Committee Meeting
of
ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE
Assembly Bills 5343 and 4730

LOCATION: Committee Room 15
State House Annex
Trenton, New Jersey

DATE: June 13, 2019
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Robert J. Karabinchak, Vice Chair
Assemblyman John Armato
Assemblyman Clinton Calabrese
Assemblyman Nicholas Chiaravalloti
Assemblyman Roy Freiman
Assemblyman James J. Kennedy
Assemblyman P. Christopher Tully
Assemblyman Robert Auth
Assemblyman John DiMaio

ALSO PRESENT:

Robert C. Rothberg
Office of Legislative Services
Committee Aide

Bianca Jerez
Assembly Majority
Committee Aide

Brandon J. Pugh
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey
New Jersey State Legislature
ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

FROM: ASSEMBLYMAN GORDON M. JOHNSON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - JUNE 13, 2019

The public may address comments and questions to Robert C. Rothberg, Committee Aide, or make bill status and scheduling inquiries to Julie Ferranto, Secretary, at (609) 847-3875, fax (609) 633-1228, or e-mail: OLSAideACE@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Commerce and Economic Development Committee will meet on Thursday, June 13, 2019 at 10:00 AM in Committee Room 15, 4th Floor, State House Annex, Trenton, New Jersey.

The committee will hear testimony from invited guests only. The public may submit written testimony for the committee’s consideration.

The following bill(s) will be considered:

Released/Aca
A-5343
Pintor Marin/Freiman
Extends the application deadlines for the Grow NJ Assistance Program and the State and local Economic Redevelopment and Growth Grant Programs.

FOR DISCUSSION ONLY:

A-4730
Pintor Marin
Changes eligibility requirements and benefits under Grow New Jersey Assistance Program; extends program application deadline.

Issued 6/7/19

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Sponsored by:
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex)
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS
Extends the application deadlines for the Grow NJ Assistance Program and the State and local Economic Redevelopment and Growth Grant programs.

CURRENT VERSION OF TEXT
As introduced.
AN ACT extending the application deadlines for certain economic
development programs, and amending various parts of the
statutory law.

BE IT ENACTED by the Senate and General Assembly of the State
of New Jersey:

1. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to
read as follows:

6. a. (1) The combined value of all credits approved by the
authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and
P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013
shall not exceed $1,750,000,000, except as may be increased by the
authority as set forth in paragraph (3) of subsection a. of section 35
of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the
(C.52:27D-489p et al.), there shall be no monetary cap on the value
of credits approved by the authority attributable to the program
pursuant to the "New Jersey Economic Opportunity Act of 2013,"

(2) (Deleted by amendment, P.L.2013, c.161)

(3) (Deleted by amendment, P.L.2013, c.161)

(4) (Deleted by amendment, P.L.2013, c.161)

(5) (Deleted by amendment, P.L.2013, c.161)

b. (1) A business shall submit an application for tax credits
prior to July 1, [2019] 2020. The authority shall not approve an
application for tax credits unless the application was submitted

(2) (a) A business shall submit its documentation indicating that
it has met the capital investment and employment requirements
specified in the incentive agreement for certification of its tax credit
amount within three years following the date of approval of its
application by the authority. The authority shall have the discretion
to grant two six-month extensions of this deadline. Except as
provided in subparagraph (b) of this paragraph, in no event shall the
incentive effective date occur later than four years following the
date of approval of an application by the authority.

(b) As of the effective date of P.L.2017, c.314, a business which
applied for the tax credit prior to July 1, 2014 under P.L.2011,
c.149 (C.34:1B-242 et al.), shall submit its documentation to the
authority no later than July 28, 2019, indicating that it has met the
capital investment and employment requirements specified in the
incentive agreement for certification of its tax credit amount.

(3) Full-time employment for an accounting or privilege period
shall be determined as the average of the monthly full-time

EXPLANATION—Matter enclosed in bold-faced brackets [ ] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
employment for the period.

(4) A business seeking a credit for a mega project shall apply for
the credit within four years after the effective date of the "New
(C.52:27D-48p et al.).

c. (1) In conducting its annual review, the authority may
require a business to submit any information determined by the
authority to be necessary and relevant to its review.

The credit amount for any tax period for which the
documentation of a business's credit amount remains uncertified as
of a date three years after the closing date of that period shall be
forfeited, although credit amounts for the remainder of the years of
the eligibility period shall remain available to it.

The credit amount may be taken by the tax certificate holder for
the tax period for which it was issued or may be carried forward for
use by the tax certificate holder in any of the next 20 successive tax
periods, and shall expire thereafter. The tax certificate holder may
transfer the tax credit amount on or after the date of issuance or at
any time within three years of the date of issuance for use by the
transferee in the tax period for which it was issued or in any of the
next 20 successive tax periods. Notwithstanding the foregoing, no
more than the amount of tax credits equal to the total credit amount
divided by the duration of the eligibility period in years may be
taken in any tax period.

(2) Credits granted to a partnership shall be passed through to
the partners, members, or owners, respectively, pro-rata or pursuant
to an executed agreement among the partners, members, or owners
documenting an alternate distribution method provided to the
Director of the Division of Taxation in the Department of the
Treasury accompanied by any additional information as the director
may require.

(3) The amount of credit allowed may be applied against the tax
liability otherwise due pursuant to section 5 of P.L. 1945, c. 162
(C.54:10A-5), pursuant to sections 2 and 3 of P.L. 1945, c. 132
(C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L. 1950,
c. 231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

d. (1) If, in any tax period, the business reduces the total
number of full-time employees in its Statewide workforce by more
than 20 percent from the number of full-time employees in its
Statewide workforce in the last tax period prior to the credit amount
approval under section 3 of P.L. 2011, c. 149 (C.34:1B-244), then the
business shall forfeit its credit amount for that tax period and each
subsequent tax period, until the first tax period for which
documentation demonstrating the restoration of the business's
Statewide workforce to the threshold levels required by the
incentive agreement has been reviewed and approved by the
authority, for which tax period and each subsequent tax period the
full amount of the credit shall be allowed.
(2) If, in any tax period, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area drops below 80 percent of the number of new and retained full-time jobs specified in the incentive agreement, then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 80 percent of the number of jobs specified in the incentive agreement.

(3) (a) If the qualified business facility is sold by the owner in whole or in part during the eligibility period, the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs and all subsequent tax periods, provided however that any credits of the business shall remain unaffected.

(b) In connection with a regional distribution facility of foodstuffs, the business entity or entities which own or lease the facility shall qualify as a business regardless of: (i) the type of the business entity or entities which own or lease the facility; (ii) the ownership or leasing of the facility by more than one business entity; or (iii) the ownership of the business entity or entities which own or lease the facility. The ownership or leasing, whether by members, shareholders, partners, or other owners of the business entity or entities, shall be treated as ownership or leasing by affiliates. The members, shareholders, partners, or other ownership or leasing participants and others that are tenants in the facility shall be treated as affiliates for the purpose of counting the full-time employees and capital investments in the facility. The business entity or entities may distribute credits to members, shareholders, partners, or other ownership or leasing participants in accordance with their respective interests. If the business entity or entities or their members, shareholders, partners, or other ownership or leasing participants lease space in the facility to members, shareholders, partners, or other ownership or leasing participants or others as tenants in the facility, the leases shall be treated as a lease to an affiliate, and the business entity or entities shall not be subject to forfeiture of the credits. For the purposes of this section, leasing shall include subleasing and tenants shall include subtenants.

(4) (a) For a project located within a Garden State Growth Zone, if, in any tax period, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area increases above the number of full-time employees specified in the incentive agreement, then the business shall be entitled to an increased base credit amount for that tax period and each subsequent tax period, for each additional full-time employee added above the number of full-time employees specified in the incentive agreement, until the first tax period for which
documentation demonstrating a reduction of the number of full-time
employees employed by the business at the qualified business
facility, at which time the tax credit amount will be adjusted
accordingly pursuant to this section.

(b) For a project located within a Garden State Growth Zone
which qualifies under the “Municipal Rehabilitation and Economic
Recovery Act,” P.L. 2002, c.43 (C.52:27B8BB-1 et al.), or which
contains a Tourism District as established pursuant to section 5 of
P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
Reinvestment Development Authority, and which qualifies for a tax
credit pursuant to subsubparagraph (ii) of subparagraphs (a) through
(e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149
(C.34:1B-246), if, in any tax period the number of full-time
employees employed by the business at the qualified business
facility located within a qualified incentive area increases above the
number of full-time employees specified in the incentive agreement
such that the business shall then meet the minimum number of
employees required in subparagraph (b), (c), (d), or (e) of paragraph
(6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
then the authority shall recalculate the total tax credit amount per
full-time job by using the certified capital investment of the project
allowable under the applicable subsubparagraph and the number of
full-time jobs certified on the date of the recalculation and applying
those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6)
of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246),
until the first tax period for which documentation demonstrating a
reduction of the number of full-time employees employed by the
business at the qualified business facility, at which time the tax
credit amount shall be adjusted accordingly pursuant to this section.

e. The authority shall not enter into an incentive agreement
with a business that has previously received incentives pursuant to
the “Business Retention and Relocation Assistance Act,” P.L.1996,
c.25 (C.34:1B-112 et seq.), the “Business Employment Incentive
Program Act,” P.L.1996, c.26 (C.34:1B-124 et al.), or any other
program administered by the authority unless:
(1) the business has satisfied all of its obligations underlying the
previous award of incentives or is compliant with section 4 of
P.L.2011, c.149 (C.34:1B-245); or
(2) the capital investment incurred and new or retained full-time
jobs pledged by the business in the new incentive agreement are
separate and apart from any capital investment or jobs underlying
the previous award of incentives.
f. A business which has already applied for a tax credit
incentive award prior to the effective date of the "New Jersey
489p et al.), but who has not yet been approved for the tax credits,
or has not executed an agreement with the authority, may proceed
under that application or seek to amend the application or reapply
for a tax credit incentive award for the same project or any part
thereof for the purpose of availing itself of any more favorable
provisions of the program.
(cf: P.L.2018, c.120, s.3)

2. Section 4 of P.L.2009, c.90 (C.52:27D-489d) is amended to
read as follows:

4. a. The governing body of a municipality wherein is located
a qualifying economic redevelopment and growth grant incentive
area may adopt an ordinance to establish a local Economic
Redevelopment and Growth Grant program for the purpose of
encouraging redevelopment projects in that area through the
provision of incentive grants to reimburse developers for all or a
portion of the project financing gap for such projects. No local
Economic Redevelopment and Growth Grant program shall take
effect until the Local Finance Board approves the ordinance.

b. A developer shall submit an application for a local incentive
grant prior to July 1, 2019. A developer that submits an
application for a local incentive grant shall indicate on the
application whether it is also applying for a State incentive grant.
An application by a developer applying for a local incentive grant
only shall not require approval by the authority. A municipal
redeveloper may only apply for local incentive grants for the
construction of: (1) infrastructure improvements in the public right-
of-way, or (2) publicly owned facilities.

c. No local incentive grant shall be finally approved by a
municipality until approved by the Local Finance Board. The Local
Finance Board shall not approve a local incentive grant unless the
application was submitted prior to July 1, 2019.

d. In deciding whether or not to approve a local incentive grant
agreement the Local Finance Board shall consider the following
factors:

(1) the economic feasibility of the redevelopment project;
(2) the extent of economic and related social distress in the
municipality and the area to be affected by the redevelopment
project;
(3) the degree to which the redevelopment project will advance
State, regional, and local development and planning strategies;
(4) the likelihood that the redevelopment project shall, upon
completion, be capable of generating new tax revenue in an amount
in excess of the amount necessary to reimburse the developer for
project costs incurred as provided in the redevelopment incentive
grant agreement;
(5) the relationship of the redevelopment project to a
comprehensive local development strategy, including other major
projects undertaken within the municipality;
(6) the need for the redevelopment incentive grant agreement to
the viability of the redevelopment project;
(7) compliance with the provisions of P.L.2009, c.90 (C.52:27D-489a et al.); and
(8) the degree to which the redevelopment project enhances and promotes job creation and economic development.

e. 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.

(ce: 2018, c.120, s.5)

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] 2020. 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] 2020.

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.
(c.f. 2018, c.120, s.6)

4. This act shall take effect immediately.

STATEMENT

The bill extends, from July 1, 2019 to July 1, 2020, the application deadlines for the Grow New Jersey Assistance Program and the State and local Economic Redevelopment and Growth Grant programs.
ASSEMBLY, No. 4730

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED NOVEMBER 26, 2018

Sponsored by:
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex)

SYNOPSIS
Changes eligibility requirements and benefits under Grow New Jersey Assistance Program; extends program application deadline.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning the Grow New Jersey Assistance Program and
amending P.L.2011, c.149.

BE IT ENACTED by the Senate and General Assembly of the State
of New Jersey:

1. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to
read as follows:

2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

"Affiliate" means an entity that directly or indirectly controls, is
under common control with, or is controlled by the business.
Control exists in all cases in which the entity is a member of a
controlled group of corporations as defined pursuant to section 1563
of the Internal Revenue Code of 1986 (26 U.S.C. s.1563) or the
entity is an organization in a group of organizations under common
control as defined pursuant to subsection (b) or (c) of section 414 of
may establish by clear and convincing evidence, as determined by
the Director of the Division of Taxation in the Department of the
Treasury, that control exists in situations involving lesser
percentages of ownership than required by those statutes. An
affiliate of a business may contribute to meeting either the qualified
investment or full-time employee requirements of a business that
applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
209).

"Authority" means the New Jersey Economic Development
Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

"Aviation district" means all areas within the boundaries of the
"Atlantic City International Airport," established pursuant to section
24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
Administration William J. Hughes Technical Center and the area
within a one-mile radius of the outermost boundary of the "Atlantic
City International Airport" and the Federal Aviation Administration
William J. Hughes Technical Center.

"Business" means an applicant proposing to own or lease
premises in a qualified business facility that is:

a corporation that is subject to the tax imposed pursuant to
section 5 of P.L.1945, c.162 (C.54:10A-5);

a corporation that is subject to the tax imposed pursuant to
sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3),
section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

a partnership;
an S corporation;
a limited liability company; or
a non-profit corporation.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
If the business or tenant is a cooperative or part of a cooperative, then the cooperative may qualify for credits by counting the full-time employees and capital investments of its member organizations, and the cooperative may distribute credits to its member organizations. If the business or tenant is a cooperative that leases to its member organizations, the lease shall be treated as a lease to an affiliate or affiliates.

A business shall include an affiliate of the business if that business applies for a credit based upon any capital investment made by or full-time employees of an affiliate.

"Capital investment" in a qualified business facility means expenses by a business or any affiliate of the business incurred after application for:

a. site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property;

b. obtaining and installing furnishings and machinery, apparatus, or equipment, including but not limited to material goods subject to bonus depreciation under sections 168 and 179 of the federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the operation of a business on real property or in a building, structure, facility, or improvement to real property;

c. receiving Highlands Development Credits under the Highlands Transfer Development Rights Program authorized pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

d. any of the foregoing.

In addition to the foregoing, in a Garden State Growth Zone, the following qualify as a capital investment: any development, redevelopment, and relocation costs, including, but not limited to, site acquisition if made within 24 months of application to the authority, engineering, legal, accounting, and other professional services required; and relocation, environmental remediation, and infrastructure improvements for the project area, including, but not limited to, on- and off-site utility, road, pier, wharf, bulkhead, or sidewalk construction or repair.

In addition to the foregoing, if a business acquires or leases a qualified business facility, the capital investment made or acquired by the seller or owner, as the case may be, if pertaining primarily to the premises of the qualified business facility, shall be considered a capital investment by the business and, if pertaining generally to the qualified business facility being acquired or leased, shall be allocated to the premises of the qualified business facility on the basis of the gross leasable area of the premises in relation to the total gross leasable area in the qualified business facility. The capital investment described herein may include any capital investment made or acquired within 24 months prior to the date of application so long as the amount of capital investment made or acquired by the business, any affiliate of the business, or any owner
after the date of application equals at least 50 percent of the amount
of capital investment, allocated to the premises of the qualified
business facility being acquired or leased on the basis of the gross
lease area of the premises in relation to the total gross leaseable
area in the qualified business facility made or acquired prior to the
date of application.

"College or university" means a county college, an independent
institution of higher education, a public research university, or a
State college.

"Commitment period" means the period of time that is 1.5 times
the eligibility period for each applicable phase agreement.

"County college" means an educational institution established by
one or more counties, pursuant to chapter 64A of Title 18A of the
New Jersey Statutes.

"Deep poverty pocket" means a population census tract having a
poverty level of 20 percent or more, and which is located within the
qualified incentive area and has been determined by the authority to
be an area appropriate for development and in need of economic
development incentive assistance.

"Disaster recovery project" means a project located on property
that has been wholly or substantially damaged or destroyed as a
result of a federally-declared disaster which, after utilizing all
disaster funds available from federal, state, county, and local
funding sources, demonstrates to the satisfaction of the authority
that access to additional funding authorized pursuant to the "New
(C.52:27D-489p et al.), is necessary to complete the redevelopment
project and which is located within the qualified incentive area and
has been determined by the authority to be in an area appropriate
for development and in need of economic development incentive
assistance.

"Distressed municipality" means a municipality that is qualified
to receive assistance under P.L.1978, c.14 (C.52:27D-17B et seq.), a
municipality under the supervision of the Local Finance Board
pursuant to the provisions of the "Local Government Supervision
Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality
identified by the Director of the Division of Local Government
Services in the Department of Community Affairs to be facing
serious fiscal distress, a SDA municipality, or a municipality in
which a major rail station is located.

"Doctoral university" means a university located within New
Jersey that is classified as a doctoral university under the Carnegie
Classification of Institutions of Higher Education's Basic
Classification methodology on the effective date of P.L.2017, c.221.

"Eligibility period" means the period in which a business may
claim a tax credit under the Grow New Jersey Assistance Program
for a given project phase, beginning with the tax period in which the
authority accepts certification of the business that it has met the
capital investment and employment requirements of the Grow New
Jersey Assistance Program of the respective project phase and
extending thereafter for a term of not more than 10 years, with the
term to be determined solely at the discretion of the applicant
provided that the term of eligibility period may consist of
nonconsecutive tax years if the applicant elects at any time after the
end of the first tax period of the eligibility period to defer the
continuation of the eligibility period to a tax period to a subsequent
tax period.

