

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2677

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 15, 2022

SUMMARY

- Synopsis:** Amends requirements for certain mixed use parking projects undertaken by municipal redevelopers under Economic Redevelopment and Growth Grant program.
- Type of Impact:** Annual decrease in State revenues.
- Agencies Affected:** New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would decrease annual State revenues by an indeterminate amount by expanding the scope of eligible project costs for which municipal redevelopers of mixed-use parking projects can qualify for tax credits under the New Jersey Economic Redevelopment and Growth (ERG) Program.
- Under the ERG program, the New Jersey Economic Development Authority (EDA) may issue tax credits to the redevelopers of mixed-use parking projects, which credits can be claimed over the 10-year period following the issuance of a certificate of occupancy for the project. Because the bill extends the deadline for the submission of a temporary certificate of occupancy for an eligible project to June 2026, the State revenue losses resulting from the bill could potentially extend to FY 2036.

BILL DESCRIPTION

This bill modifies certain requirements of the ERG program for mixed-use parking projects undertaken by municipal redevelopers.

The bill amends the definition of “project cost” for any mixed-use parking project that is undertaken by a municipal redeveloper and that did not commence construction before the declaration of the COVID-19 public health emergency on March 9, 2020. For these projects,

project costs would also include any particular costs for which the project has received federal, State, or local funding.

Additionally, the bill specifies that the redevelopment incentive grant awarded for these projects would equal 100 percent of the total project costs for the parking component and 40 percent of the total project costs for the non-parking component of the mixed-use parking project. However, the bill also clarifies that the grant award would equal 100 percent of the total project costs for the parking component and 80 percent for the non-parking component if the mixed-use parking project is: (1) constructed upon all or a portion of a project site that was previously awarded tax credits pursuant to the Urban Transit Hub Tax Credit Act or the New Jersey Economic Stimulus Act of 2009, but those tax credits were not issued; (2) an entertainment venue with seating capacity in excess of 5,000; or (3) constructed to be utilized by a visitor center or youth center within or adjacent to a national historic park.

Under the bill, a municipal redeveloper of a mixed-use parking project would be required to submit a temporary certificate of occupancy for the project no later than June 30, 2026. The bill also provides that municipal redevelopers would not be required to demonstrate a project financing gap to the EDA or provide an equity contribution with respect to the parking component of the project.

The bill provides that the terms of any approval granted by the EDA for a mixed-use parking project undertaken by a municipal redeveloper, which project has not yet commenced construction activities other than demolition or site work, would be automatically modified to reflect the terms established by this bill, without necessitating any further action by the EDA. All dates of required action by the municipal redeveloper contained in an approval would be automatically extended by the 30-month period corresponding to the temporary certificate of occupancy submission date established by the bill.

Finally, the bill provides that all proposed mixed-use parking projects are required to comply with LEED standards to the extent that the United States Green Building Council has promulgated standards for the project type proposed.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will decrease annual State revenues by an indeterminate amount by expanding the scope of eligible project costs for which municipal redevelopers of mixed-use parking projects can qualify for tax credits under the ERG program.

Under the ERG program, the EDA may issue tax credits to the redevelopers of mixed-use parking projects, which credits can be claimed over the 10-year period following the issuance of a certificate of occupancy for the project. Notably, the amount of tax credits awarded for a project is determined based on a percentage of the project's total eligible costs. Consequently, by expanding the definition of "project costs" for certain mixed-use parking projects to include particular costs supported by federal, State, or local funding, the bill would increase the amount of credits awarded to an eligible mixed-use parking project that received such funding. Moreover, because the bill extends the deadline for the submission of a temporary certificate of occupancy

for an eligible project to June 2026, the State revenue losses resulting from the bill could potentially extend to FY 2036.

The OLS also notes that by extending the deadline for municipal redevelopers to obtain temporary certificates of occupancy for approved mixed-use parking projects, the bill increases the likelihood that these projects will satisfy all requirements of the ERG program, thereby allowing the municipal redeveloper to realize the awarded tax credits. Accordingly, the bill may increase the total amount of tax credits that are actually claimed or sold by municipal redevelopers to the extent that the bill allows certain additional mixed-use parking projects to be completed in a timely manner.

Section: Authorities, Utilities, Transportation and Communications Section

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).