

**ASSEMBLY, No. 1975**

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**STATE OF NEW JERSEY**

**220th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman YVONNE LOPEZ**

**District 19 (Middlesex)**

**SYNOPSIS**

"Virtual Currency and Blockchain Regulation Act."

**CURRENT VERSION OF TEXT**

As reported by the Assembly Science, Innovation and Technology Committee with technical review.



1    **AN ACT** concerning virtual currency and blockchain, and amending  
2       and supplementing various parts of the statutory law.

3

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

6

7       1. (New section) This act shall be known and may be cited as  
8 the "Virtual Currency and Blockchain Regulation Act."

9

10      2. (New section) As used in P.L.     , c.     (C.     )(pending  
11 before the Legislature as this bill):

12       "Affiliate" means any person that directly or indirectly controls,  
13 is controlled by, or is under common control with, another person.

14       "Blockchain" means a digital ledger or database which is  
15 chronological, consensus-based, decentralized and mathematically  
16 verified in nature.

17       "Commissioner" means the Commissioner of Banking and  
18 Insurance.

19       "Consumptive" means a circumstance when a token is  
20 exchangeable for, or provided for the receipt of, services, software,  
21 content or real or tangible personal property, including rights of  
22 access to services, content or real or tangible personal property.

23       "Department" means the Department of Banking and Insurance.

24       "Developer" means the person primarily responsible for creating  
25 an open blockchain token or otherwise designing the token,  
26 including by executing the technological processes necessary to  
27 create the token.

28       "Digital asset" means a representation of economic, proprietary  
29 or access rights that is stored in a computer readable format, and  
30 includes digital consumer assets, digital securities and virtual  
31 currency. As used in P.L.     , c.     (C.     )(pending before the  
32 Legislature as this bill), the terms digital consumer asset, digital  
33 security, and virtual currency shall be mutually exclusive.

34       "Digital consumer asset" means a digital asset that is used or  
35 bought primarily for consumptive, personal, or household purposes  
36 and includes:

37       (1) an open blockchain token constituting intangible personal  
38 property as otherwise provided by law; and

39       (2) any other digital asset which is not virtual currency or a  
40 digital security.

41       "Digital security" means a digital asset which constitutes a  
42 security, as defined in P.L.1967, c.93 (C.49:3-49), but shall exclude  
43 digital consumer assets and virtual currency.

**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.

1 "Facilitator" means a person who, as a business, makes open  
2 blockchain tokens pursuant to subsection a. of section 3 of  
3 P.L. , c. (C. )(pending before the Legislature as this bill)  
4 available for resale to the public after a token has been purchased  
5 by an initial buyer.

6 "Financial investment" means a contract, transaction or  
7 arrangement where a person invests money in a common enterprise  
8 and is led to expect profits solely from the efforts of a promoter or a  
9 third party.

10 "Open blockchain token" means a digital unit that is:

11 (1) created:

12 (a) in response to the verification or collection of a specified  
13 number of transactions relating to a digital ledger or database;

14 (b) by deploying computer code to a digital ledger or database,  
15 which may include a blockchain, that allows for the creation of  
16 digital tokens or other units; or

17 (c) using a combination of the methods specified in paragraphs  
18 (a) and (b) of this paragraph.

19 (2) recorded to a digital ledger or database, which may include a  
20 blockchain; and

21 (3) capable of being traded or transferred between persons  
22 without an intermediary or custodian of value.

23 "Open blockchain token" shall not include virtual currency or  
24 digital security as those terms are defined in this section.

25 "Person" means any individual, partnership, corporation,  
26 association, trust, or other business combination or entity, however  
27 organized.

28 "Seller" means a person who makes an open blockchain token  
29 available for purchase to an initial buyer.

30 "Virtual currency" means a digital asset that is:

31 (1) used as a medium of exchange, unit of account or store of  
32 value; and

33 (2) not recognized as legal tender by the United States  
34 government.

35

36 3. (New section) a. An open blockchain token shall be  
37 intangible personal property if it meets the following  
38 characteristics:

39 (1) the predominant purpose of the token is consumptive;

40 (2) the developer or seller did not market the token to the initial  
41 buyer as a financial investment; and

42 (3) at least one of the following is satisfied:

43 (a) the developer or seller reasonably believed that it sold the  
44 token to the initial buyer for a consumptive purpose;

45 (b) the token has a consumptive purpose that is available at or  
46 near the time of sale and can be used at or near the time of sale for a  
47 consumptive purpose;

1 (c) the initial buyer of the token is prohibited by the developer or  
2 seller of the token from reselling the token until the token is  
3 available to be used for a consumptive purpose; or

4 (d) the developer or seller takes other reasonable precautions to  
5 prevent an initial buyer from purchasing the token as a financial  
6 investment.

7 b. Before making an open blockchain token available for sale,  
8 the developer or seller of a token, or the registered agent of the  
9 developer or seller, shall electronically file a notice of intent with  
10 the Department of the Banking and Insurance and pay a filing fee of  
11 \$1,000. The notice of intent shall contain the name of the person  
12 acting as a developer or seller, the contact information of the  
13 person, or the registered agent of the person and comprehensive  
14 details, to be determined by the Commissioner of Banking and  
15 Insurance, on the open blockchain token made available for sale. A  
16 form shall be made available by the department for this purpose,  
17 which shall include a secure electronic form conspicuously posted  
18 on the department's Internet website. A developer, seller, and the  
19 registered agent of these persons, if applicable, shall have a  
20 continuing duty to update the contact information provided on a  
21 notice of intent as long as the open blockchain token associated  
22 with the notice is actively being sold.

23 c. A facilitator shall:

24 (1) before making any token available for resale to the public,  
25 confirm with the department that a notice of intent has been filed  
26 pursuant to subsection b. of this section;

27 (2) at all times, have a reasonable and good faith belief that a  
28 token subject to resale conforms to the requirements of subsection  
29 a. of this section; and

30 (3) take reasonably prompt action to terminate the resale of a  
31 token that does not conform to the requirements of subsection a. of  
32 this section.

33 d. A willful failure by a developer, seller, or facilitator to  
34 comply with the duties imposed by P.L. , c. (C. )(pending  
35 before the Legislature as this bill) shall constitute an unlawful  
36 practice under P.L.1960, c.39 (C.56:8-1 et seq.), and shall be  
37 subject to all remedies and penalties available pursuant to P.L.1960,  
38 c.39 (C.56:8-1 et seq.) in addition to any other remedies or penalties  
39 provided by law. A developer, seller, or facilitator is subject to all  
40 applicable criminal statutes.

41 e. The commissioner may refer the following to appropriate  
42 State or federal agencies for investigation, criminal prosecution,  
43 civil penalties, and other appropriate enforcement actions:

44 (1) suspected violations of this section; and

45 (2) the developer, seller, or facilitator of either an open  
46 blockchain token which conforms to the requirements of this  
47 section or another digital asset which substantially resembles an

1 open blockchain token, but which, in the determination of the  
2 commissioner, is being sold for financial investment or fraudulent  
3 purposes.  
4

5 4. (New section) a. Digital assets shall be classified in the  
6 following manner:

7 (1) digital consumer assets are intangible personal property and  
8 shall be considered general intangibles, as defined in N.J.S.12A:9-  
9 102;

10 (2) digital securities are intangible personal property and shall  
11 be considered securities, as defined in N.J.S.12A:8-102, and  
12 investment property, as defined in N.J.S.12A:9-102; and

13 (3) virtual currency is intangible personal property and shall be  
14 considered money, notwithstanding N.J.S.12A:1-201.

15 b. Consistent with N.J.S.12A:8-102, a digital asset may be  
16 treated as a financial asset, pursuant to a written agreement with the  
17 owner of the digital asset. If treated as a financial asset, the digital  
18 asset shall remain intangible personal property.

19 c. Classification of digital assets under this section shall be  
20 construed in a manner to give the greatest effect to  
21 P.L. , c. (C. )(pending before the Legislature as this bill),  
22 but shall not be construed to apply to any other asset.  
23

24 5. (New section) a. Notwithstanding the financing statement  
25 requirement specified by N.J.S.12A:9-310, perfection of a security  
26 interest in a digital asset may be achieved through control, as  
27 defined in subsection e. of this section. A security interest held by a  
28 secured party having control of a digital asset has priority over a  
29 security interest held by a secured party that does not have control  
30 of the asset.

31 b. Before a secured party may take control of a digital asset  
32 under this section, the secured party shall enter into a control  
33 agreement with the debtor. A control agreement may also set forth  
34 the terms under which a secured party may pledge its security  
35 interest in the digital asset as collateral for another transaction.

36 c. A secured party may file a financing statement with the  
37 Division of Revenue and Enterprise Services, including to perfect a  
38 security interest in proceeds from a digital asset pursuant to  
39 N.J.S.12A:9-315.

40 d. Notwithstanding any law, rule, or regulation to the contrary,  
41 a transferee shall take a digital asset free of any security interest  
42 two years after the transferee takes the asset for value and does not  
43 have actual notice of an adverse claim. This subsection shall only  
44 apply to a security interest perfected by a method other than control.