"Eligible position" or "full-time job" means a full-time position
in a business in this State which the business has filled with a [full-
time employee] a person employed by the business for
consideration for at least 35 hours per week who is primarily
located at the qualified business facility and spends at least 28 hours
per week at the qualified business facility.

"Full-time employee" means a person:

a. who is employed by a business for consideration for at least
35 hours a week, or who renders any other standard of service
generally accepted by custom or practice as full-time employment;
or

b. who is employed by a professional employer organization
pursuant to an employee leasing agreement between the business
and the professional employer organization, in accordance with
P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or
who renders any other standard of service generally accepted by
custom or practice as full-time employment, and whose wages are
subject to withholding as provided in the "New Jersey Gross
Income Tax Act," N.J.S.54A:1-1 et seq.; or

c. who is a resident of another State but whose income is not
et seq. or who is a partner of a business who works for the
partnership for at least 35 hours a week, or who renders any other
standard of service generally accepted by custom or practice as full-
time employment, and whose distributive share of income, gain,
loss, or deduction, or whose guaranteed payments, or any
combination thereof, is subject to the payment of estimated taxes, as
et seq.; and

d. who, except for purposes of the Statewide workforce, is
provided, by the business, with employee health benefits under a
health benefits plan authorized pursuant to State or federal law.

With respect to a logistics, manufacturing, energy, defense,
aviation, or maritime business, excluding primarily warehouse or
distribution operations, located in a port district having a container
terminal:

the requirement that employee health benefits are to be provided
shall be deemed to be satisfied if the benefits are provided in
accordance with industry practice by a third party obligated to
provide such benefits pursuant to a collective bargaining agreement;
full-time employment shall include, but not be limited to,
employees that have been hired by way of a labor union hiring hall
or its equivalent;
35 hours of employment per week at a qualified business facility
shall constitute one “full-time employee,” regardless of whether or
not the hours of work were performed by one or more persons.
For any project located in a Garden State Growth Zone which
qualifies under the "Municipal Rehabilitation and Economic
Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
project located in the Atlantic City Tourism District as established
pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
by the Casino Reinvestment Development Authority, and which
will include a retail facility of at least 150,000 square feet, of which
at least 50 percent will be occupied by either a full-service
supermarket or grocery store, 30 hours of employment per week at a
qualified business facility shall constitute one "full-time employee,"
regardless of whether the hours of work were performed by one or
more persons, and the requirement that employee health benefits are
to be provided shall be deemed to be satisfied if the employees of
the business are covered by a collective bargaining agreement.
"Full-time employee" shall not include any person who works as
an independent contractor or on a consulting basis for the business,
except that any person working as an independent contractor for the
business shall be deemed a full-time employee if the business
demonstrates to the authority that:
(1) the person working as an independent contractor for the
business works for at least 35 hours a week, or renders any other
standard service generally accepted by custom or practice as full-
time employment, and the person is provided with employee health
benefits under a health benefits plan authorized pursuant to State or
federal law; and
(2) the business provides documentation to the authority to
permit the authority to verify the compensation paid to, and the time
worked by, the person working as an independent contractor.
The business shall provide to the authority an annual report that
identifies the number of persons working as independent contractors
for the business and their contractual or partnering relationship with
the business as provided pursuant to subsection i. of section 3 of
P.L.2011, c.149 (C.34:1B-244).
Full-time employee shall also not include any person who at the
time of project application works in New Jersey for consideration
for at least 35 hours per week, or who renders any other standard of
service generally accepted by custom or practice as full-time
employment but who prior to project application was not provided,
by the business, with employee health benefits under a health
benefits plan authorized pursuant to State or federal law.
"Garden State Create Zone" means the campus of a doctoral university, and the area within a three-mile radius of the outermost boundary of the campus of a doctoral university, according to a map appearing in the doctoral university's official catalog or other official publication on the effective date of P.L.2017, c.221.

"Garden State Growth Zone" or "growth zone" means the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census. (Table 708. Household, Family, and Per Capita Income and Individuals, and Families Below Poverty Level by City: 2009); a municipality which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority; or an aviation district.

"Highlands development credit receiving area or redevelopment area" means an area located within a qualified incentive area and designated by the Highlands Water Protection and Planning Council for the receipt of Highlands Development Credits under the Highlands Transfer Development Rights Program authorized pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

"Incentive agreement" means the contract between the business and the authority, which sets forth the terms and conditions under which the business shall be eligible to receive the incentives authorized pursuant to the program.

"Incentive effective date" means the date the authority issues a tax credit based on documentation submitted by a business pursuant to paragraph (1) of subsection b. of section 6 of P.L.2011, c.149 (C.34:1B-247).

"Incentive phase agreement" means a sub-agreement of the incentive agreement that governs the timing, capital investment, employment levels, and other applicable details of the respective phase.

"Incentive phase agreement effective date" means the date the authority issues a tax credit for a portion of the total tax credits awarded proportionate to the number of new full-time jobs created during the respective phase, based on documentation submitted by a business pursuant to section 6 of P.L.2011, c.149 (C.34:1B-247).

"Independent institution of higher education" means a college or university incorporated and located in New Jersey, which by virtue of law or character or license is a nonprofit educational institution authorized to grant academic degrees and which provides a level of education which is equivalent to the education provided by the State's public institutions of higher education, as attested by the receipt of and continuation of regional accreditation by the Middle States Association of Colleges and Schools, and which is eligible to receive State aid under the provisions of the Constitution of the United States and the Constitution of the State of New Jersey, but does not include any educational institution dedicated primarily to
the education or training of ministers, priests, rabbis or other professional persons in the field of religion.

"Major rail station" means a railroad station located within a qualified incentive area which provides access to the public to a minimum of six rail passenger service lines operated by the New Jersey Transit Corporation.

"Mega project" means:

a. A qualified business facility located in a port district housing a business in the logistics, manufacturing, energy, defense, or maritime industries, either:
(1) having a capital investment in excess of $20,000,000, and at which more than 250 full-time employees of the business are created or retained; or
(2) at which more than 1,000 full-time employees of the business are created or retained; (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

b. A qualified business facility located in an aviation district housing a business in the aviation industry, in a Garden State Growth Zone, or in a priority area housing the United States headquarters and related facilities of an automobile manufacturer, either:
(1) having a capital investment in excess of $20,000,000, and at which more than 250 full-time employees of the business are created or retained, or
(2) at which more than 1,000 full-time employees of the business are created or retained; (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

c. A qualified business facility located in an urban transit hub housing a business of any kind, having a capital investment in excess of $50,000,000, and at which more than 250 full-time employees of the business are created or retained; (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

d. A project located in an area designated in need of redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.) prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having a capital investment in excess of $20,000,000, and at which more than 150 full-time employees of the business are created or retained; or (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

e. A qualified business facility primarily used by a business principally engaged in research, development, or manufacture of a drug or device, as defined in R.S.24:1-1, or primarily used by a business licensed to conduct a clinical laboratory and business facility pursuant to the "New Jersey Clinical Laboratory Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:
(1) having a capital investment in excess of $20,000,000, and at
which more than 250 full-time employees of the business are
created or retained, or
(2) at which more than 1,000 full-time employees of the
business are created or retained. [Deleted by amendment, P.L.,
c.____ (pending before the Legislature as this bill)]

f. a transformative project of special economic importance as
measured by the level of new jobs, new capital investment, and
opportunities to leverage leadership in a high-priority targeted
industry, as determined by the authority pursuant to rules and
regulations promulgated to implement P.L.____, c.____ (C.____)
(pending before the Legislature as this bill).

"Minimum environmental and sustainability standards" means
standards established by the authority in accordance with the green
building manual prepared by the Commissioner of Community
Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
regarding the use of renewable energy, energy-efficient technology,
and non-renewable resources in order to reduce environmental
degradation and encourage long-term cost reduction.

"Moderate-income housing" means housing affordable,
according to United States Department of Housing and Urban
Development or other recognized standards for home ownership
and rental costs, and occupied or reserved for occupancy by
households with a gross household income equal to more than 50
percent but less than 80 percent of the median gross household
income for households of the same size within the housing region in
which the housing is located.

"Municipal Revitalization Index" means the 2007 Index by the
Office for Planning Advocacy within the Department of State
measuring or ranking municipal distress.

"New full-time job" means an eligible position created by the
business at the qualified business facility that did not previously
exist in this State. For the purposes of determining a number of
new full-time jobs, the eligible positions of an affiliate shall be
considered eligible positions of the business.

"Other eligible area" means the portions of the qualified
incentive area that are not located within a distressed municipality,
or the priority area.

"Partnership" means an entity classified as a partnership for
federal income tax purposes.

"Port district" means the portions of a qualified incentive area
that are located within:

a. the "Port of New York District" of the Port Authority of
New York and New Jersey, as defined in Article II of the Compact
Between the States of New York and New Jersey of 1921; or

b. a 15-mile radius of the outermost boundary of each marine
terminal facility established, acquired, constructed, rehabilitated, or
improved by the South Jersey Port District established pursuant to
"The South Jersey Port Corporation Act," P.L.1968, c.60
(C.12:11A-1 et seq.).

"Priority area" means the portions of the qualified incentive area
that are not located within a distressed municipality and which:

a. are designated pursuant to the "State Planning Act,"
P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
(Metropolitan), Planning Area 2 (Suburban), a designated center
under the State Development and Redevelopment Plan, or a
designated growth center in an endorsed plan until June 30, 2013, or
until the State Planning Commission revises and readopts New
Jersey's State Strategic Plan and adopts regulations to revise this
definition;

b. intersect with portions of: a deep poverty pocket, a port
district, or federally-owned land approved for closure under a
federal Commission on Base Realignment and Closure action;

c. are the proposed site of a disaster recovery project, a
qualified incubator facility, a highlands development credit
receiving area or redevelopment area, a tourism destination project,
or transit oriented development; or

d. contain: a vacant commercial building having over 400,000
square feet of office, laboratory, or industrial space available for
occupancy for a period of over one year; or a site that has been
negatively impacted by the approval of a "qualified business
facility," as defined pursuant to section 2 of P.L.2007, c.346
(C.34:1B-208).

"Professional employer organization" means an employee leasing
company registered with the Department of Labor and Workforce
Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

"Program" means the "Grow New Jersey Assistance Program"
established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

"Public research university" means a public research university
as defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).

"Qualified business facility" means any building, complex of
buildings or structural components of buildings, and all machinery
and equipment located within a qualified incentive area, used in
connection with the operation of a business that is not engaged in
final point of sale retail business at that location unless the building,
complex of buildings or structural components of buildings, and all
machinery and equipment located within a qualified incentive area,
are used in connection with the operation of:

a. a final point of sale retail business located in a Garden State
Growth Zone that will include a retail facility of at least 150,000
square feet, of which at least 50 percent is occupied by either a full-
service supermarket or grocery store; or

b. a tourism destination project located in the Atlantic City
Tourism District as established pursuant to section 5 of P.L.2011,
c.18 (C.5:12-219).

"Qualified incentive area" means:
a. an aviation district;
b. a port district;
c. a distressed municipality or urban transit hub municipality;
d. an area (1) designated pursuant to the "State Planning Act,"
P.L.1985, c.398 (C.52:18A-196 et seq.), as:
   (a) Planning Area 1 (Metropolitan);
   (b) Planning Area 2 (Suburban); or
   (c) Planning Area 3 (Fringe Planning Area);
   (2) located within a smart growth area and planning area
designated in a master plan adopted by the New Jersey
Meadowlands Commission pursuant to subsection (i) of section 6 of
P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
adopted by the New Jersey Meadowlands Commission pursuant to
section 20 of P.L.1968, c.404 (C.13:17-21);
   (3) located within any land owned by the New Jersey Sports and
Exposition Authority, established pursuant to P.L.1971, c.137
(C.5:10-1 et seq.), within the boundaries of the Hackensack
Meadowlands District as delineated in section 4 of P.L.1968, c.404
(C.13:17-4);
   (4) located within a regional growth area, rural development
area zoned for industrial use as of the effective date of P.L.2016,
c.75, town, village, or a military and federal installation area
designated in the comprehensive management plan prepared and
adopted by the Pinelands Commission pursuant to the "Pinelands
   (5) located within the planning area of the Highlands Region as
defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
development credit receiving area or redevelopment area;
   (6) located within a Garden State Growth Zone;
   (7) located within land approved for closure under any federal
Commission on Base Realignment and Closure action; or
   (8) located only within the following portions of the areas
designated pursuant to the "State Planning Act," P.L.1985, c.398
(C.52:18A-196 et seq.), as Planning Area 4A (Rural Planning
Area), Planning Area 4B (Rural/Environmentally Sensitive) or
Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
(Rural Planning Area), Planning Area 4B (Rural/Environmentally
Sensitive) or Planning Area 5 (Environmentally Sensitive) is
located within:
   (a) a designated center under the State Development and
Redevelopment Plan;
   (b) a designated growth center in an endorsed plan until the
State Planning Commission revises and readopts New Jersey's State
Strategic Plan and adopts regulations to revise this definition as it
pertains to Statewide planning areas;
   (c) any area determined to be in need of redevelopment pursuant
to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of P.L.1992, c.79 (C.40A:12A-14);

d) any area on which a structure exists or previously existed including any desired expansion of the footprint of the existing or previously existing structure provided the expansion otherwise complies with all applicable federal, State, county, and local permits and approvals;

e) the planning area of the Highlands Region as defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands development credit receiving area or redevelopment area; or

f) any area on which an existing tourism destination project is located.

"Qualified incentive area" shall not include any property located within the preservation area of the Highlands Region as defined in section 3 of P.L.2004, c.120 (C.13:20-3).

"Qualified incubator facility" means a commercial building located within a qualified incentive area: which contains 50,000 or more square feet of office, laboratory, or industrial space; which is located near, and presents opportunities for collaboration with, a research institution, teaching hospital, college, or university; and within which, at least 50 percent of the gross leasable area is restricted for use by one or more technology startup companies during the commitment period.

"Retained full-time job" means an eligible position that currently exists in New Jersey and is filled by a full-time employee but which, because of a potential relocation by the business, is at risk of being lost to another state or country, or eliminated. For the purposes of determining a number of retained full-time jobs, the eligible positions of an affiliate shall be considered eligible positions of the business. For the purposes of the certifications and annual reports required in the incentive agreement pursuant to subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the extent an eligible position that was the basis of the award no longer exists, a business shall include as a retained full-time job a new eligible position that is filled by a full-time employee provided that the position is included in the order of date of hire and is not the basis for any other incentive award. For a project located in a Garden State Growth Zone which qualified for the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), retained full-time job shall include any employee previously employed in New Jersey and transferred to the new location in the Garden State Growth Zone which qualified for the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.).

"SDA district" means an SDA district as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3).

"SDA municipality" means a municipality in which an SDA district is situate.
"Small Business" means a business engaged in the conduct of a trade or business in this State that qualifies as a "small business concern" within the meaning of the federal "Small Business Act," Pub.L.85-536 (15 U.S.C. s.631 et seq.) for the purpose of the small business's eligibility for performing a contract offered by the federal government or for assistance from the United States Small Business Administration. "Small business" shall also include a small business established and operating in this State that is certified, pursuant to federal law, under the United States Small Business Administration's 8(a) Business Development Program or the HUBZone Program, or as a Small Disadvantaged Business, or as a Section 3 business concern by the United States Department of Housing and Urban Development.

"State college" means a State college or university established pursuant to chapter 64 of Title 18A of the New Jersey Statutes.

"Targeted industry" means any industry identified from time to time by the authority including initially, a transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance business, but excluding a primarily warehouse or distribution business.

"Technology startup company" means a for profit business that has been in operation fewer than five years and is developing or possesses a proprietary technology or business method of a high-technology or life science-related product, process, or service which the business intends to move to commercialization.

"Tourism destination project" means a qualified non-gaming business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State, and which is located within the qualified incentive area and has been determined by the authority to be in an area appropriate for development and in need of economic development incentive assistance, including a non-gaming business within an established Tourism District with a significant impact on the economic viability of that District.

"Transit oriented development" means a qualified business facility located within a 1/2-mile radius, or one-mile radius for projects located in a Garden State Growth Zone, surrounding the mid-point of a New Jersey Transit Corporation, Port Authority Transit Corporation, or Port Authority Trans-Hudson Corporation rail, bus, or ferry station platform area, including all light rail stations.

"Urban transit hub" means an urban transit hub, as defined in section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within an eligible municipality, as defined in section 2 of P.L.2007, c.346 (C.34:1B-208) and also located within a qualified incentive area.

