

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4046

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 4046.

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.

Under current law, a business that participates in any of these programs is awarded an economic development incentive in the form of tax credits after meeting certain program requirements. Under each program, the business is required to create or retain a certain number of full-time jobs at a qualified business facility, with the number of jobs created or retained varying depending on the program and the location of the qualified business facility. However, in order for a full-time job to be counted towards satisfying the requirements of each program, current law requires full-time employees to spend at least 60 percent of their time at the qualified business facility.

Current law allows a business participating in any of these programs to waive this requirement through March 31, 2024, provided that: (1) any full-time employee employed by the business spends at least 10 percent of the employee's time at the qualified business facility for the 2023 tax period through March 31, 2024; and (2) the business makes a payment of an amount equal to five percent of the amount of the tax credit that the business receives for the 2022 tax period.

The bill would extend this authorization for the tax period beginning on April 1, 2024, and for all subsequent tax periods, for any business that has entered into an amended incentive agreement, provided that: (1) any full-time employee employed by the business spends at least 40 percent of the employee's time at the qualified business facility during the tax period; and (2) the business makes a payment of an amount equal to 20 percent of the amount of the tax credit that the business receives for the tax period, which payment is to be made to the municipal affordable housing trust fund in the municipality in which the qualified business facility is located.

The bill allows the New Jersey Economic Development Authority (“authority”), in consultation with the Division of Taxation in the Department of the Treasury, to authorize a tax certificate holder to carry forward the tax credit issued to the holder pursuant to the bill, for a period to be determined by the authority, in consultation with the Division of Taxation, but not to exceed the 20 tax periods immediately succeeding the tax period for which it was issued. The tax credit will expire thereafter. The bill permits the tax certificate holder to transfer the tax credit amount on or after the date of issuance or at any time after the date of issuance for use by the transferee in the tax period for which it was issued or within a period to be determined by the authority, in consultation with the Division of Taxation, but not to exceed the 20 tax periods immediately succeeding the tax period for which it was issued. The tax certificate holder or transferee may first claim the credit in any tax period that is on or after the date of issuance subject to the carry-forward provision in the bill. The bill provides that no more than the amount of tax credits equal to the total credit amount divided by the duration of the eligibility period in years may be taken in any tax period.