45 e. Perfection by control creates a possessory security interest in  
46 a digital asset and shall not require physical possession. For  
47 purposes of this section, a digital asset is located within the State if

1 the asset is held by a custodian, debtor, or secured party that is  
2 physically located within the State.

3 f. As used in this section:

4 "Control" means:

5 (1) a secured party, or an agent, custodian, fiduciary or trustee  
6 of the party, has the exclusive legal authority to conduct a  
7 transaction relating to a digital asset, including by means of a  
8 private key or the use of a multi signature arrangement authorized  
9 by the secured party; or

10 (2) a smart contract created by a secured party which has the  
11 exclusive legal authority to conduct a transaction relating to a  
12 digital asset.

13 "Multi signature arrangement" means a system of access control  
14 relating to a digital asset for the purposes of preventing  
15 unauthorized transactions relating to the asset, in which two or  
16 more private keys are required to conduct a transaction, or any  
17 substantially similar analogue.

18 "Private key" means a unique element of cryptographic data, or  
19 any substantially similar analogue, which is:

20 (1) held by a person;

21 (2) paired with a unique publicly-available element of  
22 cryptographic data; and

23 (3) associated with an algorithm that is necessary to carry out an  
24 encryption or decryption required to execute a transaction.

25 "Smart contract" means:

26 (1) an automated transaction conducted or performed, in whole  
27 or in part, by electronic means or electronic records, in which the  
28 acts or records of one or both parties are not reviewed by an  
29 individual in the ordinary course in forming a contract, performing  
30 under an existing contract or fulfilling an obligation required by the  
31 transaction; or

32 (2) any substantially similar analogue, which is comprised of  
33 code, script, or programming language that executes the terms of an  
34 agreement, and which may include taking custody of and  
35 transferring an asset, or issuing executable instructions for these  
36 actions, based on the occurrence or nonoccurrence of specified  
37 conditions.

38

39 6. (New section) a. A bank may provide custodial services  
40 consistent with this section upon providing 60 days written notice to  
41 the Commissioner of the Department of Banking and Insurance.  
42 The provisions of this section are cumulative and not exclusive as  
43 an optional framework for enhanced supervision of digital asset  
44 custody. If a bank elects to provide custodial services under this  
45 section, it shall comply with all provisions of this section.

46 b. A bank may serve as a qualified custodian under federal  
47 Securities and Exchange Commission rules established pursuant to

1 17 C.F.R. s.275.206(4). In performing custodial services under this  
2 section, a bank shall:

3 (1) implement all accounting, account statement, internal  
4 control, notice, and other standards specified by applicable State or  
5 federal law and regulations for custodial services;

6 (2) maintain information technology best practices relating to  
7 digital assets held in custody. The commissioner may specify  
8 required best practices by rule;

9 (3) fully comply with applicable federal anti-money laundering,  
10 customer identification, and beneficial ownership requirements; and

11 (4) take other actions necessary to carry out this section, which  
12 may include exercising fiduciary powers similar to those permitted  
13 to national banks and ensuring compliance with federal law  
14 governing digital assets classified as commodities.

15 c. A bank providing custodial services shall enter into an  
16 agreement with an independent public accountant to conduct an  
17 examination conforming to the requirements of 17 C.F.R.  
18 s.275.206(4) 2(a)(4) and (6), at the cost of the bank. The  
19 accountant shall transmit the results of the examination to the  
20 commissioner within 120 days of the examination and may file the  
21 results with the federal Securities and Exchange Commission as its  
22 rules may provide. Material discrepancies in an examination shall  
23 be reported to the commissioner within one business day. The  
24 commissioner shall review examination results upon receipt within  
25 a reasonable time and during any regular examination conducted  
26 pursuant to P.L.1948, c.67 (C.17:9A-260).

27 d. Digital assets held in custody pursuant to this section shall  
28 not be depository liabilities or assets of the bank. A bank, or a  
29 subsidiary, may register as an investment adviser, investment  
30 company, or broker dealer as necessary. A bank shall maintain  
31 control over a digital asset while in custody. A customer shall elect,  
32 pursuant to a written agreement with the bank, one of the following  
33 relationships for each digital asset held in custody:

34 (1) custody under a bailment as a nonfungible or fungible asset.  
35 Assets held under this paragraph shall be strictly segregated from  
36 other assets; or

37 (2) custody under a bailment pursuant to subsection e. of this  
38 section.

39 e. If a customer makes an election under subsection d. of this  
40 section, the bank may, based only on customer instructions,  
41 undertake transactions with the digital asset. A bank maintains  
42 control pursuant to subsection d. of this section by entering into an  
43 agreement with the counterparty to a transaction which contains a  
44 time for return of the asset. The bank shall not be liable for any loss  
45 suffered with respect to a transaction under this subsection, except  
46 for liability consistent with fiduciary and trust powers as a  
47 custodian under this section.

- 1       f. A bank and a customer shall agree in writing regarding the  
2 source code version the bank will use for each digital asset, and the  
3 treatment of each asset under chapter 8 of Title 12A of the New  
4 Jersey Statutes. Any ambiguity under this subsection shall be  
5 resolved in favor of the customer.
- 6       g. A bank shall provide clear, written notice to each customer,  
7 and require written acknowledgement, of the following:
- 8       (1) prior to the implementation of any updates, material source  
9 code updates relating to digital assets held in custody, except in  
10 emergencies which may include security vulnerabilities;
- 11       (2) the heightened risk of loss from transactions under  
12 subsection e. of this section;
- 13       (3) that some risk of loss as a pro-rata creditor exists as the  
14 result of custody as a fungible asset or custody under paragraph (2)  
15 of subsection d. of this section;
- 16       (4) that custody under paragraph (2) of subsection d. of this  
17 section may not result in the digital assets of the customer being  
18 strictly segregated from other customer assets; and
- 19       (5) that the bank is not liable for losses suffered under  
20 subsection e. of this section, except for liability consistent with  
21 fiduciary and trust powers as a custodian under this section.
- 22       h. A bank and a customer shall agree in writing to a time  
23 period within which the bank shall return a digital asset held in  
24 custody under this section. If a customer makes an election under  
25 paragraph (2) of subsection d. of this section, then the bank and the  
26 customer may also agree in writing to the form in which the digital  
27 asset shall be returned.
- 28       i. All ancillary or subsidiary proceeds relating to digital assets  
29 held in custody under this section shall accrue to the benefit of the  
30 customer, except as specified by a written agreement with the  
31 customer. The bank shall not collect ancillary or subsidiary  
32 proceeds, unless the collection is disclosed in writing. A customer  
33 who makes an election under paragraph (1) of subsection d. of this  
34 section may withdraw the digital asset in a form that permits the  
35 collection of the ancillary or subsidiary proceeds.
- 36       j. A bank shall not authorize or permit rehypothecation of  
37 digital assets under this section. The bank shall not engage in any  
38 activity to use or exercise discretionary authority relating to a  
39 digital asset except based on customer instructions.
- 40       k. A bank shall not take any action under this section which  
41 would likely impair the solvency or the safety and soundness of the  
42 bank, as determined by the commissioner after considering the  
43 nature of custodial services customary in the banking industry.
- 44       l. As used in this section:
- 45       "Bank" shall have the same meaning as provided in P.L.1948,  
46 c.67 (C.17:9A-1).



1 "Custodial services" means the safekeeping and management of  
2 customer currency and digital assets through the exercise of  
3 fiduciary and trust powers under this section as a custodian, and  
4 includes fund administration and the execution of customer  
5 instructions.

6  
7 7. Section 2 of P.L.1998, c.14 (C.17:15C-2) is amended to read  
8 as follows:

9 2. As used in **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.):

10 "Applicant" means a person filing an application for a license  
11 under **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.).

12 "Authorized delegate" means an entity authorized by the licensee  
13 pursuant to the provisions of section 17 of **[this act]** P.L.1998, c.14  
14 (C.17:15C-17) to sell or issue payment instruments or engage in the  
15 business of transmitting money on behalf of a licensee.

16 "Commissioner" means the Commissioner of Banking and  
17 Insurance.

18 "Control" means ownership of, or the power to vote, 25 percent  
19 or more of the outstanding voting securities of a licensee or  
20 controlling person. For purposes of determining the percentage of a  
21 licensee controlled by any person, there shall be aggregated with  
22 the person's interest the interest of any other person controlled by  
23 that person or by any spouse, parent, or child of that person.

24 "Controlling person" means any person in control of a licensee.

25 "Department" means the Department of Banking and Insurance.

26 "Executive officer" means the licensee's president, chairman of  
27 the executive committee, senior officer responsible for the  
28 licensee's business in this State, chief financial officer and any other  
29 person who performs similar functions.

30 "Foreign money transmitter" means a person who engages, in  
31 this State, only in the business of the receipt of money for  
32 transmission or transmitting money to locations outside of the  
33 United States by any and all means, including but not limited to  
34 payment instrument, wire, facsimile, electronic transfer, or  
35 otherwise for a fee, commission or other benefit.

36 "Key shareholder" means any person, or group of persons acting  
37 in concert, who is the owner of 25 percent or more of any voting  
38 class of an applicant's stock.

39 "Licensee" means a person licensed under **[this act]** P.L.1998,  
40 c.14 (C.17:15C-1 et seq.).