"Urban transit hub municipality" means a municipality: a. which qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.), or which has continued to be a qualified municipality
thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent
or more of the value of real property was exempt from local
property taxation during tax year 2006. The percentage of exempt
property shall be calculated by dividing the total exempt value by
the sum of the net valuation which is taxable and that which is tax
exempt.
(cf: P.L.2018, c.120, s.1)

2. Section 3 of P.L.2011, c.149 (C.34:1B-244) is amended to
read as follows:
   a. The Grow New Jersey Assistance Program is hereby
   established as a program under the jurisdiction of the New Jersey
   Economic Development Authority and shall be administered by the
   authority. The purpose of the program is to encourage economic
development and job creation and to preserve jobs that currently
exist in New Jersey but which are in danger of being relocated
outside of the State. To implement this purpose, the program may
provide tax credits to eligible businesses for an eligibility period not
to exceed 10 years.
   To be eligible for any tax credits pursuant to P.L.2011, c.149
   (C.34:1B-242 et al.), a business’s chief executive officer or
   equivalent officer shall demonstrate to the authority, at the time of
   application, that:
   (1) the business, expressly including its landlord or seller, will
   make, acquire, or lease a capital investment equal to, or greater
   than, the applicable amount set forth in subsection b. of this section
   at a qualified business facility at which it will:
   (a) retain full-time jobs in an amount equal to or greater than the
   applicable number set forth in subsection c. of this section;
   (b) create new full-time jobs in an amount equal to or greater
   than the applicable number set forth in subsection c. of this section;
   or
   (c) in combination, retain full-time jobs and create new full-time
   jobs in an amount equal to or greater than the applicable number set
   forth in subsection c. of this section;
   (2) the qualified business facility shall be constructed in
   accordance with the minimum environmental and sustainability
   standards;
   (3) the capital investment resultant from the award of tax credits
   and the resultant retention and creation of full-time jobs will yield a
   net positive benefit to the State equaling at least 110 percent
   of the requested tax credit allocation amount, or for a phased project
   the requested tax credit allocation amount for the initial phase, and
   on a cumulative basis each phase thereafter, which determination is
   calculated prior to taking into account the value of the requested tax
   credit and shall be based on the benefits generated during the [first
   20 years following the completion of the project] period of time
   from approval through the end of the commitment period, or
through the end of the longer period of extended commitment that
the business may elect for purposes of receiving credit for benefits
projected to occur after the expiration of the commitment period,
except that:
(a) for a project located in a priority area, the determination
shall be based on the benefits generated during the period of time
from approval through the end of the commitment period, as
determined by the authority, and shall equal at least 120 percent of
the requested tax credit award amount, and,
(b) for a project located in a distressed municipality, the
determination shall be based on the benefits generated during the
period of time from approval through the end of the commitment
period, as determined by the authority, and shall equal at least 110
percent of the requested tax credit award amount, and
(c) for a mega project or a project located in a Garden State
Growth Zone, the determination shall be based on the benefits
generated [during a period of up to 30 years following the
completion of the project, as determined by the authority] during
the period of time from approval through the end of the
commitment period, and shall equal at least 110 percent of the
requested tax credit award amount, and
[(b)] (d) for a project located in a Garden State Growth Zone
which qualified for the "Municipal Rehabilitation and Economic
positive benefit determination shall be based on the benefits
generated during a period of up to 35 years following completion of
the project, as determined by the authority, and shall equal at least
100 percent of the requested tax credit allocation amount and may
utilize the value of those property taxes subject to the provisions of
section 24 of P.L.2013 c.161 (C.52:27D-489a), or the value of those
property taxes that would have been assessed on the new
construction, improvements, or substantial rehabilitation of
structures on real property if the structures were not exempt because
they are on real property owned by a public entity, and incremental
sales and excise taxes that are derived from activities within the
area and which are rebated or retained by the municipality pursuant
to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303
(C.52:27H-60 et seq.) or any other law providing for such rebate or
retention; and
(e) the net economic benefits shall be discounted to reflect the
uncertainty of the business's location after the commitment period
expires, provided that a business may elect a period of extended
commitment for which time the economic benefits shall be
creditable to the determination of the net economic benefit of the
project, and a business electing a period of extended commitment
and failing to maintain the project through the expiration of that
extended commitment period shall be obligated to repay a
proportion of the incremental benefits received on account of
having extended the commitment period, taking into consideration
the number of years of extended commitment during which the
business maintained the project; and
(4) except as provided in subsection f. of this section, the award
tax credits will be a material factor in the business's decision to
create or retain the minimum number of new or retained full-time
jobs for eligibility under the program.
With respect to the provisions of paragraph (3) of this
subsection, in the case of a project located in a Garden State
Growth Zone, the authority, in its discretion, may award bonuses in
its net positive benefit calculation.
b. For all projects approved after the effective date of
P.L.2013, c.161, the minimum capital investment required to be
eligible under this program shall be as follows:
(1) for the rehabilitation, improvement, fit-out, or retrofit of an
existing industrial, warehousing, logistics, or research and
development premises for continued similar use by the business in
at least 51 percent of the gross leasable area of the premises, a
minimum investment of $20 per square foot of gross leasable area;
(2) for the new construction of an industrial, warehousing,
logistics, or research and development premises for similar use by
the business in at least 51 percent of the gross leasable area of the
premises, a minimum investment of $60 per square foot of gross
leasable area;
(3) for the rehabilitation, improvement, fit-out, or retrofit of an
existing premises that does not qualify pursuant to paragraph (1) or
(2) of this subsection, a minimum investment of $40 per square foot
of gross leasable area; and
(4) for the new construction of a premises that does not qualify
pursuant to paragraph (1) or (2) of this subsection, a minimum
investment of $120 per square foot of gross leasable area.
The minimum capital investment required by this subsection
shall be reduced by one-third for projects located in a Garden State
Growth Zone or projects located within Atlantic, Burlington,
Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem
counties, and by one-half for projects in which the business is a
small business.
c. The minimum number of new or retained full-time jobs
required to be eligible under this program shall be as follows:
(1) for a business that is a technology startup company or a
manufacturing company, a minimum of 10 new or 25 retained full-
time jobs;
(2) for a business engaged primarily in a targeted industry other
than a technology startup company or a manufacturing company, a
minimum of 25 new or 35 retained full-time jobs; and
(3) for any other business, a minimum of 35 new or 50 retained
full-time jobs.
The minimum number of new or retained full-time jobs required by this subsection shall be reduced by one-quarter for projects located in a Garden State Growth Zone or projects located within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties, and by one-half for projects in which the business is a small business.

Each person working as independent contractor for the business may be counted as eight tenths of a full-time employee for the purposes of calculating the business's Statewide workforce.

d. To assist the authority in determining whether a proposed capital investment will yield a net positive benefit, the business's chief executive officer, or equivalent officer, shall submit a certification to the authority indicating: (1) that any existing full-time jobs are at risk of leaving the State or being eliminated; (2) that any projected creation or retention, as applicable, of new full-time jobs would not occur but for the provision of tax credits under the program; and (3) that the business's chief executive officer, or equivalent officer, has reviewed the information submitted to the authority and that the representations contained therein are accurate, provided however, that in satisfaction of the provisions of paragraphs (1) and (2) of this subsection, the certification with respect to a project in a Garden State Growth Zone that qualifies under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a project located in a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority, shall indicate that the provision of tax credits under the program is a material factor in the business decision to make a capital investment and locate in a Garden State Growth Zone that qualifies under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a Garden State Growth Zone which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority. In the event that this certification by the business's chief executive officer, or equivalent officer, is found to be willfully false, the authority may revoke any award of tax credits in their entirety, which revocation shall be in addition to any other criminal or civil penalties that the business and the officer may be subject to. When considering an application involving intra-State job transfers, the authority shall require the business to submit the following information as part of its application: a full economic analysis of all locations under consideration by the business; all lease agreements, ownership documents, or substantially similar documentation for the business's current in-State locations; and all lease agreements, ownership documents, or substantially similar documentation for the potential out-of-State location alternatives, to the extent they exist. Based on
this information, and any other information deemed relevant by the
authority, the authority shall independently verify and confirm, by
way of making a factual finding by separate vote of the authority's
board, the business's assertion that the jobs are actually at risk of
leaving the State, and as to the date or dates at which the authority
expects that those jobs would actually leave the State, or, with
respect to projects located in a Garden State Growth Zone that
qualifies under the "Municipal Rehabilitation and Economic
Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or projects
located in a Garden State Growth Zone which contains a Tourism
District as established pursuant to section 5 of P.L.2011, c.18
(C.5:12-219) and regulated by the Casino Reinvestment
Development Authority, the business's assertion that the provision
of tax credits under the program is a material factor in the business's
decision to make a capital investment and locate in a Garden State
Growth Zone that qualifies under the "Municipal Rehabilitation and
in a Garden State Growth Zone which contains a Tourism District
as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219)
and regulated by the Casino Reinvestment Development Authority,
before a business may be awarded any tax credits under this section.

e. A project that consists solely of point-of-final-purchase
retail facilities shall not be eligible for a grant of tax credits. If a
project consists of both point-of-final-purchase retail facilities and
non-retail facilities, only the portion of the project consisting of
non-retail facilities shall be eligible for a grant of tax credits. For a
qualified business facility that is a mixed-use project that includes
retail facilities and that is located in a Garden State Growth Zone or
the Atlantic City Tourism District as established pursuant to section
5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
Reinvestment Development Authority, retail facilities in an amount
up to 7.5 percent of the mixed-use project may be included in the
mixed-use project application for a grant of tax credits along with
the non-retail facilities, and that application may include in the
aggregate the pro-rata number of full-time employees employed by
any number of tenants or other occupants of the included retail
facilities. If a warehouse facility is part of a point-of-final-purchase
retail facility and supplies only that facility, the warehouse facility
shall not be eligible for a grant of tax credits. For the purposes of
this section, a retail facility of at least 150,000 square feet, of which
at least 50 percent is occupied by a full-service supermarket or
grocery store, located in a Garden State Growth Zone which
qualified under the "Municipal Rehabilitation and Economic
Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or a tourism
destination project in the Atlantic City Tourism District as
established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219), or
catalog distribution centers shall not be considered point-of-final-
purchase retail facilities.
f. The authority may determine as eligible for tax credits under
the program any business that is required to respond to a request for
proposals and to fulfill a contract with the federal government
although the business’s chief executive officer or equivalent officer
has not demonstrated to the authority that the award of tax credits
will be a material factor in the business’s decision to retain the
minimum number of retained full-time jobs, as otherwise required
by this section. The authority may, in its discretion, consider the
economic benefit of the retained jobs servicing the contract in
conducting a net benefit analysis required by paragraph (4) of
subsection a. of this section. For the purposes of this subsection,
"retained full-time jobs" includes jobs that are at risk of being
eliminated. Applications to the authority for eligibility under the
program pursuant to the criteria set forth in this subsection shall be
completed by December 31, 2013. Submission of a proposal to the
federal government prior to authority approval shall not disqualify a
business from the program.

g. Nothing shall preclude a business from applying for tax
credits under the program for more than one project pursuant to one
or more applications.

h. A business 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 qualified business facility 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.

i. Persons working as independent contractors for the business
shall not be included in the business’s Statewide workforce total if
those persons are simultaneously receiving a State economic
incentive benefit for job creation or retention under any other
program. Compliance period obligations of those persons following
the receipt of an economic incentive benefit shall not disqualify
inclusion of those persons as part of the business’s Statewide
workforce total.

(cf: P.L.2018, c.120, s.2)

3. Section 4 of P.L.2011, c.149 (C.34:1B-245) is amended to read
as follows:

4. The authority shall require an eligible business to enter into
an incentive agreement prior to the issuance of tax credits. The
incentive agreement shall include, but shall not be limited to, the
following:

a. A detailed description of the proposed project which will
result in job creation or retention, and the number of new or
retained full-time jobs that are approved for tax credits.
b. for a phased project, an incentive phase agreement which for each phase identifies a description of the phase, the expected capital investment and number of new full-time jobs, and the time following acceptance of the incentive agreement when each phase is to begin and be completed, with the awarding of tax credits under the incentive agreement to be predicated on the number of full-time jobs created through the fulfillment of each incentive phase agreement.

c. The eligibility period of the tax credits, or for a phased project the eligibility period of the tax credits for each phase, including the first year for which the tax credits may be claimed.

d. Personnel information that will enable the authority to administer the program.

e. A requirement that the applicant maintain the project at a location in New Jersey for the commitment period, with at least the minimum number of full-time employees as required by this program, and a provision to permit the authority to recapture all or part of any tax credits awarded, at its discretion, if the business does not remain in compliance with this provision for the required term, and in the instance of the business terminating an existing incentive agreement in order to participate in an incentive agreement authorized pursuant to the “New Jersey Economic Opportunity Act of 2013,” P.L.2013, c.161 (C.52:27D-489p et al.), such permitted recapture may be calculated to recognize the period of time that the business was in compliance prior to termination.

f. A method for the business to certify that it has met the capital investment and employment requirements of the program pursuant to paragraph (1) of subsection a. of section 3 of P.L.2011, c.149 (C.34:1B-244) and the applicable incentive phase agreements and to report annually to the authority the number of full-time employees for which the tax credits are to be made.

f. A provision permitting an audit of the payroll records of the business from time to time, as the authority deems necessary.

g. A provision which permits the authority to amend the agreement.

h. A provision establishing the conditions under which the agreement may be terminated.

(c.f. P.L.2013, c.161, s.9)

4. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to read as follows:

5. a. The total amount of the tax credit for an eligible business for each new or retained full-time job shall be as set forth in subsections b. through f. of this section. The total tax credit amount shall be calculated and credited to the business annually for each year of the eligibility period. Notwithstanding any other provisions of the “New Jersey Economic Opportunity Act of 2013,” P.L.2013,
c.161 (C.52:27D-489p et al.), a business may assign its ability to
apply for the tax credit under this subsection to a non-profit
organization with a mission dedicated to attracting investment and
completing development and redevelopment projects in a Garden
State Growth Zone. The non-profit organization or organization
operating a qualified incubator facility may make an application on
behalf of a business which meets the requirements for the tax credit,
or a group of non-qualifying businesses or positions, located at a
qualified business facility, that shall be considered a unified project
for the purposes of the incentives provided under this section. For
any project located in a Garden State Growth Zone that qualifies
under the "Municipal Rehabilitation and Economic Recovery Act,"
P.L.2002, c.43 (C.52:27BBB-1 et al.), or any project located in a
Garden State Growth Zone which contains a Tourism District as
established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
regulated by the Casino Reinvestment Development Authority, and
which will include a retail facility of at least 150,000 square feet, of
which at least 50 percent will be occupied by either a full-service
supermarket or grocery store, a business may assign its ability to
apply for the tax credit under this subsection to the developer of the
facility. The developer may make an application on behalf of the
business which meets the requirements for the tax credit, or a group
of non-qualifying businesses located at the business facility, that
shall be considered a unified project for the purposes of the
incentives provided under this section, and the developer may apply
for tax credits available based on the number of jobs provided by
the business or businesses and the total capital investment of the
business or businesses and the developer.

b. The base amount of the tax credit for each new or retained
full-time job shall be as follows:

(1) (a) for a qualified business facility located within an urban
transit hub municipality, located within a Garden State Growth
Zone, or which is a mega project, $5,000 per year;

(b) for a qualified business facility located within a Garden State
Create Zone and used by an eligible business in a targeted industry
to conduct a collaborative research relationship with a doctoral
university within the zone, $5,000 per year;

(2) for a qualified business facility located within a distressed
municipality but not qualifying under paragraph (1) of this
subsection, $4,000 per year;

(3) for a project in a priority area, $3,000 per year; and

(4) for a project in other eligible areas, $500 per year.

c. In addition to the base amount of the tax credit, the amount
of the tax credit to be awarded for each new or retained full-time
job shall be increased if the qualified business facility meets any of
the following priority criteria or other additional or replacement
criteria determined by the authority from time to time in response to
evolving economic or market conditions.
(1) for a qualified business facility located in a deep poverty pocket or in an area that is the subject of a Choice Neighborhoods Transformation Plan funded by the federal Department of Housing and Urban Development, an increase of $1,500 per year;
(2) for a qualified business facility located in a qualified incubator facility, an increase of $500 per year;
(3) for a qualified business facility located in a mixed-use development that incorporates sufficient moderate income housing on site to accommodate a minimum of 20 percent of the full-time employees of the business, an increase of $500 per year;
(4) for a qualified business facility located within a transit oriented development and located either in a Garden State Growth Zone or in a municipality which is not an urban transit hub municipality, an increase of $2,000 per year;
(5) for a qualified business facility, other than a mega project, at which the capital investment in industrial or research and development premises for industrial or research and development use by the business is in excess of the minimum capital investment required for eligibility pursuant to subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of $1,000 per year for each additional amount of investment that exceeds the minimum amount required for eligibility by 20 percent, with a maximum increase of $3,000 per year;
(6) for a business with new full-time jobs and retained full-time jobs at the project with an average salary in excess of the existing average salary for the county in which the project is located, or, in the case of a project in a Garden State Growth Zone, a business that employs full-time positions at the project with an average salary in excess of the average salary for the Garden State Growth Zone, an increase of $250 per year during the commitment period for each 35 percent by which the project's average salary levels exceeds the county or Garden State Growth Zone average salary, with a maximum increase of $1,500 per year;
(7) for a business with large numbers of new full-time jobs and retained full-time jobs during the commitment period, the increases shall be in accordance with the following schedule:
   (a) if the number of new full-time jobs and retained full-time jobs is between 251 and 400, $500 per year;
   (b) if the number of new full-time jobs and retained full-time jobs is between 401 and 600, $750 per year;
   (c) if the number of new full-time jobs and retained full-time jobs is between 601 and 800, $1,000 per year;
   (d) if the number of new full-time jobs and retained full-time jobs is between 801 and 1,000, $1,250 per year;
   (e) if the number of new full-time jobs and retained full-time jobs is in excess of 1,000, $1,500 per year;
(8) for a business in a targeted industry, an increase of $500 per year;
for a qualified business facility exceeding the Leadership in Energy and Environmental Design's "Silver" rating standards or completes substantial environmental remediation, an additional increase of $250 per year;

(10) for a mega project or a project located within a Garden State Growth Zone at which the capital investment in industrial or research and development premises for industrial or research and development use by the business exceeds the minimum capital investment required for eligibility pursuant to subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of $1,000 per year for each additional amount of investment that exceeds the minimum amount by [20]%40 percent, with a maximum increase of $5,000 per year;

(11) for a project in which a business retains at least 400 jobs and is located within the municipality in which it was located immediately prior to the filing of the application hereunder and is the United States headquarters of an automobile manufacturer, an increase of $1,500 per year; [Deleted by amendment, P.L., c. . ]

(pending before the Legislature as this bill)

(12) for a project located in a municipality in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem counties with a 2007 Municipality Revitalization Index greater than 465, an increase of $1,000 per year;

(13) for a project located within a half-mile of any light rail station constructed after the effective date of P.L.2013, c.161 (C.52:27D-489p et al.), an increase of $1,000 per year;

(14) for a marine terminal project in a municipality located outside the Garden State Growth Zone, but within the geographical boundaries of the South Jersey Port District, an increase of $1,500 per year;

(15) for a project located within an area determined to be in need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and C.40A:12A-6), and which is located within a quarter mile of at least one United States Highway and at least two New Jersey State Highways, an increase of $1,500 per year;

(16) for a project that generates solar energy on site for use within the project of an amount that equals at least 50 percent of the project's electric supply service needs, an increase of $250 per year;

(17) for a qualified business facility that includes a vacant commercial building having over 1,000,000 square feet of office or laboratory space available for occupancy for a period of over one year, an increase of $1,000 per year; [and]

(18) for an eligible business in a targeted industry at a qualified business facility on the campus of a college or university other than a doctoral university, or at a qualified business facility within a three-mile radius of the outermost boundary of the campus of a college or university other than a doctoral university, which facility is used by the business to conduct a collaborative research
relationship with the college or university, an increase of $1,000 per
year. The boundary of the campus of a college or university shall
be based upon a map appearing in the college's or university's
official catalog or other official publication on the effective date of
P.L.2017, c.221; and

(19) for a small business, an increase of $500 per year.

d. The gross amount of the tax credit for an eligible business
for each new or retained full-time job shall be the sum of the base
amount as set forth pursuant to subsection b. of this section and the
various additional bonus amounts for which the business is eligible
pursuant to subsection c. of this section, subject to the following
limitations:

(1) for a mega project or a project in a Garden State Growth
Zone, the gross amount for each new or retained full-time job shall
not exceed $15,000 $12,000 per year;

(2) for a qualified business facility located within an urban
transit hub municipality or a Garden State Create Zone, the gross
amount for each new or retained full-time job shall not exceed
$12,000 $10,000 per year;

(3) for a qualified business facility in a distressed municipality
the gross amount for each new or retained full-time job shall not
exceed $11,000 $8,000 per year;

(4) for a qualified business facility in other priority areas, the
gross amount for each new or retained full-time job shall not exceed
$10,500 $7,500 per year;

(5) for a qualified business facility in other eligible areas, the
gross amount for each new or retained full-time job shall not exceed
$6,000 $5,500 per year; and

(6) for a disaster recovery project, the gross amount for each
new or retained full-time job shall not exceed $2,000 per year.

