EXECUTIVE SUMMARY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA)
SELECTED INCENTIVE PROGRAMS
July 1, 2011 to September 30, 2016

We found that adequate controls were in place to award and administer business incentive program grants in compliance with statutory requirements with the exception of certain procedures used in the award determination for Grow New Jersey Assistance Program (GROW) grants. We also found that adequate controls were in place to monitor grant recipients for compliance with statutory requirements with the exception of procedures utilized to verify the status of grant eligible retained jobs under the Business Retention and Relocation Assistance Grant Program (BRRAG).

We also made observations concerning enabling legislation for City of Camden projects and the tax credit amounts awarded under BRRAG and GROW.

AUDIT HIGHLIGHTS

- The NJEDA requires an applicant for GROW to submit a cost benefit analysis which details both the costs to continue operations in New Jersey and the lower costs to relocate to proposed out-of-state locations. We found that adequate documentation was not obtained to support 11.5 percent of the annual costs tested and 8 percent of the upfront costs tested associated with locating projects in New Jersey or out-of-state.

- Recipients of tax credits under BRRAG are required to annually certify the number of grant-eligible retained jobs that are currently filled. The NJEDA does not perform additional procedures to verify this information. We matched the employees reported to be filling grant-eligible jobs to the Employer Report of Wages Paid maintained by the New Jersey Department of Labor and Workforce Development and found three of four businesses had numerous employees with no earnings.

- We observed that for GROW projects located in the City of Camden, the creation of new jobs does not always warrant the corresponding increase in tax credits granted. We also observed that GROW projects located in the City of Camden may not always provide an actual net benefit to the state because the state’s Corporation Business Tax revenues are included in the calculation even when the move is within New Jersey.

AUDITEE RESPONSE

The Authority generally concurs with our findings and recommendations.

For the complete audit report, click here.