41 "Location" means a place of business at which activities  
42 regulated by **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.) occur.

43 "Material litigation" means any litigation that, according to  
44 generally accepted accounting principles, is deemed significant to  
45 any applicant's or licensee's financial health and would be required  
46 to be referenced in that entity's annual audited financial statements,  
47 report to shareholders or similar documents.

1 "Money" means a medium of exchange authorized or adopted by  
2 the United States or a foreign government as a part of its currency  
3 and that is customarily used and accepted as a medium of exchange  
4 in the country of issuance.

5 "Money transmitter" means a person who engages in this State in  
6 the business of:

7 (1) the sale or issuance of payment instruments for a fee,  
8 commission, or other benefit;

9 (2) the receipt of money for transmission or transmitting money  
10 within the United States or to locations abroad by any and all  
11 means, including but not limited to payment instrument, wire,  
12 facsimile, electronic transfer, or otherwise for a fee, commission or  
13 other benefit; or

14 (3) the receipt of money for obligors for the purpose of paying  
15 obligors' bills, invoices, or accounts for a fee, commission, or other  
16 benefit paid by the obligor.

17 "Outstanding payment instrument" means any payment  
18 instrument issued by the licensee which has been sold in the United  
19 States directly by the licensee or any payment instrument issued by  
20 the licensee which has been sold by an authorized delegate of the  
21 licensee in the United States, which has been reported to the  
22 licensee as having been sold, and which has not yet been paid by or  
23 for the licensee.

24 "Payment instrument" means any check, draft, money order,  
25 travelers check, or other instrument or written order for the  
26 transmission or payment of money, sold, or issued to one or more  
27 persons, whether or not the instrument is negotiable. The term  
28 "payment instrument" does not include any credit card voucher, any  
29 letter of credit, or any instrument which is redeemable by the issuer  
30 in goods or services.

31 "Permissible investments" means:

32 (1) cash;

33 (2) certificates of deposit or other debt obligations of a bank,  
34 savings bank, savings and loan association, or credit union, either  
35 domestic or foreign;

36 (3) bills of exchange or time drafts drawn on and accepted by a  
37 commercial bank, otherwise known as bankers' acceptances, which  
38 are eligible for purchase by member banks of the Federal Reserve  
39 System;

40 (4) any investment which is rated in one of the three highest  
41 rating categories by a nationally recognized statistical rating  
42 organization;

43 (5) investment securities that are obligations of the United  
44 States, its agencies or instrumentalities, or obligations that are  
45 guaranteed fully as to principal and interest by the United States, or  
46 any obligations of any state, municipality, or any political

1 subdivision thereof which is rated in one of the three highest rating  
2 categories by a nationally recognized statistical rating organization;  
3 (6) shares in a money market mutual fund, interest-bearing bills,  
4 notes or bonds, debentures or stock traded on any national securities  
5 exchange or on a national over-the-counter market, or mutual funds  
6 primarily composed of those securities or a fund composed of one  
7 or more permissible investments as set forth in this section;  
8 (7) demand borrowing agreements made to a corporation or a  
9 subsidiary of a corporation whose capital stock is listed on a  
10 national exchange;  
11 (8) receivables which are due to a licensee from its authorized  
12 delegates pursuant to a contract described in section 17 of **[this act]**  
13 P.L.1998, c.14 (C.17:15C-17), which are not past due or doubtful of  
14 collection; or  
15 (9) any other investments or security device which the  
16 commissioner may authorize by rule.  
17 “Virtual currency” means any type of digital representation that:  
18 (1) is used as a medium of exchange, unit of account, or store of  
19 value; and  
20 (2) is not recognized as legal tender by the United States  
21 government.  
22 (cf: P.L.1998, c.14, s.2)  
23  
24 8. Section 3 of P.L.1998, c.14 (C.17:15C-3) is amended to read  
25 as follows:  
26 3. a. **[This act]** P.L.1998, c.14 (C.17:15C-1 et seq.) shall not  
27 apply to:  
28 (1) **[The]** the United States or any department, agency, or  
29 instrumentality thereof;  
30 (2) **[The]** the United States Postal Service;  
31 (3) **[The]** the State or any political subdivision thereof;  
32 (4) **[Banks]** banks, bank holding companies, credit unions,  
33 building and loan associations, savings and loan associations,  
34 savings banks, or mutual banks organized under the laws of any  
35 state or the United States, provided that they do not issue or sell  
36 payment instruments through authorized delegates who are not  
37 banks, bank holding companies, credit unions, building and loan  
38 associations, savings and loan associations, savings banks, or  
39 mutual banks;  
40 (5) **[The]** the provision of electronic transfer of government  
41 benefits for any federal, state or county agency as defined in  
42 Regulation E, 12 C.F.R. s.205.1 et seq., by a contractor for and on  
43 behalf of the United States or any department, agency, or  
44 instrumentality thereof, or any state or political subdivision thereof;  
45 **[and]**

1 (6) **[A]** a person licensed to conduct business as a debt adjuster  
2 pursuant to P.L.1979, c.16 (C.17:16G-1 et seq.), when acting within  
3 the scope of activities regulated by that license; and

4 (7) buying, selling, issuing, or taking custody of payment  
5 instruments or stored value in the form of virtual currency or  
6 receiving virtual currency for transmission to a location within or  
7 outside the United States.

8 b. Authorized delegates of a licensee, acting within the scope  
9 of authority conferred by a written contract as described in section  
10 17 of **[this act]** P.L.1998, c.14 (C.17:15C-17) shall not be required  
11 to obtain a license pursuant to **[this act]** P.L.1998, c.14 (C.17:15C-  
12 1 et seq.).

13 (cf: P.L.1998, c.14, s.3)

14  
15 9. (New section) As used in sections 9 through 21  
16 of P.L. , c. (C. )(pending before the Legislature as this bill):

17 "Blockchain" means a digital ledger or database which is  
18 chronological, consensus-based, decentralized and mathematically  
19 verified in nature.

20 "Decentralized autonomous organization" means a limited  
21 liability company organized under P.L. , c. (C. )(pending  
22 before the Legislature as this bill).

23 "Digital asset" means a representation of economic, proprietary  
24 or access rights that is stored in a computer readable format and is  
25 either a digital consumer asset, digital security or virtual currency.

26 "Limited liability autonomous organization" or "LAO" means a  
27 decentralized autonomous organization.

28 "Majority of the members" means the approval of more than 50  
29 percent of participating membership interests in a vote for which a  
30 quorum of members is participating. A person dissociated as a  
31 member as set forth in section 46 of P.L.2012, c.50 (C.42:2C-46)  
32 shall not be included for the purposes of calculating the majority of  
33 the members.

34 "Membership interest" means a member's ownership share in a  
35 member managed decentralized autonomous organization, which  
36 may be defined in the entity's articles of organization, smart  
37 contract or operating agreement. A membership interest may also be  
38 characterized as either a digital security or a digital consumer asset,  
39 if designated as such in the organization's articles of organization or  
40 operating agreement.

41 "Open blockchain" means a blockchain that is publicly  
42 accessible and its ledger of transactions is transparent.

43 "Quorum" means a minimum requirement on the sum of  
44 membership interests participating in a vote for that vote to be  
45 valid.

46 "Smart contract" means:

(1) an automated transaction conducted or performed, in whole or in part, by electronic means or electronic records, in which the acts or records of one or both parties are not reviewed by an individual in the ordinary course in forming a contract, performing under an existing contract, or fulfilling an obligation required by the transaction; or

(2) any substantially similar analogue, which is comprised of code, script, or programming language that executes the terms of an agreement, and which may include taking custody of and transferring an asset, or issuing executable instructions for these actions, based on the occurrence or nonoccurrence of specified conditions.

10. (New section) a. The "Revised Uniform Limited Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.) shall apply to decentralized autonomous organizations to the extent not inconsistent with the provisions of P.L. , c. (C. )(pending before the Legislature as this bill).

b. P.L. , c. (C. )(pending before the Legislature as this bill) shall not repeal or modify any statute or rule of law that applies to a limited liability company that is organized under P.L.2012, c.50 (C.42:2C-1 et seq.) that does not elect to become a decentralized autonomous organization.

11. (New section) a. A decentralized autonomous organization is a limited liability company if the articles of organization contain a statement that the company is a decentralized autonomous organization as described in subsection c. of this section.

b. A limited liability company formed under P.L.2012, c.50 (C.42:2C-1 et seq.) may convert to a decentralized autonomous organization by amending its articles of organization to include the statement required by subsections a. and c. of this section and section 13 of P.L. , c. (C. )(pending before the Legislature as this bill).

c. A statement in substantially the following form shall appear conspicuously in the articles of organization or operating agreement, if applicable, in a decentralized autonomous organization:

#### NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. New Jersey's decentralized autonomous organization law, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or

1 eliminate fiduciary duties and may restrict transfer of ownership  
2 interests, withdrawal or resignation from the decentralized  
3 autonomous organization, return of capital contributions and  
4 dissolution of the decentralized autonomous organization.

5 d. The registered name for a decentralized autonomous  
6 organization shall include wording or abbreviation to denote its  
7 status as a decentralized autonomous organization, specifically  
8 "DAO," "LAO," or "DAO LLC."