Notwithstanding anything to the contrary set forth herein and in
the provisions of subsections a. through f. of this section, but
subject to the provisions of paragraph (1) of subsection f. of this
section, for a project located within a Garden State Growth Zone
which qualifies for the "Municipal Rehabilitation and Economic
creates 35 or more full-time jobs new to the municipality, the total
tax credit shall be:

(a) for a project which creates 35 or more full-time jobs new to
the municipality and makes a capital investment of at least
$5,000,000, the total tax credit amount per full-time job shall be the
greater of: (i) the total tax credit amount for a qualifying project in
a Garden State Growth Zone as calculated pursuant to subsections
a. through f. of this section; or (ii) the total capital investment of the
project divided by the total number of full-time jobs at that project
but not greater than $2,000,000 per year over the grant term of ten
years;
(b) for a project which creates 70 or more full-time jobs new to the municipality and makes a capital investment of at least $10,000,000, the total tax credit amount per full-time job shall be the greater of: (i) the total tax credit amount for a qualifying project in a Garden State Growth Zone as calculated pursuant to subsections a. through f. of this section; or (ii) the total capital investment of the project divided by the total number of full-time jobs at that project but not greater than $3,000,000 per year over the grant term of ten years;

(c) for a project which creates 100 or more full-time jobs new to the municipality and makes a capital investment of at least $15,000,000, the total tax credit amount per full-time job shall be the greater of: (i) the total tax credit amount for a qualifying project in a Garden State Growth Zone as calculated pursuant to subsections a. through f. of this section; or (ii) the total capital investment of the project divided by the total number of full-time jobs at that project but not greater than $4,000,000 per year over the grant term of ten years;

(d) for a project which creates 150 or more full-time jobs new to the municipality and makes a capital investment of at least $20,000,000, the total tax credit amount per full-time job shall be the greater of: (i) the total tax credit amount for a qualifying project in a Garden State Growth Zone as calculated pursuant to subsections a. through f. of this section; or (ii) the total capital investment of the project divided by the total number of full-time jobs at that project but not greater than $5,000,000 per year over the grant term of ten years; or

(e) for a project which creates 250 or more full-time jobs new to the municipality and makes a capital investment of at least $30,000,000, the total tax credit amount per full-time job shall be the greater of: (i) the total tax credit amount for a qualifying project in a Garden State Growth Zone as calculated pursuant to subsections a. through f. of this section; or (ii) the total capital investment of the project divided by the total number of full-time jobs as defined herein at that project divided by the ten-year grant term.

e. After the determination by the authority of the gross amount of tax credits for which a business is eligible pursuant to subsection d. of this section, the final total tax credit amount shall be calculated as follows:

   (1) for each new full-time job, the business shall be allowed tax credits equaling 100 percent of the gross amount of tax credits for each new full-time job; and

   (2) for each retained full-time job, the business shall be allowed tax credits equaling the lesser of:

   (i) 80 percent of the gross amount of tax credits for each retained full-time job for a project located in a Garden State Growth Zone, a Garden State Create Zone, or an urban transit hub municipality;
(ii) 50 percent of the gross amount of tax credits for each retained full-time job for a project located in a distressed municipality;

(iii) 40 percent of the gross amount of tax credits for each retained full-time job for a project located in other priority areas;

(iv) 30 percent of the gross amount of tax credits for each retained full-time job for a project located in other eligible areas; or

(v) one-tenth of the capital investment divided by the number of retained [and new] full-time jobs per year over the grant term of ten years, unless the jobs are part of a mega project which is the United States headquarters of an automobile manufacturer located within a priority area or in a Garden State Growth Zone, in which case the business shall be entitled to tax credits equaling 100 percent of the gross amount of tax credits for each retained full-time job, or unless the new qualified business facility would replace a facility that has been wholly or substantially damaged as a result of a federally-declared disaster, in which case the business shall be entitled to tax credits equaling 100 percent of the gross amount of tax credits for each retained full-time job.

f. Notwithstanding the provisions of subsections a. through e. of this section, for each application approved by the authority's board, the amount of tax credits available to be applied by the business annually shall not exceed:

(1) $35,000,000 and provides a net benefit to the State as provided herein with respect to a qualified business facility in a Garden State Growth Zone which qualifies under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27B-1 et al.), or which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority but, unless the business is in a targeted industry and at least 25 percent of the employees of the business at the qualified business facility on a monthly average basis reside in a distressed municipality, not more than 100 percent of the withholdings of the business from the qualified business facility;

(2) $30,000,000 and provides a net benefit to the State as provided herein with respect to a mega project or a qualified business facility in a Garden State Growth Zone but, unless the business is in a targeted industry and at least 25 percent of the employees of the business at the qualified business facility on a monthly average basis reside in a distressed municipality, not more than 100 percent of the withholdings of the business from the qualified business facility;

(3) $10,000,000 and provides a net benefit to the State as provided herein with respect to a qualified business facility in an urban transit hub municipality or a Garden State Create Zone but, unless the business is in a targeted industry and at least 25 percent of the employees of the business at the qualified business facility on a monthly average basis reside in a distressed municipality, not more
than 100 percent of the withholdings of the business from the qualified
business facility:
(4) $8,000,000 and provides a net benefit to the State as
provided herein with respect to a qualified business facility in a
distressed municipality but, unless the business is in a targeted
industry and at least 25 percent of the employees of the business at
the qualified business facility on a monthly average basis reside in a
distressed municipality, not more than 100 percent of the
withholdings of the business from the qualified business facility:
(5) $4,000,000 and provides a net benefit to the State as
provided herein with respect to a qualified business facility in other
priority areas, but not more than 90 percent of the withholdings of
the business from the qualified business facility; and
(6) $2,300,000 and provides a net benefit to the State as
provided herein with respect to a qualified business facility in other
eligible areas, but not more than 90 percent of the withholdings of
the business from the qualified business facility.
A business may pursue separate awards for multiple projects
provided that each such project individually satisfies the
requirements of the program and provided that the limitations
described in paragraphs (1) through (6) of this subsection shall
apply cumulatively to each project unless the authority determines
sufficient differentiability for a subsequent project to justify
separate application of the limitations described in paragraphs (1)
through (6) of this subsection.
Under paragraphs (1) through (6) of this subsection, with the
exception of a project located within a Garden State Growth Zone
(which qualifies for the "Municipal Rehabilitation and Economic
Recovery Act," P.L.2002, c.43 (C.52:27B:3-1 et al.), or which
contains a Tourism District as established pursuant to section 5 of
P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
Reinvestment Development Authority), that divides the total capital
investment of the project by the total number of full-time jobs at
that project, for each application for tax credits in excess of
$4,000,000 annually, the amount of tax credits available to be applied by the business annually shall be the lesser
of the maximum amount under the applicable subsection or an
amount determined by the authority necessary to complete the
project, with such determination made by the authority's utilization
of a full economic analysis of all locations under consideration by
the business; all lease agreements, ownership documents, or
substantially similar documentation for the business's current in-
State locations, as applicable; and all lease agreements, ownership
documents, or substantially similar documentation for the potential
out-of-State location alternatives, to the extent they exist. Based on
this information, and any other information deemed relevant by the
authority, the authority shall independently verify and confirm the
amount necessary to complete the project.

(ef: P.L.2017, c.221, s.2)

5. Section 6 of P.L.2011, c.149 (C.34:1B-247) is amended to read as follows:

6. a. (1) The combined value of all credits approved by the authority pursuant to P.L.2007, c.346 (C.34:1B-207 et seq.) and P.L.2011, c.149 (C.34:1B-242 et al.) prior to December 31, 2013 shall not exceed $1,750,000,000, except as may be increased by the authority as set forth in paragraph (5) of subsection a. of section 35 of P.L.2009, c.90 (C.34:1B-209.3). Following the enactment of the "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-489p et al.), there shall be no monetary cap on the value of credits approved by the authority attributable to the program pursuant to the "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161 (C.52:27D-489p et al.).

(2) (Deleted by amendment, P.L.2013, c.161)

(3) (Deleted by amendment, P.L.2013, c.161)

(4) (Deleted by amendment, P.L.2013, c.161)

(5) (Deleted by amendment, P.L.2013, c.161)

b. (1) A business shall submit an application for tax credits prior to July 1, [2019] 2023. The authority shall not approve an application for tax credits unless the application was submitted prior to July 1, [2019] 2023.

(2) (a) A business shall submit its documentation indicating that it has met the capital investment and employment requirements specified in the incentive agreement, or for a phased project the capital investment and employment requirements specified in the initial incentive phase agreement, for certification of its tax credit amount within three years following the date of approval of its application by the authority. The authority shall have the discretion to grant two six-month extensions of this deadline. Except as provided in subparagraph (b) of this paragraph, in no event shall the incentive effective date, or for a phased project the incentive phase agreement effective date, occur later than four years following the date of approval of an application by the authority.

(b) As of the effective date of P.L.2017, c.314, a business which applied for the tax credit prior to July 1, 2014 under P.L.2011, c.149 (C.34:1B-242 et al.), shall submit its documentation to the authority no later than July 28, 2019, indicating that it has met the capital investment and employment requirements specified in the incentive agreement for certification of its tax credit amount.

(3) Full-time employment for an accounting or privilege period shall be determined as the average of the monthly full-time employment for the period.

(4) A business seeking a credit for a mega project shall apply for the credit within four years after the effective date of the "New Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
(C.52:27D-489 p et al.) prior to July 1, 2023. The authority shall
not approve an application for tax credits for a mega project unless
the application was submitted prior to July 1, 2023.

c. (1) In conducting its annual review, the authority may
require a business to submit any information determined by the
authority to be necessary and relevant to its review.

The credit amount for any tax period for which the
documentation of a business's credit amount remains uncertified as
of a date three years after the closing date of that period shall be
forfeited, although credit amounts for the remainder of the years of
the eligibility period shall remain available to it.

The credit amount may be taken by the tax certificate holder for
the tax period for which it was issued or may be carried forward for
use by the tax certificate holder in any of the next 20 successive tax
periods, and shall expire thereafter. The tax certificate holder may
transfer the tax credit amount on or after the date of issuance or at
any time within three years of the date of issuance for use by the
transferee in the tax period for which it was issued or in any of the
next 20 successive tax periods. Notwithstanding the foregoing, no
more than the amount of tax credits equal to the total credit amount
divided by the duration of the eligibility period in years may be
taken in any tax period.

(2) Credits granted to a partnership shall be passed through to
the partners, members, or owners, respectively, pro-rata or pursuant
to an executed agreement among the partners, members, or owners
documenting an alternate distribution method provided to the
Director of the Division of Taxation in the Department of the
Treasury accompanied by any additional information as the director
may require.

(3) The amount of credit allowed may be applied against the tax
liability otherwise due pursuant to section 5 of P.L.1945, c.162
(C.54:10A-5), pursuant to sections 2 and 3 of P.L.1945, c.132
(C.54:18A-2 and C.54:18A-3), pursuant to section 1 of P.L.1950,
c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5.

(4) In lieu of applying any credit certificate or credit transfer
certificate against tax liability otherwise due pursuant to section 5
of P.L.1945, c.162 (C.54:10A-5), pursuant to sections 2 and 3 of
P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), pursuant to section
1 of P.L.1950, c.231 (C.17:32-15), or pursuant to N.J.S.17B:23-5,
the credit certificate or credit transfer certificate may be surrendered
to the Division of Taxation in the Department of the Treasury for a
cash payment equal to 90 percent of the amount of tax credits
evidenced by the certificate, provided that the issuance date of the
credit certificate or credit transfer certificate occurred at least two
years prior to the date of surrender and provided further that the
taxpayer surrendering the certificate or credit transfer certificate is
the taxpayer to which the certificate or credit transfer certificate
was initially issued.
d. (1) If, in any tax period, the business reduces the total number of full-time employees in its Statewide workforce by more than 20 percent from the number of full-time employees in its Statewide workforce in the last tax period prior to the credit amount approval under section 3 of P.L.2011, c.149 (C.34:1B-244), then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the business’s Statewide workforce to the threshold levels required by the incentive agreement has been reviewed and approved by the authority, for which tax period and each subsequent tax period the full amount of the credit shall be allowed.

(2) If, in any tax period, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area drops below 80 percent of the number of new and retained full-time jobs specified in the incentive agreement or the incentive phase agreement, then the business shall forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the number of full-time employees employed by the business at the qualified business facility to 80 percent of the number of jobs specified in the incentive agreement or the incentive phase agreement.

(3) (a) If the qualified business facility is sold by the owner in whole or in part during the eligibility period, the new owner shall not acquire the capital investment of the seller and the seller shall forfeit all credits for the tax period in which the sale occurs and all subsequent tax periods, provided however that any credits of the business shall remain unaffected. If a tenant subleases its tenancy in whole or in part during the 10-year eligibility period, the new tenant shall not acquire the credit of the sublessor and the sublessor shall forfeit the credits for any tax period in which the portion of the qualified business facility that the sublessor continues to occupy fails to maintain the number of jobs required for the sublessor to earn tax credits for the tax period and fails to independently satisfy the minimum capital investment or sustainability requirements of the program.

(b) In connection with a regional distribution facility of foodstuffs, the business entity or entities which own or lease the facility shall qualify as a business regardless of: (i) the type of the business entity or entities which own or lease the facility; (ii) the ownership or leasing of the facility by more than one business entity; or (iii) the ownership of the business entity or entities which own or lease the facility. The ownership or leasing, whether by members, shareholders, partners, or other owners of the business entity or entities, shall be treated as ownership or leasing by affiliates. The members, shareholders, partners, or other ownership or leasing participants and others that are tenants in the facility shall
be treated as affiliates for the purpose of counting the full-time employees and capital investments in the facility. The business entity or entities may distribute credits to members, shareholders, partners, or other ownership or leasing participants in accordance with their respective interests. If the business entity or entities or their members, shareholders, partners, or other ownership or leasing participants lease space in the facility to members, shareholders, partners, or other ownership or leasing participants or others as tenants in the facility, the leases shall be treated as a lease to an affiliate, and the business entity or entities shall not be subject to forfeiture of the credits. For the purposes of this section, leasing shall include subleasing and tenants shall include subtenants.

(4) (a) For a project located within a Garden State Growth Zone, if, in any tax period, the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area increases above the number of full-time employees specified in the incentive agreement, then the business shall be entitled to an increased base credit amount for that tax period and each subsequent tax period, for each additional full-time employee added above the number of full-time employees specified in the incentive agreement, until the first tax period for which documentation demonstrating a reduction of the number of full-time employees employed by the business at the qualified business facility, at which time the tax credit amount will be adjusted accordingly pursuant to this section.

(b) For a project located within a Garden State Growth Zone which qualifies under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority, and which qualifies for a tax credit pursuant to subparagraph (ii) of subparagraphs (a) through (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246), if, in any tax period the number of full-time employees employed by the business at the qualified business facility located within a qualified incentive area increases above the number of full-time employees specified in the incentive agreement such that the business shall then meet the minimum number of employees required in subparagraph (b), (c), (d), or (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246), then the authority shall recalculate the total tax credit amount per full-time job by using the certified capital investment of the project allowable under the applicable subparagraph and the number of full-time jobs certified on the date of the recalculation and applying those numbers to subparagraph (b), (c), (d), or (e) of paragraph (6) of subsection d. of section 5 of P.L.2011, c.149 (C.34:1B-246), until the first tax period for which documentation demonstrating a reduction of the number of full-time employees employed by the
business at the qualified business facility, at which time the tax
credit amount shall be adjusted accordingly pursuant to this section.

c. The authority shall not enter into an incentive agreement
with a business that has previously received incentives pursuant to
the "Business Retention and Relocation Assistance Act," P.L.1996,
c.25 (C.34:1B-112 et seq.), the "Business Employment Incentive
Program Act," P.L.1996, c.26 (C.34:1B-124 et al.), or any other
program administered by the authority unless:
(1) the business has satisfied all of its obligations underlying the
previous award of incentives or is compliant with section 4 of
P.L.2011, c.149 (C.34:1B-245); or
(2) the capital investment incurred and new or retained full-time
jobs pledged by the business in the new incentive agreement are
separate and apart from any capital investment or jobs underlying
the previous award of incentives.

f. A business which has already applied for a tax credit
incentive award prior to the effective date of the "New Jersey
489p et al.), but who has not yet been approved for the tax credits,
or has not executed an agreement with the authority, may proceed
under that application or seek to amend the application or reapply
for a tax credit incentive award for the same project or any part
thereof for the purpose of availing itself of any more favorable
provisions of the program.

g. (1) A business may change the location of the qualified
business facility to another facility:
(a) meeting all applicable location qualifying criteria and having
a gross leasable area not less than the gross leasable area of the
qualified business facility initially approved by the authority if the
alternate qualified business facility meets the minimum capital
investment and sustainability requirements of the program; or
(b) which does not meet all applicable location qualifying
criteria or which has less gross leasable area than the gross leasable
area of the qualified business facility initially approved by the
authority, if the alternate qualified business facility meets the
minimum capital investment and sustainability requirements of the
program, provided that the authority shall require a new cost benefit
analysis illustrating the economics of the project which reflect
occupancy at the alternate proposed qualified business facility
location for the remaining duration of the commitment period and
shall re-calculate the net economic benefit of the project to reflect
the economics of occupancy at the alternate proposed location for
the remaining duration of the net benefit test period in lieu of the
economics of continuing occupancy at the qualified business
facility proposed to be vacated, and provided further that the award
of tax credits shall be reduced consistent with the variations in
qualifying criteria for the alternate qualified business facility
location as well as in a manner consistent with the revised net
economic benefit calculation.

