

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 471

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 18, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 471 (1R) with amendments.

Senate Bill No. 471 (1R), as amended, establishes the Business Employment Incentive Program to be administered by the Economic Development Authority to make direct payments in the form of grants to attract businesses creating new jobs in the State. The amount of an employment incentive grant will equal a percentage, between 10% and 80%, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed 10.

The grants under this bill will not be disbursed in any year until the new income tax revenues received from the business during the year equal or exceed the amount of the grant, and grant amounts are further limited by their interaction with other grant programs.

In addition, the bill grants a sales and use tax exemption for certain property purchased by a provider of cable/satellite television program services, whether the provider is licensed by the Federal Communications Commission or not.

This bill, as amended and reported by this committee, is identical to Assembly Bill No. 1415 (1R) of 1996 (Azzolina/Geist), as amended and reported by this committee on March 18, 1996.

COMMITTEE AMENDMENTS

The committee amended the bill to include a provision in section 5 of the bill that will allow cooperative associations to apply for grants under this bill on behalf of their members. Cooperative association as used in the bill will include financial, stock or commodities exchanges.

In addition, the committee amended the bill to create a new section 18 that will provide a sales and use tax exemption for certain property purchased by a provider of cable/satellite television services, whether licensed by the Federal Communications Commission or not. The

amendment would provide a sales and use tax exemption for purchases of certain property by providers of cable/satellite program services, news (including business news), sports, information or entertainment programming, on-line content and information services and interactive services similar to the exemption recently enacted for radio and television commercial broadcasters and an existing exemption for the newspaper industry.

According to the sponsor who proposed the amendment, the proliferation of cable/satellite program services, news, sports, or entertainment programming, together with advances in technology and the availability of personal computers, have led to the expansion, development and creation of various sources of production, distribution and transmission of information. All of these media share a common goal among themselves and with commercial radio and television broadcasting and newspapers and all compete for advertising and subscriber revenue and market share. This exemption would remove the disparate treatment among similar forms of the media industry and enhance the State's ability to attract these emerging and expanding hji-tech segments of the media industry and provide additional jobs to the state.

FISCAL IMPACT

The bill makes a fiscal year 1996 General Fund appropriation to the Economic Development Authority of an unspecified amount as needed to fund the employment incentive program under this bill; the amount of the appropriation may not exceed the amount of income tax revenues generated from the new jobs created by the grant recipients.

The Office of Legislative Services cannot project the number of new jobs that will be created under the incentives of the bill, the percentage and period of incentive that will be a material factor in the businesses' decision to go forward, or the wage levels of the jobs that will be created. An estimate of the cost of the program cannot be made at this time.

Finally, because the sales and use tax exemption was added to the bill during the meeting, an estimate of its impact on State revenues was not available as of the date of this statement.