

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 3783

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 8, 2023

The Senate Economic Growth Committee reports favorably Senate Bill No. 3783, with committee amendments.

As amended and reported, the bill modifies certain provisions of State law concerning the New Jersey Innovation Evergreen Program and the Food Desert Relief Program.

Changes to the New Jersey Innovation Evergreen Program

The bill modifies certain provisions of the New Jersey Innovation Evergreen Program, which is an economic development program that sells discounted tax credits to raise capital for qualified businesses in New Jersey. Under the program, a qualified business is one that: is registered to do business in the State with the Director of the Division of Revenue and Enterprise Services in the Department of the Treasury; has its principal business operations located in the State and intends to maintain its principal business operations in the State after receiving a qualified investment under the program; is engaged in a targeted industry, and employs fewer than 250 persons at the time of the qualified investment. Under current law, the “principal business operations” requirement is satisfied under either of the following circumstances: (1) at least 50 percent of the business’s employees, who are not primarily engaged in retail sales, reside in the State; or (2) at least 50 percent of the business’s payroll for employees not primarily engaged in retail sales is paid to individuals living in the State.

The bill revises these criteria by providing that a business may satisfy the “principal business operations” requirement in any of the following circumstances: (1) at least 50 percent of the business's employees not primarily engaged in retail sales reside in the State; (2) at least 50 percent of the business's payroll for employees not primarily engaged in retail sales is paid to individuals living in the State; (3) at least 50 percent of the business’s full-time employees not primarily engaged in retail sales are filling a position in the State; or (4) at least 50 percent of the business’s payroll for employees not primarily engaged in retail sales is paid to full-time employees filling a position in the State.

In addition, the bill modifies one of the requirements for purchasers of tax credits under the New Jersey Innovation Evergreen Program. Under current law, to be awarded a tax credit under the program, a potential purchaser is required to specify the amount the potential purchaser will pay in exchange for the requested amount of tax credits, which may not be less than 75 percent of the requested dollar amount of tax credits. The bill revises this requirement to provide that the authority will set the amount that a potential purchaser will pay in exchange for the requested amount of tax credits. The payment amount set by the authority may not be less than 75 percent of the requested dollar amount of tax credits.

Current law allows a purchaser to apply a credit or tax credit transfer certificate awarded under the New Jersey Innovation Evergreen Program against the purchaser's corporate business tax liability due under the Corporation Business Tax Act (1945). The bill allows a purchaser to apply a credit or tax credit transfer certificate awarded under the program to the purchaser's corporate business tax liability or, in the case of a purchaser that is an insurance company, to the purchaser's insurance premiums tax liability.

Change to the Food Desert Relief Program

As amended, the bill modifies a provision of the Food Desert Relief Program, which is an economic development program that provides tax credits to eligible businesses to incentivize those businesses to establish and retain new supermarkets and grocery stores in "food desert communities." A "food desert community" is a community where residents are unable to obtain reasonable and adequate access to nutritious foods such as fresh fruits and vegetables. Taxpayers who receive tax credits under the program may sell all or a portion of those credits. Current law provides that any credit sold is valid in the privilege period in which the sale is completed. The bill, as amended, modifies this provision to provide that any credit sold is valid in the privilege period in which the sale is approved.

COMMITTEE AMENDMENTS:

The committee amendments remove the previously proposed definitions for "full-time employee" and "full-time employee filling a position in the State." As introduced, the bill would have amended State law governing the New Jersey Innovation Evergreen Program to include definitions of "full-time employee" and "full-time employee filling a position in the State."

The committee amendments also modify a provision of the Food Desert Relief Program to provide that any credit sold under the program is valid in the privilege period in which the sale is approved. Current law provides that any credit sold under the program is valid in the privilege period in which the sale is completed.