(2) A business requesting a change to the qualified business
facility shall be required to obtain the approval of the members of
the authority if the modified project economics materially deviate
from the economics of the initial approval in a manner that
undermines the recommendation of approval made by the staff of
the authority at the time of the initial approval.

h. A business may include an affiliate for any period provided
that the business provides a valid tax clearance certificate for the
affiliate, a verification of the nature of the affiliate relationship
during the relevant period, and provided further that the affiliate
provides acceptable responses to the authority's legal disclosures
inquiries, as determined by the authority. A formal modification of
the authority's approval or of the incentive agreement shall not be
necessary to add or remove an affiliate after approval or execution
of the incentive agreement.

i. A business may change its name that it has on file with the
authority by providing a copy of the filed amendment to the
certificate of incorporation or formation, as the case may be, of the
business and a valid tax clearance certificate with the business's
new name. A formal modification of the authority's approval shall
not be necessary to change a business's name after approval or
execution of the incentive agreement.

(ef: P.L.2018, c.120, s.3)

6. Section 8 of P.L.2011, c.149 (C.34:1B-249) is amended to read
as follows:

8. a. The chief executive officer of the authority, in
consultation with the Director of the Division of Taxation in the
Department of the Treasury, shall adopt rules in accordance with
the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
seq.) as are necessary to implement P.L.2011, c.149 (C.34:1B-242
et al.), including but not limited to: examples of and the
determination of capital investment; the enumeration of qualified
incentive areas; the enumeration of specific targeted industries;
specific delineation of the incentive areas; the determination of the
limits, if any, on the expense or type of furnishings that may
constitute capital improvements; the promulgation of procedures
and forms necessary to apply for a tax credit, including the
eenumeration of the certification procedures and allocation of tax
credits for different phases of a qualified business facility; and
provisions for tax credit applicants to be charged an initial
application fee, and ongoing service fees, to cover the
administrative costs related to the tax credit, provided that, for a
business that is a small business, the fees shall be reduced by 50
percent, and provided further that the authority shall defer the
collection of a fee which is equal to one quarter of one percent of
the total award until the first annual tax credit certificate is issued to
the business.

b. Through regulation, the authority shall establish standards
by which qualified business facilities shall be constructed or
renovated in compliance with the minimum environmental and
sustainability standards.

c. Through regulation, the chief executive officer of the
authority, in consultation with the Secretary of Higher Education,
shall establish standards for collaborative research relationships
between businesses in targeted industries and colleges and
universities sufficient to qualify a business for an enhanced base or
bonus tax credit amount under P.L.2017, c.221 [I].

(cef: P.L.2017, c.221, s.3)

7. This act shall take effect on July 1, 2019, except that the
New Jersey Economic Development Authority may take
anticipatory action in advance thereof as shall be necessary to
implement the provisions of P.L. , c. (C. ) (pending before
the Legislature as this bill).

STATEMENT

This bill provides certain reductions, expansions, and
simplifications to the ability of a business to qualify for tax credits
awarded under the Grow New Jersey Assistance (Grow) Program.

The bill makes certain reductions to the program as follows:

The bill reduces the amount of a tax credit award (award) for
retained jobs to a tiered percentage of:

(1) 80 percent for projects in a Garden State Growth Zone
(GSGZ), Garden State Create Zone (GSCZ), and Urban Transit Hub
(UTH) municipality;

(2) 50 percent for projects in a “distressed municipality”;

(3) 40 percent for projects in a “priority area”; and

(4) 30 percent for projects in “other eligible areas.”

The bill provides for a tiered net benefits test by project location
type as follows:

(1) 110 percent for projects in GSGZs and distressed
municipalities;

(2) 120 percent for projects in priority areas; and

(3) 130 percent for projects in other eligible areas.

The bill lowers the per-job annual award cap to:

(1) $12,000 for projects in a GSGZ;

(2) $10,000 for projects in a UTH municipality;

(3) $8,000 for projects in a distressed municipality;

(4) $7,500 for projects in a priority area; and

(5) $5,500 for projects in other eligible areas.
The bill applies a tax withholdings limitation to awards, tiered by location type as follows:
1) 100 percent for projects in GSCZs, GSCZs, UTH municipalities, and distressed municipalities;
2) 90 percent for projects in priority areas; and
3) 80 percent for projects in other eligible areas.
Businesses in targeted industries with 25 percent or more of its employees residing in distressed areas are exempted from the tax withholding limitation.
The bill removes, restricts, or otherwise modifies the award bonus for certain types of projects.
The bill makes certain expansions to the program by:
1) extending the deadline for authority acceptance of applications to the program to June 30, 2023;
2) redefining the term “mega project” and extending the application deadline for a mega project;
3) creating a project designation for small businesses that provides a bonus award of up to $500 per year and a 50 percent reduction of any authority fee for that type of project;
4) expanding the definition of full-time job to include contractors under certain circumstances and permitting their jobs at a project to be counted as 80 percent of the business’s Statewide workforce if the contractors work at least 35 hours per week at the project;
5) permitting an add-on project, even if the add-on component is substantively similar to project initially approved, so long as the add-on component stands on its own merit as to inducement;
6) allowing the authority the discretion to permit a business a one-time election to pause the project performance for up to five years, provided that project lease is extended for the remaining term of commitment upon its resumption;
7) including a mechanism for authority approval of phased projects;
8) permitting a business to change its facility to another “like-kind” location, or to not-like-kind location provided the award is adjusted downward based only on differing conditions; and
9) permitting subleasing of a project provided that the capital investment and jobs are maintained in the remaining project premises and the minimum amount of capital investment is met for the subleased portion of the project.
The bill provides for procedural simplifications for businesses qualified under the program by:
1) requiring the Division of Taxation in the Department of the Treasury to allow an award to be claimed as a cash payment at 90 percent of the award amount once two years have passed from when the award was issued;
2) simplifying the process for adding affiliates of the business assuming the business provides to the authority a clear tax account,
clean legal questionnaire response, and clear evidence of affiliate relationship; and
(3) simplifying the process for a name change of a business.
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pnf:1-56
ASSEMBLYMAN ROBERT J. KARABINCHAK (Vice Chair): We’d like to get the meeting started.

I would like everyone to please stand for the Pledge of Allegiance. (all recite the Pledge)

Thank you.

Roll call, please.

MR. ROTHBERG (Committee Aide): Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: I’m here.

MR. ROTHBERG: Assemblyman Tully.

ASSEMBLYMAN TULLY: Here.

MR. ROTHBERG: Assemblyman Freiman.

ASSEMBLYMAN FREIMAN: Here.

MR. ROTHBERG: Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTI: Here.

MR. ROTHBERG: Assemblyman Calabrese.

ASSEMBLYMAN CALABRESE: Here.

MR. ROTHBERG: Assemblyman Armato.

ASSEMBLYMAN ARMATO: Here.

MR. ROTHBERG: And Assemblyman Karabinchak.

ASSEMBLYMAN KARABINCHAK: Here.

MR. ROTHBERG: We have a quorum.

Thank you.

Just a few--
(After the meeting was called to order, and following the establishment of a quorum, approximately three unidentified members of the public interrupted the proceedings. At least one of those individuals made comments off-microphone. The attempt to offer oral and written comment was ruled out of order by the Chair, and the individuals were removed from the room.)

ASSEMBLYMAN KARABINCHAK: Well, I have to tell you, I didn’t think my first day of chairing -- being the Chairman here, I was going to have a show, too. (laughter)

However-- So we’re just going to start to move forward.

And if I could ask somebody to remove those boxes off the table (indicates), because there are other people who are going to come and speak. And I know the-- Obviously, it’s a nice prop there; but I’m going to ask to have them put in front here (indicates).

Thank you.

Just a few notes for today.

One of the items, A-4730, is just going to be for discussion only. There will not be a vote on that today.

With regard to Assembly Bill 5343, there’s an amendment that will change and extend the deadline to January 31, 2020.

There are a lot of people who are going to testify and have their points. I’m going to ask them to please limit it -- that they be between three and five minutes, because we have a lot of people who are going to talk. And obviously there may be a lot of questions coming from the panel.

So with that being said, one other note that-- Obviously, anything that is said here is going to be transcribed. And there will also be-- Anything that’s written, coming to this Committee, will also be put into the transcribed information and will be part of the testimony for the record. So
whether it’s said here or not, anything that is written will be part of the record, okay?

So with that being said, Mr. McKoy from NJ Policy Perspective.

Thank you. Either one, and just push the button.

**BRANDON McKOY:** Hello.

Thank you, Chairman; good morning to you, and all the members of the Committee.

My name is Brandon McKoy; I am the President of New Jersey Policy Perspective, and I really appreciate the opportunity to testify on this important issue.

New Jersey Policy Perspective has researched and analyzed the State’s economic development programs for over 20 years. We closely monitor the tax credits awarded by the State EDA, how many jobs created and maintained that the State gets in return, and we regularly compare New Jersey’s corporate subsidy programs -- and the laws that guide them -- against those in other states across the nation.

These decades of research and analysis bring us to a simple conclusion: New Jersey’s economic development programs have been improperly designed, poorly measured, and insufficiently examined since the implementation of the 2013 Economic Opportunity Act, which I will heretofore refer to as the 2013 EOA.

While the Economic Development Authority, in and of itself, is not a problematic entity, the legislation that guides its operations leaves much to be desired.
Since the passage of the 2013 EOA, New Jersey’s corporate tax subsidies have risen to unprecedented levels, with an enormous financial reward to very few corporations and at an enormous cost to Garden State taxpayers. New Jersey is now a national outlier for how much it spends on corporate tax subsidies and how little it receives as a return on that investment.

But it does not have to be this way. As the current laws guiding the State’s corporate subsidy programs are set to expire on June 30, this legislative body has an incredible opportunity to revamp the State’s approach to economic development so that it benefits businesses, workers, and taxpayers alike.

The purported goals of the legislation being considered today may have good intentions, but they lack the critical reforms necessary to get New Jersey’s economic development strategy back on track. It is NJPP’s position that the extensive flaws in the 2013 EOA must be addressed before any consideration of extending these programs.

While Bill A-4730 would slightly improve eligibility requirements for the Grow New Jersey Assistance Program, it lacks key reforms that would reel in an out-of-control corporate tax subsidy initiative. It contains no annual spending caps, no mandated reporting to verify outcomes, no recurring evaluation process, no annual forecasting or multi-year cost projections, and no labor protections. In fact, this legislation rewards corporations that hire contract workers.

Meanwhile, with regards to A-5343 -- it would simply extend the existing program to January 31, 2020. For a program with well-documented flaws that is projected to rob the State budget of over $1
billion in revenue annually, this is a problem for the foreseeable future of the State of New Jersey. It makes little sense to extend this program.

Rational and attainable fixes have been suggested, time and time again, to this Legislature, both by NJPP and national experts; and yet, they remain conspicuously absent from both of these proposals.

Before considering extensions, we must recognize that these programs have not produced results as intended, and the cost to the State remains too great, and the means to verify impact remains insufficient.

Before 2013, New Jersey’s corporate subsidy spending was in line with the national average, at about $16,000 per job created or maintained. Since the passage of the 2013 EOA, the State has awarded enormous corporate subsidies that are more than five times the national average. In return, the State has received little verifiable performance or uptick in jobs, development, and economic growth. And simply put, rather than being another tool in the toolbox of economic development, corporate tax subsidies became *the* economic development strategy of New Jersey.

For years, we have raised the alarm about the enormous cost of these programs to our State, at a time when New Jersey can least afford to gamble away future tax revenue. These bills proposed today do not sufficiently assuage the concerns that we have documented.

And you don’t have to just take my word on it, honestly. Other than the findings of multiple reviews and analyses by other independent actors, the Fiscal Impact Statement by OLS that accompanied the final version of the 2013 EOA clearly states that the loss of revenue to the State’s Treasury, due to credit redemptions, would be enormous. It also says that the levels of Corporate Business Tax uncertainty and losses, even with
implied increased local spending and jobs development, could be substantial and result in a decade of direct business tax revenue reductions and losses. And while some would like to deny that reality, those warnings have actually come to fruition.

Without implementing annual caps for awards, shorter term lengths for awards, penalties for bad actors, and known tax dodgers, wage protections for workers, and nationally recognized best practices for assessment and review, NJPP cannot support these bills as currently constructed.

And, just finally, I’ll say I understand that this body and the Legislature are on a short timeline with regard to the sunset of the 2013 EOA; you’re looking at a couple of weeks here. But NJPP, and others have been commenting on these issues to lawmakers for years. None of this should have come as a surprise to anyone.

Given the scope and cost of New Jersey’s corporate tax subsidies, the laws guiding the EDA will be among the most consequential pieces of legislation passed this session. Passage of any extension without the inclusion of critically necessary reforms continues to leave the State extremely vulnerable to uncertain and insufficient economic outcomes.

This presents you an incredible opportunity to fix the problems with New Jersey’s existing corporate subsidy programs, and to ensure that future economic development benefits all New Jerseyans -- business owners, their workers, local communities, and taxpayers alike.

I appreciate the opportunity to testify.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you very much.
Are there any questions from the members?

ASSEMBLYMAN CHIARAVALLOTI: Can I ask one?

ASSEMBLYMAN KARABINCHAK: Yes.

ASSEMBLYMAN CHIARAVALLOTI: Brandon, good to see you.

MR. McKOY: Good to see you, sir.

ASSEMBLYMAN CHIARAVALLOTI: Today is going to be an interesting day.

But I do want-- Since you’re here -- and I think that we’re going to continue to have conversations about this in the coming months -- but I do have a concern on the cap and the way you view the cap. So forgetting the theatrics for a second, I know you’re a serious thinker. Why do you favor an overall cap on yearly expenditures, rather than creating a system where we cap the support for a specific project? So for example, as you know, when you look at the 15-year-out program under the current system, there is no cap. So if your delta is only $8 million, but the formula says you should get $20 million, you get the $20 million. I think that’s clearly a flaw in the system that I want to address going forward. But that’s different than what you’re discussing, as far as -- and what’s been proposed by others, as far as capping overall projects.

So if you can talk to just -- a little bit about it.

And Chairman, I promise I’m not going to take up a lot of time, but this is the first time I’ve had a chance to ask him a question in public.

MR. McKOY: Absolutely.

So I think the impetus to support caps on these programs comes from two places. One, we discussed the effects these programs have
had with national experts for the past 20 years, right? And this is from the best practice they suggest because they feel-- I mean, no mayor, or freeholder, anyone in charge of the government would have a line item in the budget that they did not know what that was going to cost, right? And so we feel like it’s very dangerous for the State to not at least have a cap; which really, in our eyes, is simply saying here’s how much money we’re going to spend on this effort for this year; and that is going to force us to be smart in how we deploy these resources.

The other situation, and the other reason why we support caps is because New Jersey really cannot afford to engage in this sort of exercise, to the degree that it has, due to our overall fiscal standing. If we were California, if we were Massachusetts, and we had a better fiscal health situation, maybe then you could talk about having more spending on these sorts of programs. But because of the inability for the State to invest in what we consider our very, very important investments in other assets, we need to prioritize those things over this. So the cap is really, for us, a budget.

ASSEMBLYMAN CHIARAVALLOTI: Okay.

I’m going to-- The only other comment I have -- and I have lots of questions, but I think I’ll wait for a future date.

MR. McKOY: I’m happy--

ASSEMBLYMAN CHIARAVALLOTI: I know, I know. But it’s the Chairman’s first time out, and I want to take it easy today. (laughter)

ASSEMBLYMAN KARABINCHAK: We had a nice show first.
ASSEMBLYMAN CHIARAVALLOTI: Yes, we did have a nice show.

I would say this to you. I think there— From my perspective, since the Comptroller’s report, this has been something we’ve been much more focused in on; and there are concerns.

I would say, though, that because of the rhythm of Trenton—okay? -- and there’s no big surprise. I’m going to be supporting moving this forward, with the understanding that this Committee is going to be charged with holding hearings, and hearing from the public on it, going forward, so that we can fix the program. I think the Comptroller’s report raised a lot of issues. And to be honest with you, the Governor’s decision to put those issues front and center surprised a lot of us, since the Comptroller’s—Because of the time the Comptroller’s came out and the State of the State address was in just a couple of days.

So I understand your concerns. And as you know, from previous conversations with your group— Although I have historically supported the tax incentive program, and I think we need to be competitive in the process. I don’t think that today is the end game, okay? I think the end game is six, seven months from now, and in the ensuing months over the summer, when we have those hearings and can really delve into the good, the bad, and the ugly.

But I do appreciate your testimony.

Chairman, I appreciate the time.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

ASSEMBLYMAN CHIARAVALLOTI: Thank you, Brandon.
MR. McKOY: Thank you, Assemblyman.
ASSEMBLYMAN DiMAIO: Chairman, may I please?
ASSEMBLYMAN KARABINCHAK: Yes, Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Thank you, Mr. Chairman. Why are the tax incentive programs necessary?
MR. McKOY: Necessary? I’m not sure that they are necessary. ASSEMBLYMAN DiMAIO: Taxes are too high, maybe? ASSEMBLYMAN DiMAIO: I’m not sure that they are necessary to begin with, though.

If the State had the revenue necessary to invest in a long-term fashion, and could attract businesses because of those assets being highly supported and high quality, the need for a tax incentive program would be low.

ASSEMBLYMAN DiMAIO: So right now CBT top rate with the surcharge is about 11.5 percent?
MR. McKOY: Yes.
ASSEMBLYMAN DiMAIO: How does that compare to other states around us?

MR. McKOY: That is higher than a couple of states around us. Income taxes for the top 1 percent are lower than they should be, and so we have results--

ASSEMBLYMAN DiMAIO: But that’s GIT; I’m talking about corporate business tax.
MR. McKOY: Yes,

ASSEMBLYMAN DiMAIO: Because--
MR. McKOY: CBT is higher than other states.

