

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### ASSEMBLY, No. 1509

# STATE OF NEW JERSEY

DATED: NOVEMBER 6, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1509 (1R).

Assembly Bill No. 1509 (1R) requires the New Jersey Economic Development Authority (EDA) to administer, as part of the New Jersey Emerging Technology and Biotechnology Financial Assistance Program (established pursuant to P.L.1995, c.137; C.34:1B-7.37 et seq.), a corporation business tax benefit certificate transfer program. This new program would allow new or expanding emerging technology and biotechnology companies in this State with unused carryforward of research and development tax credits or unused net operating loss deduction carryforwards to transfer those tax benefits to other corporation business taxpayers.

The transfer of these unused tax benefits will be based upon the tax benefit recipient-corporation providing private financial assistance to the new or expanding emerging technology and biotechnology company under written financial assistance agreements negotiated under the auspices of the EDA. The financial assistance to be provided must be at least 75% of the value of the transferred tax benefit and must assist in funding expenses incurred in connection with the operation of the new or expanding emerging technology or biotechnology company in this State, including but not limited to the expenses of fixed assets, such as the construction and acquisition and development of real estate, materials, start-up, tenant fit-out, working capital, salaries, research and development expenditures and any other expenses determined by the EDA to be necessary to carry out the purposes of the New Jersey Emerging Technology and Biotechnology Financial Assistance Program.

This bill is identical to Senate Bill No. 446 (1R).

#### FISCAL IMPACT:

In a fiscal note prepared by the Office of Legislative Services, the Division of Taxation in the Department of Treasury observed that while there are currently significant carryforwards of net operating loss deductions and of research and development credits, it is not possible to estimate the fiscal impact because the total annual value of the tax

benefit certificates will depend upon the EDAs policies in issuing the certificates. The division also noted that the EDA's policies will affect the number of corporations that are likely to qualify for the certificates.