9 e. A statement in the articles of organization may define the  
10 decentralized autonomous organization as either a member managed  
11 decentralized autonomous organization or an algorithmically  
12 managed decentralized autonomous organization. If the type of  
13 decentralized autonomous organization is not otherwise provided  
14 for, the limited liability company will be presumed to be a member  
15 managed decentralized autonomous organization.

16

17 12. (New section) a. Any person may form a decentralized  
18 autonomous organization, which shall have one or more members,  
19 by signing and delivering one original and one exact or conformed  
20 copy of the articles of organization to the filing office for filing.  
21 The person forming the decentralized autonomous organization  
22 need not be a member of the organization.

23 b. A decentralized autonomous organization shall have and  
24 continuously maintain in this State a registered agent as provided in  
25 section 14 of P.L.2012, c.50 (C.42:2C-14).

26 c. A decentralized autonomous organization may form and  
27 operate for any lawful purpose, regardless of whether for profit.

28 d. An algorithmically managed decentralized autonomous  
29 organization may only form under P.L. , c. (C. )(pending  
30 before the Legislature as this bill) if the underlying smart contracts  
31 are able to be updated, modified, or otherwise upgraded.

32

33 13. (New section) a. The articles of organization of a  
34 decentralized autonomous organization shall include a statement  
35 that the organization is a decentralized autonomous organization,  
36 pursuant to section 11 of P.L. , c. (C. )(pending before the  
37 Legislature as this bill) and section 18 of P.L.2012, c.50 (C.42:2C-  
38 18).

39 b. In addition to the requirements of subsection a. of this  
40 section the articles of organization shall include a publicly available  
41 identifier of any smart contract directly used to manage, facilitate,  
42 or operate the decentralized autonomous organization.

43 c. Except as otherwise provided in P.L. ,  
44 c. (C. )(pending before the Legislature as this bill), the articles  
45 of organization and the smart contracts for a decentralized  
46 autonomous organization shall govern all of the following:

1 (1) relations among the members and between the members and  
2 the decentralized autonomous organization;

3 (2) rights and duties under P.L. , c. (C. )(pending before  
4 the Legislature as this bill) of a person in the person's capacity as a  
5 member;

6 (3) activities of the decentralized autonomous organization and  
7 the conduct of those activities;

8 (4) means and conditions for amending the operating agreement;

9 (5) rights and voting rights of members;

10 (6) transferability of membership interests;

11 (7) withdrawal of membership;

12 (8) distributions to members prior to dissolution;

13 (9) amendment of the articles of organization;

14 (10) procedures for amending, updating, editing or changing  
15 applicable smart contracts; and

16 (11) all other aspects of the decentralized autonomous  
17 organization.

18 d. Articles of organization shall be amended when:

19 (1) there is a change in the name of the decentralized  
20 autonomous organization;

21 (2) there is a false or erroneous statement in the articles of  
22 organization; or

23 (3) the decentralized autonomous organization's smart contracts  
24 have been updated or changed.

25  
26 14. (New section) To the extent the articles of organization or  
27 smart contract do not otherwise provide for a matter described in  
28 section 13 of P.L. , c. (C. )(pending before the Legislature as  
29 this bill), the operation of a decentralized autonomous organization  
30 may be supplemented by an operating agreement.

31  
32 15. (New section) Management of a decentralized autonomous  
33 organization shall be vested in its members, if member managed, or  
34 the smart contract, if algorithmically managed, unless otherwise  
35 provided in the articles of organization or operating agreement.

36  
37 16. (New section) Unless otherwise provided for in the articles  
38 of organization or operating agreement, no member of a  
39 decentralized autonomous organization shall have any fiduciary  
40 duty to the organization or any member except that the members  
41 shall be subject to the implied contractual covenant of good faith  
42 and fair dealing.

43  
44 17. (New section) a. For purposes of this section and section 18  
45 of P.L. , c. (C. )(pending before the Legislature as this bill)  
46 and unless otherwise provided for in the articles of organization,  
47 smart contract, or operating agreement:

1 (1) membership interests in a member managed decentralized  
2 autonomous organization shall be calculated by dividing a member's  
3 contribution of digital assets to the organization divided by the total  
4 amount of digital assets contributed to the organization at the time  
5 of a vote;

6 (2) if members do not contribute digital assets to an organization  
7 as a prerequisite to becoming a member, each member shall possess  
8 one membership interest and be entitled to one vote; and

9 (3) a quorum shall require not less than a majority of  
10 membership interests entitled to vote.

11 b. Members shall have no right to separately inspect or copy  
12 records of a decentralized autonomous organization and the  
13 organization shall have no obligation to furnish any information  
14 concerning the organization's activities, financial condition, or  
15 other circumstances to the extent the information is available on an  
16 open blockchain.

17  
18 18. (New section) a. A member may only withdraw from a  
19 decentralized autonomous organization in accordance with the  
20 terms set forth in the articles of organization, the smart contracts or,  
21 if applicable, the operating agreement.

22 b. A member of a decentralized autonomous organization shall  
23 not have the organization dissolved for a failure to return the  
24 members' contribution to capital.

25 c. Unless the organization's articles of organization, smart  
26 contracts or operating agreement provide otherwise, a withdrawn  
27 member forfeits all membership interests in the decentralized  
28 autonomous organization, including any governance or economic  
29 rights.

30  
31 19. (New section) a. A decentralized autonomous organization  
32 organized under P.L. , c. (C. )(pending before the Legislature  
33 as this bill) shall be dissolved upon the occurrence of any of the  
34 following events:

35 (1) the period fixed for the duration of the organization expires;

36 (2) by vote of the majority of members of a member managed  
37 decentralized autonomous organization;

38 (3) at the time or upon the occurrence of events specified in the  
39 underlying smart contracts or as specified in the articles of  
40 organization or operating agreement;

41 (4) the decentralized autonomous organization has failed to  
42 approve any proposals or take any actions for a period of one year;  
43 or

44 (5) by order of the Division of Revenue and Enterprise Services  
45 if the decentralized autonomous organization is deemed to no  
46 longer perform a lawful purpose.



1       b. As soon as possible following the occurrence of any of the  
2 events specified in subsection a. of this section causing the  
3 dissolution of a decentralized autonomous organization, the  
4 organization shall execute a statement of intent to dissolve in the  
5 form prescribed by the Division of Revenue and Enterprise  
6 Services.

7  
8       20. (New section) The articles of organization and the operating  
9 agreement of a decentralized autonomous organization are effective  
10 as statements of authority. Where the underlying articles of  
11 organization and operating agreement are in conflict, the articles of  
12 organization shall preempt any conflicting provisions. Where the  
13 underlying articles of organization and smart contract are in  
14 conflict, the smart contract shall preempt any conflicting provisions  
15 of the articles of organization, except as it relates to section 11 of  
16 P.L. , c. (C. )(pending before the Legislature as this bill) and  
17 subsections a. and b. of section 13 of P.L. , c. (C. )(pending  
18 before the Legislature as this bill).

19  
20       21. (New section) The Division of Revenue and Enterprise  
21 Services shall not issue a certificate of authority for a foreign  
22 decentralized autonomous organization.

23  
24       22. (New section) a. Not later than December 31, 2022, the  
25 Division of Revenue and Enterprise Services shall develop and  
26 implement a filing system through which all required filings may be  
27 submitted. The division shall endeavor to use blockchain  
28 technology and include an application programming interface as  
29 components of the filing system, as well as robust security measures  
30 and other components determined by the division to be best  
31 practices or which are likely to increase the effective and efficient  
32 administration of the laws of this State. The division may create a  
33 blockchain for the purposes of this section or contract for the use of  
34 a privately created blockchain.

35       b. The division may:

36       (1) consult with all interested parties before developing the  
37 filing system specified in this section, including businesses,  
38 registered agents, attorneys, law enforcement, and other interested  
39 persons; and

40       (2) if possible, partner with technology innovators and private  
41 companies to develop necessary components of the system.

42       c. The division shall promulgate such rules and regulations as  
43 the division determines are necessary to effectuate the provisions of  
44 P.L. , c. (C. ) (pending before the Legislature as this bill).

45       d. As used in this section:

1       “Application programming interface” means a computer software  
2 intermediary which allows two distinct software applications to  
3 interact.

4       "Blockchain" means a digital ledger or database which is  
5 chronological, consensus-based, decentralized, and mathematically-  
6 verified in nature.

7       “Division” means the Division of Revenue and Enterprise  
8 Services in the New Jersey Department of the Treasury.

9       “Required filings” means all documents, reports, data, and other  
10 information required by law to be filed with the division.

11

12       23. (New section) a. The articles of incorporation or bylaws of  
13 a corporation may specify that all or a portion of the shares of the  
14 corporation may be represented by share certificates in the form of  
15 certificate tokens. The electronic message, command, or  
16 transaction that transmits the certificate tokens to the data address  
17 to which a certificate token was issued shall be authorized at the  
18 time of issuance by one or more messages, commands, or  
19 transactions signed with the network signatures of two officers  
20 designated in the bylaws or by the board of directors of the  
21 corporation.