ASSEMBLYMAN DiMAIO: New Jersey is situated halfway between D.C. and Boston, right in the middle of Philadelphia and New York. You would think that we’d be a natural for job creation, job retention.

I didn’t vote for that 2013 Bill, because I feel a lower tax structure in the corporate world would bring businesses in and retain businesses on their own, and we’d have more jobs. We’re really after jobs; we want to have the income from the gross income tax side. We want higher-income people to live here, but we need the jobs to sustain that. I just don’t feel like New Jersey’s ever-- With all the economic recovery in New Jersey, I don’t feel that New Jersey has really had the same robust economic recovery that other states have.

MR. McKOY: And I would argue that’s because we did not invest in the assets that have made us unique.

ASSEMBLYMAN DiMAIO: What are those assets?

MR. McKOY: New Jersey Transit, higher education, property tax reform are the things that make people really want to live here. New Jersey Transit was the gold standard for the country up until 2007. And as a result of defunding it has now fallen from that perch. And obviously people having transportation, and being able to move people around to get to work, to get to school on time is a significant part of our economy; and failure to do that is failure.

ASSEMBLYMAN DiMAIO: But even with these programs, we haven’t been able to spur significant job growth in New Jersey, as compared to other states--
MR. McKOY: And I would say--

ASSEMBLYMAN DiMAIO: --that have lower taxes --
corporate business taxes, and are giving out incentives too.

So, I mean, I agree-- Listen, your presentation was probably one of the most insightful and on-the-mark as I've heard on this issue. But I still believe that if we had an overall lower tax rate so we’d have more businesses occur here, we would have more higher-paying jobs here for everyone and we would grow and be able to take care of those programs with the income from higher-paying jobs.

MR. McKOY: I would appreciate the opportunity to talk with you about that.

ASSEMBLYMAN DiMAIO: Okay, thank you.

Thank you, Mr. Chair.

ASSEMBLYMAN KARABINCHAK: Thank you, Assemblyman.

Anyone else? (no response)

Okay, thank you very much.

MR. McKOY: Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Okay, the next speakers are from NAIOP of New Jersey, Michael and Anthony.

M I C H A E L G. M c G U I N N E S S: Good morning, Mr. Chairman; members of the Committee.

My name is Mike McGuinness, Chief Executive for NAIOP New Jersey. We are a trade association for investors, developers, and asset managers of commercial and industrial real estate properties in the state.
We thank you for this opportunity to provide a few remarks today about the Bills that are on the docket here.

We’d like to start off by saying that we urge you to support A-5343, which would extend the program GROW 2.0 for another seven months, so that we all have time to digest some of these ideas that have been put forth on the table.

We would also support a continuation of the program with many changes, which would be decided upon in those seven months.

Before I get into any details -- and it will be brief -- I just wanted to mention that you all have, in front of you, a packet, a green packet. And in there -- what I wanted to do was provide you with some statistics, some facts, some summary data on what’s happening out there now.

There’s a piece in here called *Debunking Myths Surrounding the GROW New Jersey Incentive Program*. There are some charts -- which summarize the amount of capital investment by county in the state, in terms of percentages and actual dollar amounts -- to see that it’s not just one or two counties; although much of the money has gone to only a few counties.

There’s also a report in here which talks about summary of key facts; and it gets into, again, some more detail on where the jobs have occurred; which sectors.

And there’s also a table in here where the growth has occurred; under which programs that EDA administers.
There’s also an op-ed piece -- I had an opportunity to author it in NJBIZ -- which talks about a vision for a state of innovation and more, which talks about the incentives.

What I would like to leave you with today is that now we-- Our members are really on the front lines of economic development in the state, whether it be in the industrial parks; that line -- the Turnpike or Route 295 in the western part of the state; whether it’s in the urban centers, north, Hackensack, Asbury Park, Trenton, Morristown, Camden, Paterson; or in the suburban areas of Somerset, Morris, Mercer counties. We’re all over. Wherever the market takes us, that’s where -- we’re there.

And we’re not there without support from the local communities. If the community has the vision to see that they want to have this type of job in their town, we’re there to work with them and partner with them.

So we’re basically on the front lines of economic development. We see the trends, we advise the municipalities, we certainly have to comply with a lot of State, Federal, and local permits and standards. So this is not done with -- it’s done with a lot of forethought and a lot of careful thinking.

We also share Governor Murphy’s vision for a state of innovation, a fairer economy, meaningful wage growth, increase in venture capital investments, encouraging the thriving urban centers, and closing the racial and gender wage gaps.

We also agree with the Governor’s intent, which is to scale back the awards -- the size of the awards; and to rebalance priorities to
reflect today’s market, and to reduce the benefits that go to retain jobs, as opposed to new jobs.

Let’s admit it: Organic job growth is best. But until New Jersey, as the earlier gentleman said, makes a lot more meaningful investments in our infrastructure -- whether it be digital, transportation, water, energy; and we’re a long ways from being there -- we’re going to need these incentives. And it’s not just us telling you that; the companies that are coming in from Chicago, Atlanta, Long Island -- they’re doing the numbers, and if it makes sense to be here they’ll be here.

Another big driver today is the labor market. We have a very low unemployment rate of 3 percent, 3.5 percent. But in the tech sector, it’s much lower; it’s maybe 1.5 percent. So companies do these heat maps of where they have an employee base; and that’s where they want to be.

So I think New Jersey would be best served to invest -- put more to start investing substantial money in its infrastructure; and over time, perhaps we can wean ourselves off some of these incentives. But we’re not there yet; we’re a long ways from being there. So to be able to compete with other states, we have to be at the table in terms of the incentives game.

So I think with that having been said, I’d like to introduce my colleague, Tony Pizzutillo, who will talk a little bit more on some of the details of what it should look like moving forward.

ASSEMBLYMAN KARABINCHAK: Thank you.

ANTHONY PIZZUTILLO: Thank you, Mr. Chairman; thank you, Michael.

Let me just add a little bit to what Michael was just stating.
I think it’s important for everyone to realize that the whole--
One of the major objectives of EO 2013 was to inject economic activity and
revitalization in distressed areas. And it is conventional knowledge that 72
percent of the awards that have been made over the last five years have
been into statutorily defined distressed areas. That is indicative of the
geographic zones, which are still embodied in A-4730; and now I’d like to
talk about A-4730.

And those geographic zones are also statutorily qualified and
defined. And they’re important, Mr. Chairman, for a number of reasons.
They have evolved over the last 20 years and, as a result of that, have been
embodied in a number pieces of legislations as they evolved, from BRRAG,
and BEIP, to Urban Transit, to Grow, and ERG. And as a result of that,
they have been branded by the industry. So when commercial brokers,
employers, businesses that are from out of state that are looking at New
Jersey, these definitions make it user-friendly for them to determine where
growth, and bonuses, and awards can be made. And the whole purpose of
the Act was to encourage growth where New Jersey has already invested
significantly in infrastructure; and basically to prohibit sprawl and growth in
green lands. It’s so much easier for green fields to be developed in this state
than it is when you’re talking about contaminated sites, or sites that need
to be repurposed.

So the whole impetus is to match a couple of things. To
maximize the use of those underutilized properties, as well as to attract the
labor market in those urban areas where millennials and the young labor
market want to live and work. So geographic areas are really important;
and we should continue them, and that continues in the Pintor Marin Bill.
In addition to that, with regards to caps, Assemblyman Chiaravalloti had a good point. There are caps in the Grow program; there are base caps, and there are bonus caps, as well as withholding caps. There are no annual caps. And the reason why there are no annual caps is because the industry, as they inform us, goes through a poor planning process that may take years to determine where they strategically want to move. And what we do is take out the guesswork on whether or not, two years from now, if a company wants to move into New Jersey -- on whether or not tax credits are going to be available.

So since we have a net benefit test, we don't need annual caps. The net benefit test essentially empowers and authorizes the EDA to make a determination -- an economic determination -- that the rate of return is going to be in New Jersey’s favor. And not until that company earns those tax credits are they then awarded over the next 10 years. And that doesn’t include the multiplier effect as a result of that company generating jobs and growth in New Jersey. No one thinks about that; but that is a very important aspect when you think about when you create jobs in Newark, or Camden, or wherever.

In addition to that, New Jersey still has a but-for test. The but-for test is a rigorous test that a CEO has to sign, to state that but for these incentives, they would not be looking to move to New Jersey. And that’s a big step, and that’s hard to do. And it has one of the most rigorous but-for tests in all the nation.

I already spoke about the net benefit test.

Another important aspect is transferability of tax credits; very important, okay? I think everyone wants to see small businesses,
innovative, high-tech companies, biotech companies move into New Jersey. They do not have a corporate business tax burden, okay? They will then receive tax credits as payment for their investment. Now remember, Grow is both capital investment and employment investment. It’s not just employment investment like the old program. You have to put a shovel in the ground, you need to improve a building, you need to put skin in the game.

So you’re then awarded -- once you’ve earned them -- those tax credits that then can be monetized to pay for your investment in New Jersey. There’s nothing wrong with that; it makes perfect sense. Everybody does it around this country; they’re called exchanges. And if we want to attract companies that are small businesses -- like we are; innovation -- they are -- their corporate formation is not a corporate business tax burden formation; and that needs to be understood.

And then, lastly, what I’d like to say is that NAIOP respectfully recommends that, as with the Grow New Jersey program that included the commercial ERG program-- ERG is a tax increment financing program; very common across the country, and very important for New Jersey for developers that want to build in at-risk areas -- where we would like to see them build, okay? -- that had gap financing issues with regards to constructing their project. This would amount to a revenue strip -- as a result of that new use -- from State taxes that are generated from that new use, to basically pay for a bridge loan over 10 years. That is important; that was recently, back in August, enhanced, and improved, and sponsored by Speaker Coughlin; and signed into law, in August, by Governor Murphy, so
that we have a more robust ERG program. That needs to be reattached to this Bill -- to A-4730.

And with that, Mr. Chairman, those are my comments.

ASSEMBLYMAN KARABINCHAK: Thank you, sir.

I just wanted to mention that Assemblyman Auth has just joined the Committee.

With that being said, are there any questions?

Assemblyman.

ASSEMBLYMAN FREIMAN: Thank you, Chairman.

A question regarding some of this information provided. Unfortunately, it’s not sourced, Mr. McGuinness, so I’m trying to figure out where it’s coming from.

But my basic question is, it looks like Camden received a disproportionate amount of support -- right? – over the years. But yet, Hudson County had three times the amount of jobs created.

Could you comment on that?

MR. McGUINNESS: Well, okay.

So first of all, as it relates to the source, it’s all EDA, Bloustein School; it’s all publicly available information.

Honestly, it is what it is. I don’t know the nature of the-- I mean, it’s easily obtained from the EDA. I don’t know what types of companies they were. I would say this -- from my understanding of the Grow New Jersey legislation, I think the most recent law that was enacted, purposely, was very focused on creating jobs, and expenditures, and investment in Camden. I mean, that was intentional by the Legislature. That’s my take on the way the law was written; that it was intentional.
MR. PIZZUTILLO: Pardon me.

MR. McGUINNESS: Yes, Tony.

MR. PIZZUTILLO: Assemblyman, very quickly, the Grow law provides for four Garden State Growth Zones; now five -- Atlantic City. Hudson County does not have a Garden State Growth Zone. So what you have is a more expensive investment in Camden, due to its deep depression that has existed for over a half a century. And the intent there was to do whatever it takes to create a critical mass to break the cycle of poverty and joblessness; and basically, to bring back and revitalize Camden. So that was the thinking back then.

Now it’s different; and that is recalibrated in the Pintor Marin Bill substantially.

ASSEMBLYMAN FREIMAN: Thank you very much.

ASSEMBLYMAN KARABINCHAK: Okay; anyone else? (no response)

Okay; thank you very much.

MR. PIZZUTILLO: Thank you.

MR. McGUINNESS: Thank you.

ASSEMBLYMAN KARABINCHAK: The next speaker will be Andrew Musick from the NJ Business and Industry Association.

ANDREW MUSICK: Good morning, Mr. Chairman; members of the Committee.

Andrew Musick, with the New Jersey Business and Industry Association. Our member companies represent about a million jobs here in the State of New Jersey.
I just want to thank you for allowing me to express the Association’s views on Assembly Bill 4730, Assembly Bill 5343, as well as sort of New Jersey’s overall economic development strategy.

You know, it’s no secret, here in New Jersey, that we do have a challenging business climate. The high cost of doing business and the high cost of living here do serve as a barrier of entry to the state. We do have the highest gross income tax in our region, the highest corporate business tax in our region; the highest sales tax and the highest property tax rates as well.

However, we still have a number of advantages here in New Jersey: our location, our infrastructure network, and our well-educated workforce. However, these qualities do come with a large price tag.

New Jersey’s incentive programs help to make our state more competitive and affordable, while leveling the playing field with the states within our region. And we’re not alone. States across the country use economic development incentives to create and retain jobs, attract companies, and create economic activity.

As the environment for business attraction and retention is becoming increasingly competitive, New Jersey’s incentive programs serve as a valuable tool to allow us to offset some of these higher costs; and that’s what makes these programs so critical. Perhaps most importantly, New Jersey’s programs are performance-based; meaning that companies must earn any benefit by generating new tax revenue and fulfilling all job and capital investment requirements before they receive a tax credit.
The Legislature and the EDA should be commended for taking great care to ensure that these programs deliver their promised benefits, which they have, in communities across the state like Camden and Newark.

However, as economic conditions change and our past investments take shape, I think it’s only right to reevaluate and reshape the incentives that New Jersey offers. NJBIA believes that responsible tax incentives play a key role in our economic development strategy; and we look to be a regional, a national, and a global leader in business attraction and retention.

And I want to be clear: We support transparency, sufficient monitoring, and oversight of these programs.

The basis for today’s discussion, Assembly Bill 4730, makes changes to the State’s Grow New Jersey program. As you move forward, designing the future of New Jersey’s economic development incentives, I would ask you to consider the following recommendations, many of which are already embodied in Assembly Bill 4730.

To concentrate incentives primarily on new jobs; to further increase the State’s return on investment; to continue to strengthen program governance; to further expand access to small businesses and rapidly growing start-up companies; to focus a percentage of future investments on high-tech growth sectors; to maintain the transferability and monetization of tax credits; and to exercise caution on the use of annual caps on total awards.

NJBIA is also committed to reclaiming our stature as the “Innovation State,” as we released a report entitled *Indicators of Innovation* earlier this year. As New Jersey lags behind our regional competitors, New
York and Massachusetts, in venture capital investments, we offer the following recommendations to help jumpstart and sustain the state’s innovation ecosystem.

To analyze the impact a policy will have on New Jersey’s overall regional business climate prior to implementing that policy; to increase the thresholds for those investing in R&D, and small and emerging start-up companies -- this is specifically the Research and Development Tax Credit, as well as the Angel Investor Tax Credit; to increase venture capital throughout the state; to drive increased Federal research and development funding to our higher education institutions; and to provide employers flexibility to structure their workforce in a way that’s reflective of the innovation economy.

We face a potential reality where new programs may not be in place or approved prior to the June 30 deadline. If that’s the case, I think it’s imperative that we have an extension of the current programs, or a transitional arrangement while new programs are established. It’s vital that New Jersey continues to attract and retain both small and large businesses in order to create economic growth in the state. And we would urge the Governor and the Legislature to work collaboratively together to provide a temporary transition until a more permanent solution can be finished. This allows policymakers more time to discuss the details of the new programs without a looming budget deadline hanging over their heads.

As such, we’re pleased to support Assembly Bill 5343, which would extend the Grow New Jersey and ERG programs until January 31, 2020.
We look forward to working with you all to reshape New Jersey’s economic development strategy and create a business climate that drives economic growth and job creation.

So I just want to thank you for allowing me the opportunity to testify this morning, and I’m happy to answer any questions you may have.

ASSEMBLYMAN KARABINCHAK: Thank you.

One thing I just want to mention is that Assemblyman Kennedy has just joined the Committee.

Thank you.

Are there any questions? (no response)

I have none; thank you so much.

MR. MUSICK: Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Our next speaker will be Michael Egenton from the New Jersey State Chamber of Commerce.

M I C H A E L A. E G E N T O N: Thank you, Chairman; members of the Committee.

I’m Mike Egenton; I’m the Executive Vice President with the New Jersey State Chamber of Commerce.

I always appreciate the opportunity to offer our views.

The State Chamber thanks the sponsors and this Committee for understanding that incentives are imperative to our state’s economy and to making New Jersey competitive. We appreciate this discussion and the Legislature’s willingness to extend the current program until we can find a more viable option for a long-term solution.

New Jersey’s current incentive programs, created through the Economic Opportunity Act -- that are set to expire at the end of this month
were designed to enhance business attraction, retention, job creation, and to strengthen our state’s competitive edge. Through Grow New Jersey and the Economic Redevelopment and Growth programs, regions of the state, such as the City of Camden, have benefited from these initiatives and have seen revitalization.

While there has been a lot of attention surrounding how the programs were administered, this should not be indicative of their overall success. The majority of businesses that make the decision to stay and/or expand here in New Jersey are good corporate, responsible parties. If the State, through its research and analysis, finds any fraudulent activity, those responsible should be held accountable. The State Chamber agrees that we need enhanced transparency, but we must not create a negative atmosphere of uncertainty. We must all continue to be cheerleaders for economic development.

Incentives spur businesses to grow their initiatives and jobs so that they can positively influence the economy. We agree with the provisions in Assembly Bill 4730 that use the net benefits test to determine the overall success of an incentive program. Indeed, if the benefits outweigh the costs, the program should be expanded to meet the needs of the community.

Another provision in this Bill would essentially cap awards. The State Chamber believes that a cap signifies a stop in progress. Why would we want to stop something if it has proven to be successful? If there must be such a mechanism, we suggest that a monitoring level be implemented as an alternative. Once that threshold is met, then the State can reevaluate.
Recognizing that the current programs took approximately 18 months -- and I was involved during that process -- to effectuate, we cannot create a new, more effective, functioning program within the next two weeks, on top of the budget and during this time of year that you're all familiar with. Nor can we allow for the current ones to expire. Let me say this: A state that lets its economic growth incentives lapse signals that it’s out of business.

