

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3479

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3479.

This bill revises various provisions of the “New Jersey Economic Recovery Act of 2020,” P.L.2020, c.156 (C.34:1B-269 et al.) concerning the Historic Property Reinvestment Program and the Brownfields Redevelopment Incentive Program.

The Historic Property Reinvestment Program

The bill revises the amount of credits that may be awarded to eligible business entities under the program. Specifically, the bill increases the maximum size of tax credits awarded under the program and allows for certain facade rehabilitation projects to be eligible for a tax credit award.

Under the bill, the credits awarded for the rehabilitation of a qualified property located in a qualified incentive tract or government-restricted municipality are increased to 60 percent of the cost of rehabilitation or \$12 million, whichever is less. Under current law, these credit amounts are equal to 45 percent of the cost of rehabilitation or \$8 million, whichever is less. The credits awarded for the rehabilitation of any other qualified property, other than a transformative project, are also increased to 50 percent of the cost of rehabilitation or \$8 million, whichever is less. Under current law, these credit amounts are equal to 40 percent of the cost of rehabilitation or \$4 million, whichever is less. The bill also revises the tax credit eligibility requirement for a business to demonstrate a project financing gap to apply only to projects located outside of a government-restricted municipality that have a total rehabilitation cost or total facade rehabilitation cost of at least \$5 million.

The bill provides the Economic Development Authority (EDA) with the discretion to make up to 50 percent of the tax credits available for distribution in a given year to be made available for facade rehabilitation projects. The value of tax credits awarded to a facade rehabilitation project are 50 percent of the project’s cost of facade rehabilitation, up to a maximum of \$4 million. The bill defines “facade rehabilitation projects” to mean a project consisting of the repair or reconstruction of exterior building features, including but not limited to structural components embedded within exterior walls, masonry units and mortar, exterior siding fabric, doors, windows,

exterior lighting fixtures, and decorative components, such as metalwork, terracotta units and cast stone which constitute the facades of a qualified property or transformative property.

The Brownfields Redevelopment Incentive Program

The bill revises various provisions relating to the application process for a developer and, following authority approval of the application, the subsequent redevelopment agreement between a developer and the authority. The bill also provides that the EDA would accept applications on a rolling basis, unless the EDA determines that the demand for tax credits is likely to exceed the availability of credits, in which case applications would be reviewed on a competitive basis and submitted before a date certain.

Under the bill, the value of credits awarded for the remediation of a redevelopment project located in a qualified incentive tract or government-restricted municipality is increased to up to 80 percent of the actual remediation costs, 80 percent of the projected remediation costs set forth in the redevelopment agreement, or \$12 million, whichever is less. Under current law, these credit amounts are equal to 60 percent of the actual remediation costs, 60 percent of the projected remediation costs set forth in the redevelopment agreement, or \$8 million, whichever is less.

The bill specifies the amount of tax credits that may be awarded for a redevelopment project erecting a solar panel array on the site of a closed sanitary landfill. If the project is located in a qualified incentive tract or a government-restricted municipality, the value of the tax credit would be in an amount equal to 100 percent of the costs of remediation or \$12 million, whichever is less. If the project is located anywhere else in the State, the value of tax credit would be in an amount equal to 100 percent of the costs of remediation or \$8 million, whichever is less.

Under the bill, the value of credits awarded for the remediation of all other redevelopment projects is increased to up to 60 percent of the actual remediation costs, 60 percent of the projected remediation costs set forth in the redevelopment agreement, or \$8 million, whichever is less. Under current law, these credit amounts are equal to 50 percent of the actual remediation costs, 50 percent of the projected remediation costs set forth in the redevelopment agreement, or \$4 million, whichever is less.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result will result in a net loss of State revenues over a multi-year period. This bill modifies various provisions of current law governing the Historic Property Reinvestment Program and the Brownfields Redevelopment Incentive Program.

The provisions of the bill increasing the maximum amount of tax credits that may be awarded to an individual project through either program will result in a State revenue loss to the extent that the developers of qualified properties and redevelopment projects qualify for larger tax credit awards permitted under current law.

By revising the tax credit eligibility requirement for a business to demonstrate a project financing gap so that it applies only to projects located outside of a government-restricted municipality that have total rehabilitation costs, total façade rehabilitation costs, or total remediation costs of at least \$5 million, the bill will result in a State revenue loss to the extent that these modifications allow developers to receive tax credits for which they may not be eligible under current law.

The provision of the bill allowing the Economic Development Authority to allocate to façade rehabilitation projects up to 50 percent of the tax credits available for distribution in any given year will result in a State revenue loss to the extent that it allows developers to receive tax credits for which they are not eligible under current law.

Current law provides the total amount of tax credits awarded annually through the Historic Property Reinvestment Program and the Brownfields Redevelopment Incentive Program at \$50 million each during the first six years of the nine-year period following enactment of the “New Jersey Economic Recovery Act of 2020.” Although the bill increases the maximum amount of tax credits that may be awarded to eligible projects and the types of projects that may qualify for tax credit awards, the bill does not alter the current statutory tax credit for each program.