22       b. Notwithstanding any law, rule, or regulation to the contrary,  
23 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
24 reference to share certificate, share, stock, or words of similar  
25 import shall be construed to include a certificate token.

26       c. Notwithstanding any law, rule, or regulation to the contrary,  
27 the information required by subsection a. of this section shall satisfy  
28 any other requirement of chapter 7 of Title 14A of the New Jersey  
29 Statutes to include information on a share certificate.

30       d. Notwithstanding any law, rule, or regulation to the contrary,  
31 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
32 reference to certificated shares or words of similar import shall be  
33 construed to include shares represented by certificate tokens, and  
34 any reference to the delivery or deposit of these shares to the  
35 corporation shall be construed to refer to any method of granting  
36 control of the tokens to the corporation.

37       e. Notwithstanding any law, rule, or regulation to the contrary,  
38 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
39 reference to a certificate being duly endorsed or words of similar  
40 import shall be construed to mean that the transaction authorizing  
41 transfer of control of the certificate token was signed by the lawful  
42 holder of the token with the network signature corresponding to the  
43 lawful holder's data address to which the certificate token was  
44 issued or last lawfully transferred.

45       f. As used in this section:

1 "Blockchain" means a digital ledger or database which is  
2 chronological, consensus based, decentralized and mathematically  
3 verified in nature;

4 "Certificate token" means a representation of shares that is stored  
5 in an electronic format that contains information pursuant to  
6 N.J.S.14A:7-11, and this information is:

7 (1) entered into a blockchain or other secure auditable database;

8 (2) linked to or associated with the certificate token; and

9 (3) able to be transmitted electronically to the issuing  
10 corporation, the person to whom the certificate token was issued,  
11 and any transferee.

12 "Network signature" means a string of alphanumeric characters  
13 that, when broadcast by a person to the data address's corresponding  
14 distributed or other electronic network or database, provides  
15 reasonable assurances to a recipient that the broadcasting person  
16 has knowledge or possession of the private key uniquely associated  
17 with the data address.

18  
19 24. N.J.S.14A:7-11 is amended to read as follows:

20 (1) The shares of a corporation shall be represented by  
21 certificates or, in accordance with subsection 14A:7-11(6), shall be  
22 uncertificated shares. Certificates shall be signed by, or in the name  
23 of the corporation by, the chairman or vice-chairman of the board,  
24 or the president or a vice-president, and may be countersigned by  
25 the treasurer or an assistant treasurer, or the secretary or an assistant  
26 secretary of the corporation and may be sealed with the seal of the  
27 corporation or a facsimile thereof. Any or all signatures upon a  
28 certificate may be a facsimile. In case any officer, transfer agent or  
29 registrar who has signed or whose facsimile signature has been  
30 placed upon such certificate, shall have ceased to be such officer,  
31 transfer agent, or registrar before such certificate is issued, it may  
32 be issued by the corporation with the same effect as if he were such  
33 officer, transfer agent, or registrar at the date of its issue.

34 (2) Every share certificate delivered after the effective date of  
35 this act by a corporation which is authorized to issue shares of more  
36 than one class shall set forth upon the face or back of the certificate,  
37 a full statement:

38 (a) **【Of】** of the designations, relative rights, preferences and  
39 limitations of the shares of each class and series authorized to be  
40 issued, so far as the same have been determined; and

41 (b) **【Of】** of the authority of the board to divide the shares into  
42 classes or series and to determine and change the relative rights,  
43 preferences and limitations of any class or series, or shall set forth  
44 that the corporation will furnish to any shareholder, upon request  
45 and without charge, such a full statement.

46 (3) Each certificate representing shares shall state upon the face  
47 thereof:

- 1 (a) **【That】** that the corporation is organized under the laws of  
2 this State;
- 3 (b) **【The】** the name of the person to whom issued; **【and】**
- 4 (c) **【The】** the number and class of shares, and the designation of  
5 the series, if any, which such certificate represents ; and
- 6 (d) In the case of a certificate token pursuant to section 23 of  
7 P.L. , c. (C. ) (pending before the Legislature as this bill),  
8 the data address to whom which the token was issued .
- 9 (4) No certificate shall be issued for any share until such share is  
10 fully paid.
- 11 (5) A card which is punched, magnetically coded, or otherwise  
12 treated so as to facilitate machine or automatic processing, may be  
13 used as a share certificate if it otherwise complies with the  
14 provisions of this section.
- 15 (6) The board may provide that some or all of the shares of any  
16 class or series shall be represented by uncertificated shares. Within  
17 a reasonable time after the issuance or transfer of uncertificated  
18 shares, the corporation shall send to the registered owner thereof a  
19 written notice containing the information required to be set forth or  
20 stated on certificates by subsections 14A:7-11(2) and 14A:7-11(3),  
21 and if required, 14A:7-12(2). Except as otherwise expressly  
22 provided by law, the rights and obligations of the holders of  
23 uncertificated shares and the rights and obligations of the holders of  
24 certificates representing shares of the same class and series shall be  
25 identical.
- 26 (cf: P.L.1988, c.94, s.42)
- 27
- 28 25. (New section) a. Receipts from retail sales of energy and  
29 utility service to a virtual currency servicer for use or consumption  
30 directly and primarily in the creation of virtual currency, including  
31 mining, shall be exempt from the tax imposed under the "Sales and  
32 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).
- 33 b. A virtual currency servicer may file an application for a  
34 sales and use tax exemption with the Director of the Division of  
35 Taxation in the Department of the Treasury. The director shall  
36 process the application within 20 business days of receipt thereof.  
37 An exemption for a virtual currency servicer shall commence upon  
38 notice of approval of its application. Upon approval of its  
39 application, the director shall provide prompt notice to a business.
- 40 c. For the purposes of this section:
- 41 "Virtual currency" means a digital asset that is:
- 42 (1) used as a medium of exchange, unit of account or store of  
43 value; and
- 44 (2) not recognized as legal tender by the United States  
45 government.
- 46 "Virtual currency servicer" means any person:

1 (1) who, as its primary business, engages in virtual currency  
2 creation, including mining;

3 (2) who, as its primary business, engages in the provision of a  
4 distributed digital verification system; or

5 (3) licensed pursuant to P.L. , c. (C. ) (pending before  
6 the Legislature as Assembly Bill No.2371).

7

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

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

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

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

29 "Aviation district" means all areas within the boundaries of the  
30 "Atlantic City International Airport," established pursuant to section  
31 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation  
32 Administration William J. Hughes Technical Center and the area  
33 within a one-mile radius of the outermost boundary of the "Atlantic  
34 City International Airport" and the Federal Aviation Administration  
35 William J. Hughes Technical Center.

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

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

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

43 a partnership;

44 an S corporation;

45 a limited liability company; or

46 a non-profit corporation.

1        If the business or tenant is a cooperative or part of a cooperative,  
2        then the cooperative may qualify for credits by counting the full-  
3        time employees and capital investments of its member  
4        organizations, and the cooperative may distribute credits to its  
5        member organizations. If the business or tenant is a cooperative  
6        that leases to its member organizations, the lease shall be treated as  
7        a lease to an affiliate or affiliates.

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

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

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

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

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

26       d. any of the foregoing.

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

36       In addition to the foregoing, if a business acquires or leases a  
37       qualified business facility, the capital investment made or acquired  
38       by the seller or owner, as the case may be, if pertaining primarily to  
39       the premises of the qualified business facility, shall be considered a  
40       capital investment by the business and, if pertaining generally to the  
41       qualified business facility being acquired or leased, shall be  
42       allocated to the premises of the qualified business facility on the  
43       basis of the gross leasable area of the premises in relation to the  
44       total gross leasable area in the qualified business facility. The  
45       capital investment described herein may include any capital  
46       investment made or acquired within 24 months prior to the date of  
47       application so long as the amount of capital investment made or

1 acquired by the business, any affiliate of the business, or any owner  
2 after the date of application equals at least 50 percent of the amount  
3 of capital investment, allocated to the premises of the qualified  
4 business facility being acquired or leased on the basis of the gross  
5 leasable area of the premises in relation to the total gross leasable  
6 area in the qualified business facility made or acquired prior to the  
7 date of application.

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

11 "Commitment period" means the period of time that is 1.5 times  
12 the eligibility period.

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

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

21 "Disaster recovery project" means a project located on property  
22 that has been wholly or substantially damaged or destroyed as a  
23 result of a federally-declared disaster which, after utilizing all  
24 disaster funds available from federal, State, county, and local  
25 funding sources, demonstrates to the satisfaction of the authority  
26 that access to additional funding authorized pursuant to the "New  
27 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161  
28 (C.52:27D-489p et al.), is necessary to complete the redevelopment  
29 project, and which is located within the qualified incentive area and  
30 has been determined by the authority to be in an area appropriate  
31 for development and in need of economic development incentive  
32 assistance.

33 "Distressed municipality" means a municipality that is qualified  
34 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a  
35 municipality under the supervision of the Local Finance Board  
36 pursuant to the provisions of the "Local Government Supervision  
37 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality  
38 identified by the Director of the Division of Local Government  
39 Services in the Department of Community Affairs to be facing  
40 serious fiscal distress, a SDA municipality, or a municipality in  
41 which a major rail station is located.