A-4730 is a great starting point. But at this time, we must ensure that our State continues to offer incentive programs, which is why the New Jersey State Chamber of Commerce supports the passage of A-5343. The Bill grants the Legislature, the Governor’s Administration, and the stakeholders the critical time needed to implement more sustainable options.

Lastly, during the time frame of the extension, why don’t we all, collectively, take the opportunity to look at incentive programs around the country, implement benchmarking, look at success stories, and bring them here to New Jersey and consider modeling our programs after the most successful ones? I don’t have to tell you, as a South Jersey resident, I see commercials on TV from Governor Cuomo saying, “Come to our state.” There are a lot of factors out there; there’s an economic war going on out there. And I would ask that the Legislature take a pause, reevaluate, and do the right thing.

Thank you, as always, for the opportunity to testify.

Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Thank you so much.

Do we have any questions for this witness? (no response)
None? Thank you so much.

The next speaker is Ms. Christina Renna, from the Chamber of Commerce Southern New Jersey.

CHRISTINA M. RENNA: Well, good morning, Vice Chair and members of the Committee.

For those of you who don’t know me, my name is Christina Renna; I’m Senior Vice President at the Chamber of Commerce Southern New Jersey. And I’m very pleased to be invited to testify today on all the slew of, kind of, topics and comments that we’ve been seeing and hearing, from all sources, on the tax incentive programs, and of course, the two pieces of legislation that we’re here to talk about today.

I want to start by explaining -- for those of you who are unclear of our footprint -- we do have approximately 11,000 members. And those members are from the seven southern-most counties of New Jersey, and encompass not just businesses, but also a huge faction of the nonprofit community in South Jersey. And that’s important, and we’re going to come back to that a little bit later.

But I do want to give a little bit of background about our organization, and it does -- just bear with me -- because it does actually make sense in the grand scheme of things.

Many people are unaware that the South Jersey Chamber of Commerce started several years after the Civil War in the late 1800s, and was founded by the Campbell Soup Company and RCA -- at the time, in the late 1800s, the largest employers in the City of Camden.

We were named the Camden Board of Trades, and remained that way into the early 1900s. After which our name changed to the
Chamber of Commerce Camden, New Jersey; and to where we have evolved to today, which is the Chamber of Commerce Southern New Jersey, representing the entire region.

But it’s this history and background that really makes us believe that Camden City is the backbone of our organization, and certainly where we began -- where we started. And a core faction of our membership, of course, is represented there -- not just the businesses that have come into the City and received incentives, but a huge faction of the nonprofit community that work in Camden City on behalf of the residents and the small businesses, as well in the City.

At the end of the day, with that background in your mind, we feel as though, organizationally, the tax incentives have absolutely done the job that they were intended to do in Camden. This was-- Looking long-term, we were proud to support the Economic Opportunity Act. Up until that year that the Bill was passed, we had seen, because of our history, starts and finishes of economic development in Camden that never got off the ground; a lot of, you know, misled ideas and false promises from all sorts of people that had led to Camden’s decline. And until the Economic Opportunity Act was -- the language was added to include Camden City, that’s the first time that we had actually seen something incentivize Camden and work in Camden; and we feel very strongly that it has.

But again, it’s not just the incentives and not just the businesses relocating to the City of Camden that we are so proud of and see as success. There are also socioeconomic factors that we’re seeing change and evolve over time as well. So in the City of Camden, you know, I don’t need to go through the litany of issues that they’ve had, and their crime rate
too, poor schooling and education systems. That is all changing, in the process of changing, or has changed. Crime rates are lower, graduation rates are up, money is being spent in the City to beautify the City and make more community spaces for the City’s residents and businesses to enjoy.

This, along with the economic development we’ve seen as a result of the Economic Opportunity Act, combined, bring us to where we are today with a really successful, in our mind, positioning of the City of Camden to continue to do good things, grow, and revitalize a community that, for years, was not doing well.

There has been criticism, as we saw; and from the protest we saw starting off the day. There are loud advocates who certainly oppose the tax incentive programs. And we respect their opinion on that. That being said, there’s also been criticism that these large companies are getting tax breaks and not giving back to the City, or not-- The return on investment isn’t there. I would like to counter that because, from my experience-- I had a meeting in Camden on Tuesday at 1 o’clock. The entire downtown -- everything has changed; the feeling has changed. And these companies have only been there -- some one year, some two years, some three years -- they got the incentives. So I would offer that we should still give these organizations time to give back.

However, they already have given back tremendously. And I want to circle back to my point about the nonprofit community in Camden, which is very vibrant; and all active, dues-paying members of my organization that I have a right to support, just as much as I do the large businesses that have moved into Camden. Those nonprofits -- I implore all of you, in your spare time, go on your phone and Google any one of those
companies that got a tax incentive. And Google any of the nonprofits in Camden, and I guarantee you an article will come up with one of those companies giving generous donations and contributions to those nonprofits, or lending man-hours -- up to hundreds of man-hours of their employees -- and millions of dollars, across the board, spread out through nonprofit organizations -- all of which are also my member companies. We’re seeing the give-back, and that’s only going to continue. And I think that’s a narrative that is lost in all of this really heated rhetoric these days.

All that being said, as well as these programs have done, in our opinion, in the City of Camden, always changes and progress can be made. And we are here today to speak to that Bill in just one moment.

But that progress that I just talked to -- unfortunately we’re starting to see that momentum die a little bit.

Earlier this week, we learned, organizationally, at the Chamber that two businesses that had committed to moving into Camden have declined moving into Camden. So two businesses that had committed to moving into the community -- one is a large employer, what we would categorize as a large employer; one is more considered to be a mid-size employer; both of which committed to Camden -- have notified City government of their intention to no longer come to Camden. And one of those two businesses specifically cited the political climate as the reason why they are not coming to Camden City.

Words matter; actions matter. All of this rhetoric and all the things that are happening at the different levels of government -- it matters. And we’re starting to, unfortunately, on the heels of all this great momentum, starting to see it slow down; and then we fear decline is on its
way. We fear more businesses are going to start pulling out of Camden, and that’s not what we need. We need to continue the progress there.

We need to continue the progress there, and that brings me to the piece of legislation, A-4730, today. The Chamber really feels as though that is a very strong jumping-off point. It takes-- First of all, it does not have a hard cap, which is something that we feel is absolutely essential. We need on an open-ended tax incentive program simply due to the business unfriendliness that we are faced with day-to-day, that my colleagues have already referred to, and you’ve heard testify at length about. So we’re not going to get into all the reasons why New Jersey is not a friendly place to do business. But because it’s an unfriendly place to do business, we need an uncapped incentive program to be able to have any tool in our tool chest to attract businesses to New Jersey.

And we were happy to see that 4730 doesn’t have a hard cap, but instead is more strategic in the way that it allocates tax incentives. It’s more spread out; it’s not necessarily targeting specific municipalities by name. But I think it’s a really smart approach and, of course, can use retooling to the next iteration of what these tax incentives should look like. And again, we are supportive of that.

I would make two respectful recommendations for the Legislature to consider as they move forward with the conversations about renewing the program. And this comes directly from the businesses in the Camden area. One is that we would encourage State government to include, in legislation, State government -- a small amount of funding that would create a marketplace, at the State government level, for all the municipalities where tax incentive awards are created. That marketplace
would do two things. It would allow the small businesses in the municipalities getting the tax incentives to alert and post the kinds of jobs -- or the kinds of jobs that they do -- right? -- the goods and services they provide. And then, similarly, have the large businesses that receive the incentives -- have that same marketplace search for the goods and services that they are looking to procure from the city -- from city small businesses. Because one thing we hear all the time from our larger businesses that have received these tax incentives is they want to use small businesses in the cities in which they’re located, but they don’t know where to go about finding that information. And similarly, the small businesses get lost in the maze of these companies’ websites, and don’t understand the application process. State government can help streamline that; and all that can do is not only help the small and mid-sized businesses looking to do business with these larger businesses, but also help these businesses give back to the city and the small businesses located there.

A second recommendation that we would share is that the Department of Labor try to expedite training grants for people who are located in the municipalities in which the tax incentives are given, so they can kind of streamline -- expedite those training grants. Get the residents of that community ready to go in and apply for a job, and prepared and trained appropriately to do so. And our companies -- the larger companies say that that would be extremely helpful in allowing them to hire more people from the town. But those training grants need to be expedited by the Department of Labor.

So there are two recommendations that we would love to see in the final version of whatever these extensions of the programs do look like.
When it comes to the actual extension legislation that you will be voting on today, the Chamber is supportive of that. You know, we believe greatly that we need, of course, smart, thorough accountability and oversight. We need these programs to be looked at fairly and accurately; and the only way to do that is to not rush this through in the next two weeks and just, you know, rush it through and not do things as smartly and appropriately as they could be. That being said, I think it’s a fair point, to point out, that this six-month extension is essentially going to freeze these programs. Because no business looking to come to New Jersey is going to be taking advantage of these programs as they’re being retooled. They are already semi-frozen now, because businesses aren’t taking the incentives already, due to, sort of, the political climate we’re in as a result of these programs. But this will really kind of stick a nail in the coffin, where, yes, we’ll be extending them and keeping them open; but no one’s going to be taking advantage of them, which is never something the Chamber would support. We always want to see economic development continuing to grow.

However, in the larger picture of things, time is needed to make sure we get these programs right; that accountability and oversight are intertwined in these bills; that the distribution of tax incentives is done fairly and accurately.

And so for those reasons, we do support the extension legislation.

So with that, I appreciate the opportunity to give comments today. And if anyone has any questions, I’m happy to take them.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.
Anybody from the Board?
Yes, Assemblyman.

ASSEMBLYMAN FREIMAN: Thank you for your testimony.
In your last point, if functionally the incentive program is dead right now, from a practical perspective, why extend it?

MS. RENNA: I’m sorry?

ASSEMBLYMAN FREIMAN: Why extend it? If it’s functionally ineffective right now because of concerns, and companies aren’t going to take advantage of it, aren’t we just wasting some-- Utilizing your thoughts, aren’t we wasting time on extending it then?

MS. RENNA: Well, no, because the extension of the program is just to give more time for the Legislature to debate how it should be retooled. So we’re for the retooling, we’re for a rigorous evaluation of the current plans and changes that are appropriate, where appropriate, to the current programs.

Freezing it-- I mean, no one’s going to use the programs while they’re under retooing; it’s just a common fact. But that doesn’t mean that we don’t support a thoughtful process by the Legislature; and we don’t feel as though a thoughtful process can happen, one, in the next 10 to 15 days; and two, with, kind of, the heated rhetoric and the things that we’re seeing day-to-day.

So that’s the explanation of that.

ASSEMBLYMAN FREIMAN: I heard it; I’m not sure I’m clear on it.

So you can argue that having no program is the greatest incentive to get one up and going faster, by actually saying, “All right, we’re
not going to continue it. We have a higher sense of urgency to do the right thing.” Create it, rather than having one that is sitting out there that no one is going to utilize because they’re worried that it’s just going to go away.

MS. RENNA: Okay, I apologize. That statement helps clarify, then, the answer to the question.

So currently, right now, there are many businesses in the queue before all of this started -- before any of this conversation started -- that are currently in the queue to get. And it’s my understanding that the extension would allow them to still continue through the process, should they want to do it.

ASSEMBLYMAN FREIMAN: Okay.
MS. RENNA: Should they want to do it. So if we just end them, that dies; and that’s obviously not something that we would want.

ASSEMBLYMAN FREIMAN: Thank you.
MS. RENNA: Thank you.
ASSEMBLYMAN KARABINCHAK: Any other questions?
ASSEMBLYMAN AUTH: Chairman, yes -- one.
ASSEMBLYMAN KARABINCHAK: Yes.
ASSEMBLYMAN AUTH: Good morning, and thank you for your testimony.

MS. RENNA: Thank you, Assemblyman.

ASSEMBLYMAN AUTH: I just want to extrapolate out a little bit more from the Assemblyman’s questions to you, with regard to eliminating it as opposed to extending it.
If you have people, like you mentioned, who are in the queue, and if you have people who had been considering making application and becoming involved-- And I’m kind of hoping like, maybe, you’re poaching some businesses from Philadelphia, and so on, and making Camden the suburb of Philly; getting some of that business and incentivizing them to come to New Jersey -- similar to what they’re doing in Jersey City from New York City. And I look at that model as being almost the same. Wouldn’t it be better -- even if people weren’t availing themselves of the incentives, wouldn’t it be better that the incentives were there? And people would say, “Hey, they may be in a state of flux, they’re working on a few glitches in the system, but they haven’t taken them off the table,” which is a more permanent flat-out “no;” as opposed to saying, “It’s here, and we’re going to improve it and make it just a little bit better.”

Wouldn’t that be better for the community of entrepreneurs, and the community of commerce in the area, to see that type of a signal, rather than the signal of taking it off the table completely?

MS. RENNA: Well sure. Yes, I think that if you end the programs and they are dead, that sends a terrible message as well, right? And we already have a business community that doesn’t have, as I said, many tools in its tool chest to pick from, with all the disadvantages we have here in New Jersey.

So killing the program would send a terrible message. At least extending the program -- again, thoughtful conversations with key stakeholders on all sides of the issue. I mean, that should send a positive message, as long as we can keep the rhetoric at a respectful manner.

ASSEMBLYMAN AUTH: Yes, okay.
Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Okay; any other questions?

ASSEMBLYMAN DiMAIO: Just-- Chairman.

ASSEMBLYMAN KARABINCHAK: Assemblyman.

ASSEMBLYMAN DiMAIO: Thank you, Mr. Chairman.

And not to go off-topic too much, but I think it’s something that is certainly related -- you touched on it briefly -- and that’s regulation, and how that impacts the ability for businesses to move forward.

I’ve seen issues where the local level gets bogged down at the planning board level. And maybe it’s on a county road -- you have that level; and then the State agencies-- If you have DOT and DEP involved in the same issue, they have their own inability to move things along at times, and bog things down. And I don’t know how we get a handle on that; and you know that, certainly, Chairman. You’ve seen this yourself in your business.

What can we do to make sure those things don’t happen? I see an intersection that needs to happen where-- DEP claimed terrestrial crossings -- and I’ll tell you about that later -- were necessary on a bridge that needed to be moved for business. And then, now, after two years of delays, all of a sudden they don’t need them anymore.

Can you speak to that?

MS. RENNA: Yes; I mean, it’s something -- it’s actually in my written testimony, which I didn’t read, obviously. But towards the end of it you’ll see us make the comment that we believe strongly that oversight -- a rigorous oversight, and evaluations, and potentially more regulations are
something that may be needed for this program; it remains to be seen, at this point. But that being said-- And we support that; we always want these programs to be working as effectively as possible, and on the up-and-up as possible.

That being said, we can’t support added regulations and oversight that are going to serve as a disservice for employers to take advantage of the program. Because then the program, again, is just going to sit there. If I’m a business owner, and the regulations have strengthened so much that it’s just not even worth going through all the hoops and paying a lawyer to make sure I’m doing it correctly -- because now we know if something happens legally, there’s going to be a lot of oversight -- it’s going to deter businesses from doing that.

That’s not saying we don’t support oversight. Please don’t get me wrong; we support strong oversight. There needs to be a balance, because we already are so overburdened regulatorily. But this program is, obviously, a generous program in its current state; and hopefully we’ll retool it and we’ll keep that cap off the program. That is what we would like to see. So oversight is necessary.

The conversation is always, “What’s the fair balance?” and that’s something that obviously is up to you all and the Administration; and hopefully, we’re happy to provide insight as well.

ASSEMBLYMAN DiMAIO: Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else? (no response)

Okay.
DENA MOTTOLA JABORSKA: (off mike) Mr. Chairman, can I speak? I put in a slip. There have been six people representing the business community, and only one representing the taxpayers who pay for this program.

ASSEMBLYMAN KARABINCHAK: I’m sorry; right now it’s just for invited guests. I’ll open it up to the public at the end, if you would like to speak at the end.

Thank you very much.

MS. RENNA: Thank you, Chair.

ASSEMBLYMAN KARABINCHAK: Our next speaker is Ms. Megan Chambers, from the SEIU 32BJ.

MEGAN CHAMBERS: Good morning.

My name is Megan Chambers; I’m with the Laundry, Distribution, and Food Service Joint Board; Workers United, SEIU. We are a labor union that represents 8,500 workers in warehouse distribution centers and other sectors.

And I’m joined by Tamara Clay, who is a warehouse worker here in the area.

And I want to thank the Chairman and the Committee for inviting us here to speak today. You should have a copy of our written testimony; it’s a one-page document that looks like this (indicates) -- two-sided. We submitted them earlier.

So our union is part of a coalition -- the Warehouse Workers Stand Up Coalition. Its member organizations are unions, and community groups, and advocacy groups, fighting to improve standards for warehouse
workers. And we are going to focus our remarks on the importance of standards for what kinds of jobs we are creating with these subsidies.

As you are probably well aware, business is booming in the warehouse sector in New Jersey. More than 50,000 people are employed in the sector today. That’s a 23,000-job increase in the last 10 years; so it’s almost twofold. And the expansion continues because e-commerce -- with the growth of e-commerce, there is the growth of warehouses. And we are becoming, and have really become, the warehouse state because of our proximity to enormous consumer markets and our great infrastructure -- our ports and our highways.

So the jobs are coming, but these jobs are, too often, dangerous and poorly paid; and too often filled by temp workers who have few or no rights and few or no benefits.

And Tamara can tell you a little more about that.

Ms. Clay.

T A M A R A   C L A Y: Good morning.

My name is Tamara Clay. I am a resident of Camden; I’m also a warehouse worker, and I’m a proud member of the Laundry, Distribution, and Food Service Joint Board; Workers United, SEIU.

I work at union and non-union warehouses in Burlington and Florence. I can tell you, firsthand, that warehouse work is demanding and dangerous. When you work in a warehouse, you have to lift heavy objects. You often have to work as high as 30 to 40 feet in the air on a cargo lift.

You are constantly under pressure to work faster, especially in e-commerce warehouses. If you do not have proper training and safety protection, you can get seriously injured or even die. This is what happened
to Jose Caba, a warehouse worker who died after falling 35 feet at a warehouse in Edison in October.

Many warehouses do not even hire a consistent workforce; instead, they depend on temp workers. I’m lucky to work at my current warehouse, where we have a voice on the job because we have a union. Unfortunately, most warehouse workers in the state do not have the same protection as me. This is why it is so important to establish strong standards for all warehouses, especially warehouses that receive taxpayer money. Standards keep workers safe. In Camden, we need good jobs with living wages and real safety protection. We should not give subsidies to companies who perpetrate poverty and undercut the protection I have as a union member.

