

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2677**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 6, 2022

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2677, with committee amendments.

As amended and reported, the bill modifies certain requirements of the Economic Redevelopment and Growth Grant (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 New Jersey Economic Development Authority (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 Leadership in Energy and Environmental Design (LEED) standards to the extent that the United States Green Building Council has promulgated standards for the project type proposed.

#### COMMITTEE AMENDMENTS:

The committee amendments provide that the expanded definition of “project cost,” which includes particular costs for which a project received federal, State, or local funding, would only apply to mixed-use parking projects that are undertaken by municipal redevelopers and that did not commence construction before the declaration of the COVID-19 public health emergency on March 9, 2020. As introduced, this definition would have applied to all mixed-use parking projects approved under the ERG program.

As provided under current law, the amendments also provide that if a municipal redeveloper undertakes a mixed-use parking project that would be an entertainment venue with seating capacity in excess of 5,000, then the municipal redeveloper would receive a redevelopment incentive grant based on 100 percent of the eligible project costs allocated to the parking component of the project and 80 percent of the eligible project costs allocated to the non-parking component of the project.

The amendments also clarify 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.

#### FISCAL IMPACT:

The Office of Legislative Services concludes that the bill would decrease State revenues by an indeterminate amount because the bill expands the scope of costs for which municipal redevelopers of mixed-use parking projects can qualify for tax credits under the Economic Redevelopment and Growth Program. The State revenue loss will begin at an indeterminate time and will depend on when certain project milestones are met, but in no case will the loss extend beyond FY 2036.