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

46 "Eligibility period" means the period in which a business may  
47 claim a tax credit under the Grow New Jersey Assistance Program,

1 beginning with the tax period in which the authority accepts  
2 certification of the business that it has met the capital investment  
3 and employment requirements of the Grow New Jersey Assistance  
4 Program and extending thereafter for a term of not more than 10  
5 years, with the term to be determined solely at the discretion of the  
6 applicant.

7 "Eligible position" or "full-time job" means a full-time position  
8 in a business in this State, which position the business has filled  
9 with a full-time employee, who shall have their primary office at  
10 the qualified business facility and spend at least 60 percent of their  
11 time at the qualified business facility. This requirement shall  
12 supersede any law, regulation, or incentive agreement that imposes  
13 a requirement that the employee be present at the qualified business  
14 facility for a specified percentage of time greater than 60 percent.  
15 This amendment shall not alter or terminate any waiver of the  
16 requirement that an employee spend time at the qualified business  
17 facility implemented by the authority due to COVID-19 public  
18 health emergency and state of emergency.

19 "Full-time employee" means a person:

20 a. who is employed by a business for consideration for at least  
21 35 hours a week, or who renders any other standard of service  
22 generally accepted by custom or practice as full-time employment;  
23 or

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

32 c. who is a resident of another State but whose income is not  
33 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
34 et seq. or who is a partner of a business who works for the  
35 partnership for at least 35 hours a week, or who renders any other  
36 standard of service generally accepted by custom or practice as full-  
37 time employment, and whose distributive share of income, gain,  
38 loss, or deduction, or whose guaranteed payments, or any  
39 combination thereof, is subject to the payment of estimated taxes, as  
40 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
41 et seq.; and

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

45 With respect to a logistics, manufacturing, energy, defense,  
46 aviation, or maritime business, excluding primarily warehouse or



1 distribution operations, located in a port district having a container  
2 terminal:

3 the requirement that employee health benefits are to be provided  
4 shall be deemed to be satisfied if the benefits are provided in  
5 accordance with industry practice by a third party obligated to  
6 provide such benefits pursuant to a collective bargaining agreement;

7 full-time employment shall include, but not be limited to,  
8 employees that have been hired by way of a labor union hiring hall  
9 or its equivalent;

10 35 hours of employment per week at a qualified business facility  
11 shall constitute one "full-time employee," regardless of whether or  
12 not the hours of work were performed by one or more persons.

13 For any project located in a Garden State Growth Zone which  
14 qualifies under the "Municipal Rehabilitation and Economic  
15 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any  
16 project located in the Atlantic City Tourism District as established  
17 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated  
18 by the Casino Reinvestment Development Authority, and which  
19 will include a retail facility of at least 150,000 square feet, of which  
20 at least 50 percent will be occupied by either a full-service  
21 supermarket or grocery store, 30 hours of employment per week at a  
22 qualified business facility shall constitute one "full-time employee,"  
23 regardless of whether the hours of work were performed by one or  
24 more persons, and the requirement that employee health benefits are  
25 to be provided shall be deemed to be satisfied if the employees of  
26 the business are covered by a collective bargaining agreement.

27 "Full-time employee" shall not include any person who works as  
28 an independent contractor or on a consulting basis for the business.

29 Full-time employee shall also not include any person who at the  
30 time of project application works in New Jersey for consideration  
31 for at least 35 hours per week, or who renders any other standard of  
32 service generally accepted by custom or practice as full-time  
33 employment but who prior to project application was not provided,  
34 by the business, with employee health benefits under a health  
35 benefits plan authorized pursuant to State or federal law.

36 "Garden State Create Zone" means the campus of a doctoral  
37 university, and the area within a three-mile radius of the outermost  
38 boundary of the campus of a doctoral university, according to a map  
39 appearing in the doctoral university's official catalog or other  
40 official publication on the effective date of P.L.2017, c.221.

41 "Garden State Growth Zone" or "growth zone" means the four  
42 New Jersey cities with the lowest median family income based on  
43 the 2009 American Community Survey from the US Census, (Table  
44 708. Household, Family, and Per Capita Income and Individuals,  
45 and Families Below Poverty Level by City: 2009); a municipality  
46 which contains a Tourism District as established pursuant to section

1 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
2 Reinvestment Development Authority; or an aviation district.

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

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

13 "Incentive effective date" means the date a business submits the  
14 documentation required pursuant to paragraph (1) of subsection b.  
15 of section 6 of P.L.2011, c.149 (C.34:1B-247) in a form satisfactory  
16 to the authority.

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

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

34 "Mega project" means:

35 a. a qualified business facility located in a port district housing  
36 a business in the logistics, manufacturing, energy, defense, or  
37 maritime industries, either:

38 (1) having a capital investment in excess of \$20,000,000, and at  
39 which more than 250 full-time employees of the business are  
40 created or retained; or

41 (2) at which more than 1,000 full-time employees of the  
42 business are created or retained;

43 b. a qualified business facility located in an aviation district  
44 housing a business in the aviation industry, in a Garden State  
45 Growth Zone, or in a priority area housing the United States  
46 headquarters and related facilities of an automobile manufacturer,  
47 either:

- 1 (1) having a capital investment in excess of \$20,000,000, and at
- 2 which more than 250 full-time employees of the business are
- 3 created or retained, or
- 4 (2) at which more than 1,000 full-time employees of the
- 5 business are created or retained;
- 6 c. a qualified business facility located in an urban transit hub
- 7 housing a business of any kind, having a capital investment in
- 8 excess of \$50,000,000, and at which more than 250 full-time
- 9 employees of the business are created or retained;
- 10 d. a project located in an area designated in need of
- 11 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
- 12 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
- 13 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
- 14 Ocean, or Salem counties having a capital investment in excess of
- 15 \$20,000,000, and at which more than 150 full-time employees of
- 16 the business are created or retained; or
- 17 e. a qualified business facility primarily used by a business
- 18 principally engaged in research, development, or manufacture of a
- 19 drug or device, as defined in R.S.24:1-1, or primarily used by a
- 20 business licensed to conduct a clinical laboratory and business
- 21 facility pursuant to the "New Jersey Clinical Laboratory
- 22 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:
- 23 (1) having a capital investment in excess of \$20,000,000, and at
- 24 which more than 250 full-time employees of the business are
- 25 created or retained, or
- 26 (2) at which more than 1,000 full-time employees of the
- 27 business are created or retained.
- 28 "Minimum environmental and sustainability standards" means
- 29 standards established by the authority in accordance with the green
- 30 building manual prepared by the Commissioner of Community
- 31 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
- 32 regarding the use of renewable energy, energy-efficient technology,
- 33 and non-renewable resources in order to reduce environmental
- 34 degradation and encourage long-term cost reduction.
- 35 "Moderate-income housing" means housing affordable,
- 36 according to United States Department of Housing and Urban
- 37 Development or other recognized standards for home ownership
- 38 and rental costs, and occupied or reserved for occupancy by
- 39 households with a gross household income equal to more than 50
- 40 percent but less than 80 percent of the median gross household
- 41 income for households of the same size within the housing region in
- 42 which the housing is located.
- 43 "Municipal Revitalization Index" means the 2007 index by the
- 44 Office for Planning Advocacy within the Department of State
- 45 measuring or ranking municipal distress.
- 46 "New full-time job" means an eligible position created by the
- 47 business at the qualified business facility that did not previously

1 exist in this State. For the purposes of determining a number of  
2 new full-time jobs, the eligible positions of an affiliate shall be  
3 considered eligible positions of the business.

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

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

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

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

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

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

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

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

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

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

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

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

- 1 "Public research university" means a public research university
- 2 as defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).
- 3 "Qualified business facility" means any building, complex of
- 4 buildings or structural components of buildings, and all machinery
- 5 and equipment located within a qualified incentive area, used in
- 6 connection with the operation of a business that is not engaged in
- 7 final point of sale retail business at that location unless the building,
- 8 complex of buildings or structural components of buildings, and all
- 9 machinery and equipment located within a qualified incentive area,
- 10 are used in connection with the operation of:
- 11 a. a final point of sale retail business located in a Garden State
- 12 Growth Zone that will include a retail facility of at least 150,000
- 13 square feet, of which at least 50 percent is occupied by either a full-
- 14 service supermarket or grocery store; or
- 15 b. a tourism destination project located in the Atlantic City
- 16 Tourism District as established pursuant to section 5 of P.L.2011,
- 17 c.18 (C.5:12-219).
- 18 "Qualified incentive area" means:
- 19 a. an aviation district;
- 20 b. a port district;
- 21 c. a distressed municipality or urban transit hub municipality;
- 22 d. an area (1) designated pursuant to the "State Planning Act,"
- 23 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
- 24 (a) Planning Area 1 (Metropolitan);
- 25 (b) Planning Area 2 (Suburban); or
- 26 (c) Planning Area 3 (Fringe Planning Area);
- 27 (2) located within a smart growth area and planning area
- 28 designated in a master plan adopted by the New Jersey
- 29 Meadowlands Commission pursuant to subsection (i) of section 6 of
- 30 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
- 31 adopted by the New Jersey Meadowlands Commission pursuant to
- 32 section 20 of P.L.1968, c.404 (C.13:17-21);
- 33 (3) located within any land owned by the New Jersey Sports and
- 34 Exposition Authority, established pursuant to P.L.1971, c.137
- 35 (C.5:10-1 et seq.), within the boundaries of the Hackensack
- 36 Meadowlands District as delineated in section 4 of P.L.1968, c.404
- 37 (C.13:17-4);
- 38 (4) located within a regional growth area, rural development
- 39 area zoned for industrial use as of the effective date of P.L.2016,
- 40 c.75, town, village, or a military and federal installation area
- 41 designated in the comprehensive management plan prepared and
- 42 adopted by the Pinelands Commission pursuant to the "Pinelands
- 43 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
- 44 (5) located within the planning area of the Highlands Region as
- 45 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
- 46 development credit receiving area or redevelopment area;
- 47 (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