By attaching strong labor standards to subsidies for warehouses, we can create the kind of good jobs that my community and Camden needs. As a resident of Camden, a taxpayer, and a union member, I urge you to reform these subsidy programs so they truly benefit my community.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

MS. CHAMBERS: Thanks, Tamara.

So we cannot underscore enough how urgent the need for this is. And for that reason, we do not support extending these programs without reforms.

Seven months more of the same is just not good policy. Just for an example, according to Federal statistics, New Jersey is second in the nation in the number of packing jobs, which are the fundamental, inside-the-warehouse jobs. But we are 37th, after Alabama -- lower than Alabama
in the average wages paid for these positions; $11.64 an hour. That is shocking; it can’t continue.

In the last five years, the NJEDA has awarded $230 million in Grow NJ tax credits to warehouse developers and operators. And these awards are made with no standards for what kind of jobs will be created.

So EDA subsidies have gone to a warehouse operator who hires temporary workers at $11 an hour. The EDA approved $51 million for a big warehouse company to open a new facility; and the company had a history of wage and hour violations, illegal employee classification, and serious OSHA violations, including a worker death. They ended up not opening the facility, but they were approved for $51 million, just in 2015, of our subsidized -- essentially, our foregone tax revenue.

So we cannot let these EDA subsidies in the warehouse sector continue like this. It is critical that the Legislature take this opportunity to reform these programs now.

So Assembly Bill 5343 simply extends the current programs for seven months. That’s too long a delay. Assembly Bill 4730 not only fails to perform the job standards, it actually weakens them by allowing independent contractors -- so-called independent contractors -- to be considered as full-time employees. So an independent contractor is somebody who works, but has literally no rights at all. They don’t have the right to health insurance; no unemployment insurance payments are made on their behalf by the employer. They are not covered by the employer’s workers compensation policy. They have no right to organize, etc., etc., etc. I mean, that would be a terrible thing.
You know, warehouse developers and operators who receive tax incentives must be required to provide permanent, full-time jobs with fair wages, affordable health care, and decent, safe working conditions.

Last week, the Murphy Administration -- Governor Murphy proposed two reforms to Grow NJ and other NJEDA programs; and they include some really important steps in the right direction, such as an immediate $15 minimum wage in that-- Actually, I think it was across the board, but we looked at the sector; improved oversight, and an onsite safety and health inspection by the Department of Health before subsidies are awarded.

Reforms-- You know, those are the kinds of reforms that really need to be incorporated into Grow NJ and other NJEDA programs, going forward. Business is going to continue to boom in the New Jersey warehouse sector. We do not need tax incentives to create jobs; the jobs are coming, hand over fist. The question is, what kinds of jobs will these be? Let’s not subsidize poverty wages and worker deaths. Let’s act now to make sure that warehouse subsidies provide safe jobs with decent wages that can support a family in dignity.

So I urge this Committee to develop legislation now for NJEDA reauthorization that incorporates labor standards for warehouse workers and others.

Thank you very much for the opportunity to speak today.

ASSEMBLYMAN KARABINCHAK: Thank you.

And if I could just ask Ms. Clay to please spell your name? Because you weren’t on our list, and I just wanted to make sure the spelling is right for the record, please.

ASSEMBLYMAN KARABINCHAK: Thank you so much.

MS. CLAY: Thank you.

ASSEMBLYMAN KARABINCHAK: Do we have any questions? (no response)

None? Thank you so much. We really appreciate your testimony.

MS. CHAMBERS: Thank you.

MS. CLAY: Thank you.

ASSEMBLYMAN KARABINCHAK: Well, first I’d like to thank all the invited guests who spoke today.

And as I said in my introduction remarks, that anyone in the public can submit any written testimony and that will become part of the record. In fact, that’s one of the things that you should do, because I don’t have anything from you here. And unfortunately, this was only for invited guests, and this is the first time -- I don’t know how to handle having you come and testify.

So if I could ask you to please do it in writing, so we could have something viable.

MS. JABORSKA: (off mike) I spoke on many occasions with (indiscernible).

ASSEMBLYMAN KARABINCHAK: I’ll tell you what, we’re on a tight time constraint, but I’ll give you one minute -- one minute.

MS. JABORSKA: Well, that won’t be enough.

ASSEMBLYMAN KARABINCHAK: One minute.

MS. JABORSKA: Well, I’m sorry.
ASSEMBLYMAN KARABINCHAK: Well, if it’s going to take longer, I apologize; then it will have to be in writing.

MS. JABORSKA: Well, I’ll just--

ASSEMBLYMAN KARABINCHAK: And please state your name for the record, and spell it.

MS. JABORSKA: Good morning.

I’m Dena Mottola Jaborska; I’m the Associate Director at New Jersey Citizen Action.

We’re both an advocacy and direct service organization. We work statewide to provide services to low- and moderate-income families. We also advocate with those families and on their behalf.

And I’m here today to speak on both the bills. I was coming to the hearing this morning with the understanding there would be no public testimony. And because that was the understanding of the advocates and the members of the public who have a lot of concerns about the EDA programs, they’re not here today and I can’t speak for all of them, but they should be in this room today. And it is very disappointing that they are not.

In addition, the hearing today has really lacked facts. We heard a lot about people’s feelings and we heard a lot of anecdotes, but there have been facts that have come to light that have been completely missing from this entire discussion. And on top of that, you’ve only heard, in over an hour of testimony, from business lobbyists and only one person who represents the taxpayers who pay for this program.
So this hearing was wholly unbalanced and completely unfair to the members of the public and the taxpayers who fund this program. So that’s the first thing I wanted to say.

These programs have been inefficient; they’ve been unaffordable for the State. They have been ineffective, and they have not always been the best investment that New Jersey could make in economic development and job creation.

And so we join Brandon at the New Jersey Policy Perspective in asking the question of whether we should even really have all these programs, or whether they need -- we think they need massive reform if they’re going to go forward.

And therefore, both of these bills we oppose; we especially oppose advancing an extension without some common understanding and consensus around the reforms that are needed, especially if the public is not part of that conversation.

And I don’t know where you’re planning to hold these public hearings, but if you are planning on holding more public hearings for the public they need to be before the entire Committee, and not a horse-and-pony show in front of one legislator in a far distant part of the state. They should be central or in many places around the state.

I don’t think that this program -- that the Governor’s timing was wrong. I think his timing, in terms of bringing forward problems at the EDA, had to do with the extension and the fact that it’s about to expire. What I do think was wrong is the timing of these pieces of legislation. This legislation needs time and input, and you can’t move forward with just hearing from the business community that has captured the funds at the
expense of the taxpayer. So that’s what’s wrong with today; not the Governor’s timing.

I already spoke to the process, so I guess I’ll wrap up there. I have lots more to say, but I can see I’m getting the evil eye.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

I had my glasses on, so it wasn’t the evil eye at all. (laughter) It was just timing.

MS. JABORSKA: I have mine off. (laughter)

ASSEMBLYMAN KARABINCHAK: Thank you very much for your opinion.

Okay, so just to go over a few housekeeping items.

Assembly 4730, which was for discussion only-- I’m just going to read some of the things.

Michael McGuinness and Tony Pizzutillo, in favor; Dena Mottola, New Jersey Citizen Action, opposed; NJBIA, in favor; New Jersey State Chamber of Commerce, in favor; Chamber of Southern New Jersey, in favor; and Clean Water Action, opposed.

In regard to A-5343, which extends the application deadlines for the Grow New Jersey Assistance Program, and the State and local Economic Redevelopment and Growth Grant programs; again NAIOP, is in favor; NJBIA is in favor; New Jersey State Chamber of Commerce is in favor; the Chamber of Commerce Southern New Jersey is in favor; the Laundry, Distribution, and Food Service Joint -- I can’t understand what he wrote -- opposed; Laundry, Distribution, and Food Service, opposed;
Atlantic County Economic Alliance, in favor; CWA, opposed; New York Shipping Association, in favor; and New Jersey Citizen Action, opposed.

So if I could ask for the amendments to be read into the record for A-5343.

MR. ROTHBERG: As introduced, the Bill, A-5343, would extend the application deadlines, under the Grow New Jersey program and the ERG programs, for one year, until July 1, 2020.

The amendments shortened the proposed extension to January 31, 2020.

The amendments also would extend an application deadline under the ERG residential and mixed-use parking project tax credit program, that would also expire on July 1, 2019, to the same expiration date, January 31, 2020.

ASSEMBLYMAN KARABINCHAK: Thank you.
Do I have a motion to release A-5343, with Committee amendments?

ASSEMBLYMAN KENNEDY: So moved.
ASSEMBLYMAN KARABINCHAK: Do I have a second?
ASSEMBLYMAN FREIMAN: Second.
ASSEMBLYMAN KARABINCHAK: Any comments?
Assemblyman.
ASSEMBLYMAN FREIMAN: Thank you, Chairman.
Even though my name is on the extension Bill, I am disappointed we’re here. I’m disappointed that we’re actually talking about the need for extending a program.
I’m getting comfortable, and I’m comfortable with extending it, because I think that the choices, that we now have put our backs against the wall, give us no choice. But it was our own doing that put our backs against this wall. We should have vetted through the Governor’s proposal; we sat through 12 hours of testimony, and I don’t think we’re doing a service, in aggregate, by merely extension.

Having said that, I think we have limited choices in front of us, and this is the lesser of all evils.

Going forward, I think that we’ve heard enough testimony to know that the program needs to be repaired or replaced; that there’s opportunity for improvement, there is opportunity clearly for more oversight, more governance baked into it. There is an opportunity that we should put more emphasis on small businesses, which really have not had a chance to take advantage of our incentive programs. The best retention program New Jersey can have is a value proposition that is so compelling, why would we want to have a business elsewhere? To me, that’s where we need to create a business environment where you’d want to come to New Jersey, rather than be paid to stay in New Jersey. And we need to focus our attention and our strategy on doing just that.

There has been some discussion that we should continue to allow the monetization of these tax credits. I’m not sure I’m fully there on the Grow program, on the retention program. I understand it on the financing side. But I think it’s use it or lose it, overall, when it comes to it. Either you needed it, or you didn’t, coming into it.

And lastly, while I appreciate you offering -- and this was set up as by invitation only -- this is critical. I think the public should have had
more access to it in total. I appreciate you allowing someone to speak; thank you very much for that.

But I am passing this, and I’m voting in favor of this, with reluctance, because we put ourselves in this situation.

Thank you for your time.

ASSEMBLYMAN KARABINCHAK: Thank you.

ASSEMBLYMAN CHIARAVALLOTI: Mr. Chairman?

ASSEMBLYMAN KARABINCHAK: Yes, sir.

ASSEMBLYMAN CHIARAVALLOTI: I just-- Similar to my colleague-- First of all, let me begin by thanking you for stepping in and chairing this Committee. Not an easy topic to take on the first time out. But, as always, you did a very good job.

But similar to Assemblyman Freiman, I will be voting this out of Committee and supporting the extension. But I do think that, as legislators, since that January report -- Comptroller’s report came out, anyone who read that will recognize that there’s a need for reform, a need for greater transparency.

We talked a little bit about my view of the caps. I think there are also other issues, including the audit process, that can be streamlined and be much more effective as an oversight tool. And I also think there is some work to be done on the but for -- our requirement. There are some states which would actually require senior executives to appear before the EDA Board and, under oath, testified but for. They would be either not coming to New Jersey or leaving the state. I think that’s language we need to take a look at.
And, you know, just to-- I do think we need to focus more on creating new jobs, as well as-- If we’re going to talk about innovation, how do we focus in on start-ups and some of these small businesses?

Unfortunately, I think what we have done is really paint ourselves into a corner. And we need the extension, because the work we probably should have been doing over the last six months hasn’t really begun yet.

And I’m hoping that this Committee will take the charge and have those hearings over the next several months, so that in January we can have a new program that serves the interests of growing the economy, while also protecting the workers; and also taking into account the need for greater transparency on what the money is being spent on and what the rate of return is.

Thank you, Chairman.

ASSEMBLYMAN KARABINCHAK: Thank you.

With that being said--

ASSEMBLYMAN KENNEDY: Chairman.

ASSEMBLYMAN KARABINCHAK: Oh, sorry; sorry.

ASSEMBLYMAN KENNEDY: I agree with everything my colleagues have just stated.

I have a little bit of a different spin. About a year ago, I got a call from a company that was going to relocate in Westchester County, and asked about New Jersey’s opportunities. I directed him towards the EDA. They purchased a 256,000-square-foot building, and are moving a hundred employees from Brooklyn to New Jersey. And they subdivided the balance
of the building for two national companies that are also bringing employment to it.

But I do recognize that there’s a great need for change. We’ve also had other EDA borrowers who have been put into different scenarios that they’re not really thrilled about.

So, hesitantly, I am voting in favor of this to get it out of Committee as well.

Thank you.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else?

Assemblyman.

ASSEMBLYMAN AUTH: Thank you, Chairman.

I just wanted to bring one thing to the Committee’s attention.

There wouldn’t be any need for this at all if we offered businesses a business-friendly environment to begin with. We used to do that in New Jersey. And this place -- New Jersey was a place that businesses came to because there were so many reasons to come here. And we’ve slowly eroded those benefits to small businesses and larger businesses; businesses that would have corporate campuses in Bergen County and Morris County. And they would move out of New York, and they would bring a select group of employees with them who would buy homes in New Jersey and raise their families in New Jersey. And it was a desirable thing to do.

But slowly, over time, we’ve taken all these benefits to these companies and to people who would populate these companies, and we’ve made it impossible for them to come here. And now we are set up in a
situation where we’re having government create incentives; you know, government doesn’t do anything really very well. Private industry does it best on its own. If we had just left it alone and let them have an environment friendly to their activities, it would have been so much easier.

It’s very important that we keep this program moving along, correct what needs to be corrected, and throw the welcome mat out to businesses that are surrounding us in Philadelphia, in New York, and bring them to New Jersey and show them that there is opportunity here. There are reasonable minds here that know that their presence here is extremely important.

I’ll be voting “yes” on the Bill today.

ASSEMBLYMAN KARABINCHAK: Thank you.

Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Thank you, Chairman.

Not to restate what I spoke about earlier, but we really need to maybe balance this program a little more.

I’m going to vote to extend, because I feel we have no choice at this given time. And I don’t want to message anything to the business community about us being “out of business.” I don’t think that’s true at all.

We are in business; we want to have business. We have different viewpoints with regards to incentives and maybe the overall tax rate. I feel that the people who are there, pulling the wagon, paying that 11.5 percent, who aren’t looking for anything but just to stay here and survive, should be given a break; just like the people who are getting a break to come here or stay here by creating new jobs. We want all jobs.
If we had a business-friendly tax environment in this state, lower than anyone in the region -- which I believe is an attainable goal -- we are so properly positioned in the marketplace that we would be booming. I don’t see New Jersey as really seriously exploding at the seams in business right now. Yes, things have improved; but I think that is part of the overall economy. But I really think we need to look at a balance between, maybe, not so many incentives and maybe looking at the overall rates, so every business in New Jersey can flourish and hire more people.

Again, we’ll have this discussion; whether it takes all summer -- that’s fine by me. I’ll wear shorts. (laughter)

But the thing is, this is probably one of the most important things we’ll wrestle with for the rest of this year, once the budget is put to bed. So we’re going to talk, and we’re going to have an open discussion. I think we’ve had some private discussions that probably can be very productive over the long haul.

Certainly, changes need to be made. But I don’t want to message anything to the business community that we are not open for business, so I intend to vote “yes” on the-- I have already left my vote as a “yes” on the Bill.

ASSEMBLYMAN KARABINCHAK: Thank you.

Anyone else? (no response)

Well, just a few of my own comments.

There was a lot of very good information that was brought up by the speakers today. There were a lot of good comments from the Committee.
This is not a simple solution; there is no simple solution. It’s extremely complex, as many people spoke here today. It crosses the spectrum from labor to-- I’ll talk about the State and how long it takes to get a permit through. That wasn’t even talked about today. That I could personally tell you -- that one of my global clients took three years to get a permit in the ground -- to put a shovel in the ground. That’s absolutely unacceptable.

That’s one of the other reasons that this has to be done correctly, with all of the stakeholders having a piece and a say in what we’re going to legislate here.

Beyond the incentives, we want businesses to come here because New Jersey is the best place on the East Coast. We’re between the two largest cities, between Philadelphia and New York. It doesn’t get better than that anywhere. We have a great skilled workforce. Again, this is something that we have to address, and it’s not going to be done in the next two weeks.

Unfortunately, looking backwards is easy. We have to look forward. We can only change the future. And this is something that is extremely important for the fiscal stability of New Jersey, and all of our taxpayers, and all of our businesses.

The one thing that is critical is for everyone to succeed; that’s all we ever want. And as legislators, all we can do is listen and do the best for everyone who lives in New Jersey.

So that being said, I’d like to take a vote.

MR. ROTHBERG: On A-5343, the motion to favorably release with Committee amendments in your packets; Assemblyman DiMaio.
ASSEMBLYMAN DiMAIO: Yes.
MR. ROTHBERG: Assemblyman Auth.
ASSEMBLYMAN AUTH: Yes.
MR. ROTHBERG: Assemblyman Tully.
ASSEMBLYMAN TULLY: Yes.
MR. ROTHBERG: Assemblyman Kennedy.
ASSEMBLYMAN KENNEDY: Yes.
MR. ROTHBERG: Assemblyman Freiman.
ASSEMBLYMAN FREIMAN: Yes.
MR. ROTHBERG: Assemblyman Chiaravalloti.
ASSEMBLYMAN CHIARAVALLOTI: Yes.
MR. ROTHBERG: Assemblyman Calabrese.
ASSEMBLYMAN CALABRESE: Yes.
MR. ROTHBERG: Assemblyman Armato.
ASSEMBLYMAN ARMATO: Yes.
MR. ROTHBERG: And Assemblyman Karabinchak.
ASSEMBLYMAN KARABINCHAK: Yes.
MR. ROTHBERG: The Bill is favorably released, with Committee amendments.
ASSEMBLYMAN KARABINCHAK: I want to thank everyone for coming; and the meeting is adjourned.
Thank you.

(MEETING CONCLUDED)