SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4217

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 21, 2023

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 4217.

As amended and reported by the committee, 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 (EDA) implemented certain accommodations for businesses that had previously been approved awards under these programs. As part of these accommodations, the EDA 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. The bill, as amended, extends these accommodations through March 31, 2024.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) extend the accommodations enacted by P.L.2022, c.134 through March 31, 2024;

(2) remove the provisions allowing, for the 2024 tax period and for all subsequent tax periods, businesses participating in certain economic development programs to waive the requirement that a full-time employee who is employed by the business is to spend at least 60 percent of the employee's time at the qualified business facility;

(3) remove the modifications to the tax credit award requirements under the "Emerge Program Act"; and

(4) update the bill's synopsis to reflect these changes.

FISCAL IMPACT:

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 under the bill through March 31, 2024. 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.