

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
SENATE, No. 4217
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 5, 2024

SUMMARY

Synopsis: Extends certain accommodations implemented during COVID-19 public health emergency for businesses participating in State economic development programs.

Type of Impact: Net State revenue decrease.

Agencies Affected: Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	
Net State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will overall lead to a net decrease in State revenues. The decrease in State revenues would occur as a result of tax credits that would be awarded for the period between January 1, 2024 and March 31, 2024 pursuant to the bill’s provisions.
- First, the bill will result in a State revenue decrease to the extent that businesses participating in certain State economic development programs choose to waive the requirement that full-time employees employed by the businesses spend at least 60 percent of their time at the qualified business facility.
- Second, the bill will result in an increase in State revenues stemming from certain payments made by participating businesses under the bill. Any State revenue increase resulting from these payments, however, may be offset by an increase in State expenditures because the bill requires the Economic Development Authority to make the funds it receives via these payments available to support certain economic development activities.

BILL DESCRIPTION

This bill provides certain accommodations to businesses participating in the Business Employment Incentive Program, the Business Retention and Relocation Assistance Grant Program, the Grow New Jersey Assistance Program, and the Urban Transit Hub Program.

During the COVID-19 public health emergency, the New Jersey Economic Development Authority implemented certain accommodations for businesses that had previously been approved awards under these programs. As part of these accommodations, the authority waived the requirement that a full-time employee employed by a business participating in any of the programs is to spend at least 80 percent of the employee's time at the qualified business facility to be eligible for an award under the program. The New Jersey Economic Recovery Act of 2020 lowered the requirement for spending time at the qualified business facility to 60 percent of the employee's time, as provided by law. As a condition of waiving these on-site work requirements, participating businesses are required to ensure that any full-time employee employed by the business spend at least 10 percent of the employee's time at the qualified business facility. The businesses are also required to make payments equal to five percent of the tax credit they receive as a result of receiving the waiver.

The bill extends the accommodations provided during the COVID-19 public health emergency from the current expiration date of December 31, 2023 to March 31, 2024.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will overall lead to a net decrease in State revenues. The decrease in State revenues would occur as a result of tax credits that would be awarded for the period between January 1, 2024 and March 31, 2024 pursuant to the bill's provisions.

First, the bill will result in a State revenue decrease to the extent that businesses participating in certain State economic development programs choose to waive the requirement that full-time employees employed by the businesses spend at least 60 percent of their time at the qualified business facility. Although the bill extends accommodations that participating businesses have been able to utilize since July of 2022, the continuation of the waiver would allow businesses to remain eligible for tax credits which they may not have otherwise received under current law.

Second, the bill will result in an increase in State revenues stemming from certain payments made by participating businesses under the bill. The bill requires that participating businesses electing to waive the on-site work requirements would make payments equal to five percent of the tax credit they received, through March 31, 2024. Any State revenue increase resulting from these payments, however, may be offset by an increase in State expenditures because the bill requires the Economic Development Authority to make the funds it receives via these payments available to support certain economic development activities.

Section: Revenue, Finance, and Appropriations

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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.).