1 positions of the business. For the purposes of the certifications and  
2 annual reports required in the incentive agreement pursuant to  
3 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the  
4 extent an eligible position that was the basis of the award no longer  
5 exists, a business shall include as a retained full-time job a new  
6 eligible position that is filled by a full-time employee provided that  
7 the position is included in the order of date of hire and is not the  
8 basis for any other incentive award. For a project located in a  
9 Garden State Growth Zone which qualified for the "Municipal  
10 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
11 (C.52:27BBB-1 et al.), retained full-time job shall include any  
12 employee previously employed in New Jersey and transferred to the  
13 new location in the Garden State Growth Zone which qualified for  
14 the "Municipal Rehabilitation and Economic Recovery Act,"  
15 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

18 "SDA municipality" means a municipality in which an SDA  
19 district is situate.

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

22 "Targeted industry" means any industry identified from time to  
23 time by the authority which shall initially include advanced  
24 transportation and logistics, advanced manufacturing, aviation,  
25 autonomous vehicle and zero-emission vehicle research or  
26 development, clean energy, life sciences, hemp processing,  
27 information and high technology, finance and insurance,  
28 professional services, film and digital media, non-retail food and  
29 beverage businesses including food innovation, the virtual currency  
30 industry, virtual currency servicers, and other innovative industries  
31 that disrupt current technologies or business models.

32 "Technology startup company" means a for-profit business that  
33 has been in operation fewer than five years and is developing or  
34 possesses a proprietary technology or business method of a high-  
35 technology or life science-related product, process, or service which  
36 the business intends to move to commercialization, and shall  
37 include a company that is a virtual currency servicer, regardless of  
38 the number of years the business has been in operation.

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

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

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

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

21 "Virtual currency servicer" shall have the same meaning as  
22 provided in section 25 of P.L. , c. (C. ) (pending before the  
23 Legislature as this bill).

24 (cf: P.L.2021, c.160, s.61)

25  
26 27. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to  
27 read as follows:

28 5. a. The total amount of the tax credit for an eligible business  
29 for each new or retained full-time job shall be as set forth in  
30 subsections b. through f. of this section. The total tax credit amount  
31 shall be calculated and credited to the business annually for each  
32 year of the eligibility period. Notwithstanding any other provisions  
33 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its  
34 ability to apply for the tax credit under this subsection to a non-  
35 profit organization with a mission dedicated to attracting investment  
36 and completing development and redevelopment projects in a  
37 Garden State Growth Zone. The non-profit organization or  
38 organization operating a qualified incubator facility may make an  
39 application on behalf of a business which meets the requirements  
40 for the tax credit, or a group of non-qualifying businesses or  
41 positions, located at a qualified business facility, that shall be  
42 considered a unified project for the purposes of the incentives  
43 provided under this section. For any project located in a Garden  
44 State Growth Zone that qualifies under the "Municipal  
45 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
46 (C.52:27BBB-1 et al.), or any project located in a Garden State  
47 Growth Zone which contains a Tourism District as established



1 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated  
2 by the Casino Reinvestment Development Authority, and which  
3 will include a retail facility of at least 150,000 square feet, of which  
4 at least 50 percent will be occupied by either a full-service  
5 supermarket or grocery store, a business may assign its ability to  
6 apply for the tax credit under this subsection to the developer of the  
7 facility. The developer may make an application on behalf of the  
8 business which meets the requirements for the tax credit, or a group  
9 of non-qualifying businesses located at the business facility, that  
10 shall be considered a unified project for the purposes of the  
11 incentives provided under this section, and the developer may apply  
12 for tax credits available based on the number of jobs provided by  
13 the business or businesses and the total capital investment of the  
14 business or businesses and the developer.

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

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

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

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

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

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

29 c. In addition to the base amount of the tax credit, the amount  
30 of the tax credit to be awarded for each new or retained full-time  
31 job shall be increased if the qualified business facility meets any of  
32 the following priority criteria or other additional or replacement  
33 criteria determined by the authority from time to time in response to  
34 evolving economic or market conditions:

35 (1) for a qualified business facility located in a deep poverty  
36 pocket or in an area that is the subject of a Choice Neighborhoods  
37 Transformation Plan funded by the federal Department of Housing  
38 and Urban Development, an increase of \$1,500 per year;

39 (2) for a qualified business facility located in a qualified  
40 incubator facility, an increase of \$500 per year;

41 (3) for a qualified business facility located in a mixed-use  
42 development that incorporates sufficient moderate income housing  
43 on site to accommodate a minimum of 20 percent of the full-time  
44 employees of the business, an increase of \$500 per year;

45 (4) for a qualified business facility located within a transit  
46 oriented development, an increase of \$2,000 per year;

1 (5) for a qualified business facility, other than a mega project, at  
2 which the capital investment in industrial premises for industrial  
3 use by the business is in excess of the minimum capital investment  
4 required for eligibility pursuant to subsection b. of section 3 of  
5 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for  
6 each additional amount of investment that exceeds the minimum  
7 amount required for eligibility by 20 percent, with a maximum  
8 increase of \$3,000 per year;

9 (6) for a business with new full-time jobs and retained full-time  
10 jobs at the project with an average salary in excess of the existing  
11 average salary for the county in which the project is located, or, in  
12 the case of a project in a Garden State Growth Zone, a business that  
13 employs full-time positions at the project with an average salary in  
14 excess of the average salary for the Garden State Growth Zone, an  
15 increase of \$250 per year during the commitment period for each 35  
16 percent by which the project's average salary levels exceeds the  
17 county or Garden State Growth Zone average salary, with a  
18 maximum increase of \$1,500 per year;

19 (7) for a business with large numbers of new full-time jobs and  
20 retained full-time jobs during the commitment period, the increases  
21 shall be in accordance with the following schedule:

22 (a) if the number of new full-time jobs and retained full-time  
23 jobs is between 251 and 400, \$500 per year;

24 (b) if the number of new full-time jobs and retained full-time  
25 jobs is between 401 and 600, \$750 per year;

26 (c) if the number of new full-time jobs and retained full-time  
27 jobs is between 601 and 800, \$1000 per year;

28 (d) if the number of new full-time jobs and retained full-time  
29 jobs is between 801 and 1,000, \$1,250 per year;

30 (e) if the number of new full-time jobs and retained full-time  
31 jobs is in excess of 1,000, \$1,500 per year;

32 (8) for a business in a targeted industry, an increase of \$500 per  
33 year, except in the case of a business in a targeted industry that is a  
34 virtual currency servicer, an increase of \$5,000 per year;

35 (9) for a qualified business facility exceeding the Leadership in  
36 Energy and Environmental Design's "Silver" rating standards or  
37 completes substantial environmental remediation, an additional  
38 increase of \$250 per year;

39 (10) for a mega project or a project located within a Garden State  
40 Growth Zone at which the capital investment in industrial premises  
41 for industrial use by the business exceeds the minimum capital  
42 investment required for eligibility pursuant to subsection b. of  
43 section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000  
44 per year for each additional amount of investment that exceeds the  
45 minimum amount by 20 percent, with a maximum increase of  
46 \$5,000 per year;

1 (11) for a project in which a business retains at least 400 jobs  
2 and is located within the municipality in which it was located  
3 immediately prior to the filing of the application hereunder and is  
4 the United States headquarters of an automobile manufacturer, an  
5 increase of \$1,500 per year;

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

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

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

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

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

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

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

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

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

4 (2) for a qualified business facility located within an urban  
5 transit hub municipality or a Garden State Create Zone, the gross  
6 amount for each new or retained full-time job shall not exceed  
7 \$12,000 per year;

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

11 (4) for a qualified business facility in other priority areas, the  
12 gross amount for each new or retained full-time job shall not exceed  
13 \$10,500 per year;

14 (5) for a qualified business facility in other eligible areas, the  
15 gross amount for each new or retained full-time job shall not exceed  
16 \$6,000 per year; and

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

19 Notwithstanding anything to the contrary set forth herein and in  
20 the provisions of subsections a. through f. of this section, but  
21 subject to the provisions of paragraph (1) of subsection f. of this  
22 section, for a project located within a Garden State Growth Zone  
23 which qualifies for the "Municipal Rehabilitation and Economic  
24 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which  
25 creates 35 or more full-time jobs new to the municipality, the total  
26 tax credit shall be:

27 (a) for a project which creates 35 or more full-time jobs new to  
28 the municipality and makes a capital investment of at least  
29 \$5,000,000, the total tax credit amount per full-time job shall be the  
30 greater of: (i) the total tax credit amount for a qualifying project in  
31 a Garden State Growth Zone as calculated pursuant to subsections  
32 a. through f. of this section; or (ii) the total capital investment of the  
33 project divided by the total number of full-time jobs at that project  
34 but not greater than \$2,000,000 per year over the grant term of ten  
35 years;

36 (b) for a project which creates 70 or more full-time jobs new to  
37 the municipality and makes a capital investment of at least  
38 \$10,000,000, the total tax credit amount per full-time job shall be  
39 the greater of: (i) the total tax credit amount for a qualifying project  
40 in a Garden State Growth Zone as calculated pursuant to  
41 subsections a. through f. of this section; or (ii) the total capital  
42 investment of the project divided by the total number of full-time  
43 jobs at that project but not greater than \$3,000,000 per year over the  
44 grant term of ten years;

45 (c) for a project which creates 100 or more full-time jobs new to  
46 the municipality and makes a capital investment of at least  
47 \$15,000,000, the total tax credit amount per full-time job shall be

- 1 the greater of: (i) the total tax credit amount for a qualifying project  
2 in a Garden State Growth Zone as calculated pursuant to  
3 subsections a. through f. of this section; or (ii) the total capital  
4 investment of the project divided by the total number of full-time  
5 jobs at that project but not greater than \$4,000,000 per year over the  
6 grant term of ten years;
- 7 (d) for a project which creates 150 or more full-time jobs new to  
8 the municipality and makes a capital investment of at least  
9 \$20,000,000, the total tax credit amount per full-time job shall be  
10 the greater of: (i) the total tax credit amount for a qualifying project  
11 in a Garden State Growth Zone as calculated pursuant to  
12 subsections a. through f. of this section; or (ii) the total capital  
13 investment of the project divided by the total number of full-time  
14 jobs at that project but not greater than \$5,000,000 per year over the  
15 grant term of ten years; or
- 16 (e) for a project which creates 250 or more full-time jobs new to  
17 the municipality and makes a capital investment of at least  
18 \$30,000,000, the total tax credit amount per full-time job shall be  
19 the greater of: (i) the total tax credit amount for a qualifying project  
20 in a Garden State Growth Zone as calculated pursuant to  
21 subsections a. through f. of this section; or (ii) the total capital  
22 investment of the project divided by the total number of full-time  
23 jobs as defined herein at that project divided by the ten-year grant  
24 term.
- 25 e. After the determination by the authority of the gross amount  
26 of tax credits for which a business is eligible pursuant to subsection  
27 d. of this section, the final total tax credit amount shall be  
28 calculated as follows: (1) for each new full-time job, the business  
29 shall be allowed tax credits equaling 100 percent of the gross  
30 amount of tax credits for each new full-time job; and (2) for each  
31 retained full-time job, the business shall be allowed tax credits  
32 equaling the lesser of 50 percent of the gross amount of tax credits  
33 for each retained full-time job, or one-tenth of the capital  
34 investment divided by the number of retained and new full-time  
35 jobs per year over the grant term of ten years, unless the jobs are  
36 part of a mega project which is the United States headquarters of an  
37 automobile manufacturer located within a priority area or in a  
38 Garden State Growth Zone, in which case the business shall be  
39 entitled to tax credits equaling 100 percent of the gross amount of  
40 tax credits for each retained full-time job, or unless the new  
41 qualified business facility would replace a facility that has been  
42 wholly or substantially damaged as a result of a federally-declared  
43 disaster, in which case the business shall be entitled to tax credits  
44 equaling 100 percent of the gross amount of tax credits for each  
45 retained full-time job.
- 46 f. Notwithstanding the provisions of subsections a. through e.  
47 of this section, for each application approved by the authority's

1 board, the amount of tax credits available to be applied by the  
2 business annually shall not exceed:

3 (1) \$35,000,000 and provides a net benefit to the State as  
4 provided herein with respect to a qualified business facility in a  
5 Garden State Growth Zone which qualifies under the "Municipal  
6 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
7 (C.52:27BBB-1 et al.), or which contains a Tourism District as  
8 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and  
9 regulated by the Casino Reinvestment Development Authority;

10 (2) \$30,000,000 and provides a net benefit to the State as  
11 provided herein with respect to a mega project or a qualified  
12 business facility in a Garden State Growth Zone;

13 (3) \$10,000,000 and provides a net benefit to the State as  
14 provided herein with respect to a qualified business facility in an  
15 urban transit hub municipality or a Garden State Create Zone;

16 (4) \$8,000,000 and provides a net benefit to the State as  
17 provided herein with respect to a qualified business facility in a  
18 distressed municipality;

19 (5) \$4,000,000 and provides a net benefit to the State as  
20 provided herein with respect to a qualified business facility in other  
21 priority areas, but not more than 90 percent of the withholdings of  
22 the business from the qualified business facility; and

23 (6) \$2,500,000 and provides a net benefit to the State as  
24 provided herein with respect to a qualified business facility in other  
25 eligible areas, but not more than 90 percent of the withholdings of  
26 the business from the qualified business facility.

27 Under paragraphs (1) through (6) of this subsection, with the  
28 exception of a project located within a Garden State Growth Zone  
29 which qualifies for the "Municipal Rehabilitation and Economic  
30 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which  
31 contains a Tourism District as established pursuant to section 5 of  
32 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
33 Reinvestment Development Authority, that divides the total capital  
34 investment of the project by the total number of full-time jobs at  
35 that project, for each application for tax credits in excess of  
36 \$4,000,000 annually, the amount of tax credits available to be  
37 applied by the business annually shall be the lesser of the maximum  
38 amount under the applicable subsection or an amount determined by  
39 the authority necessary to complete the project, with such  
40 determination made by the authority's utilization of a full economic  
41 analysis of all locations under consideration by the business; all  
42 lease agreements, ownership documents, or substantially similar  
43 documentation for the business's current in-State locations, as  
44 applicable; and all lease agreements, ownership documents, or  
45 substantially similar documentation for the potential out-of-State  
46 location alternatives, to the extent they exist. Based on this  
47 information, and any other information deemed relevant by the

1 authority, the authority shall independently verify and confirm the  
2 amount necessary to complete the project.  
3 (cf: P.L.2017, c.221, s.2)  
4

5 28. Section 1 of P.L.1996, c.2 (C.54:48-4.2) is amended to read  
6 as follows:

7 1. As used in **【this act】** P.L.1996, c.2 (C.54:48-4.2 et al.):

8 "Cardholder" means the person or organization named on the  
9 face of a credit card or debit card to whom or for whose benefit the  
10 credit card or debit card is issued by an issuer.

11 "Card payment system" means a technical procedure by which  
12 tax obligations owed the State may be paid by credit card or debit  
13 card.

14 "Credit card" means any instrument or device linked to an  
15 established line of credit, whether known as a credit card, charge  
16 card, credit plate, or by any other name, issued with or without fee  
17 by an issuer for the use of the cardholder in satisfying outstanding  
18 financial obligations, obtaining money, goods, services, or anything  
19 else of value on credit.

20 "Debit card" means any instrument or device, whether known as  
21 a debit card, automated teller machine card, or by any other name,  
22 issued with or without fee by an issuer for the use of the cardholder  
23 in obtaining money, goods, services, or anything else of value  
24 through the electronic authorization of a financial institution to  
25 debit the cardholder's account.

26 "Electronic funds transfer" means any transfer of funds or virtual  
27 currency, other than a transaction originated by check, draft, or  
28 similar paper instrument, that is initiated through an electronic  
29 terminal, telephone, or computer or magnetic tape for the purpose  
30 of ordering, instructing, or authorizing a financial institution to  
31 debit or credit an account.

32 "Electronic funds transfer system" means a technical procedure  
33 by which tax obligations owed the State may be paid by an  
34 electronic transaction between the financial institution of the person  
35 or organization owing the obligation and the financial institution of  
36 the State.

37 "Issuer" means the business organization or financial institution  
38 that issues a credit card or debit card, or its duly authorized agent.

39 "Service charge" means a mandatory fee to be charged by the  
40 Division of Taxation in excess of the total obligation under **【this**  
41 **act】** P.L.1996, c.2 (C.54:48-4.2 et al.) owed by a person or  
42 organization to offset processing charges or discount fees for the  
43 use of a card payment system or an electronic funds transfer system.

44 "Virtual currency" means a digital asset that is:

45 (1) used as a medium of exchange, unit of account, or store of  
46 value; and

1     (2) not recognized as legal tender by the United States  
2     government.

3     (cf: P.L.1996, c.2, s.1)

4

5     29. The Commissioner of Banking and Insurance shall adopt,  
6     pursuant to the “Administrative Procedure Act,” P.L.1968,  
7     c.410 (C.52:14B-1 et seq.), rules and regulations the commissioner  
8     deems to be necessary to effectuate the purposes of this act.

9

10    30. This act shall take effect on the first day of the fourth month  
11    after enactment, except the Commissioner of Banking and Insurance  
12    may take such anticipatory action as may be necessary for the  
13    implementation of this act.