10, Line 31:

Insert new section:
 "3. Section 5 of P.L.2009, c.90
 (C.52:27D-489e) is amended to
 read as follows:

5. a. The New Jersey Economic Development Authority, in consultation with the State Treasurer, shall establish an Economic Redevelopment and Growth Grant program for the purpose of encouraging redevelopment projects in qualifying economic redevelopment and growth grant incentive areas that do not qualify as such areas solely by virtue of being a transit village, through the provision of incentive grants to reimburse developers for certain project financing gap costs.

b. (1) A developer shall submit an application for a State incentive grant prior to July 1, 2019; provided, however, a developer of a qualified residential project or a mixed use parking project seeking an award of credits toward the funding of its incentive grant for a project restricted under part (viii) of subparagraph (b) of paragraph (3) of subsection b. of section 6 of P.L.2009, c.90 (C.52:27D-489f) shall submit an incentive grant application prior to December 31, 2021. A developer that submits an application for a State incentive grant shall indicate on the application whether it is also applying for a local incentive grant.

(2) When an applicant indicates it is also applying for a local incentive grant, the authority shall forward a copy of the application to the municipality wherein the redevelopment project is to be located for approval by municipal ordinance.

c. An application for a State incentive grant shall be reviewed and approved by the authority. The authority shall not approve an application for a State incentive grant unless the application was submitted prior to July 1, 2019; provided, however, the authority shall not approve an application for a State incentive grant by a developer of a qualified residential project or a mixed use parking project seeking an award of credits toward the funding of its incentive grant for a project restricted under part (viii) of subparagraph (b) of

paragraph (3) of subsection b. of section 6 of P.L.2009, c.90 (C.52:27D-489f) unless the application was submitted prior to December 31, 2021.

d. A developer shall not be required to purchase pinelands development credits under the "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.), the pinelands comprehensive management plan, or any other rule or regulation adopted pursuant to that act in connection with any approval or relief obtained related to a redevelopment project located in an aviation district on or after the effective date of P.L.2018, c.120, except if seeking to develop in permanently protected open space pursuant to the Pinelands Protection Act. The provisions of this subsection shall not apply to a developer of a qualified residential project.

(cf: P.L.2018, c.120, s.6)"

- Page 10, Section 3, Line 32:

Delete "3." and insert "4."
- Page 12, Section 3, Line 10:

Delete "\$823,000,000" and insert "\$843,000,000"
- Page 13, Section 3, Line 3:

Delete "\$105,000,000" and insert "\$125,000,000"
- Page 14, Section 3, Line 5:

After "2019" insert "or, in the case of a project restricted under part (viii) of subparagraph (b) of this paragraph, December 31, 2021"
- Page 14, Section 3, Line 12:

After "supplemented" insert "or amended"
- Page 14, Section 3, Line 12:

After "2019" insert "or, in the case of a project restricted under part (viii) of subparagraph (b) of this paragraph, December 31, 2021"
- Page 15, Section 4, Line 20:

Delete "4." and insert "5."

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor