

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1899

STATE OF NEW JERSEY

DATED: DECEMBER 18, 2017

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1899 (1R).

This bill amends the “Offshore Wind Economic Development Act,” to expand the definition of “wind energy zone” to include property located in the project area of the “Portfields Initiative,” designated as a portfield site by the Port Authority of New York and New Jersey and the New Jersey Economic Development Authority (EDA), and within a county of the second class with at least 700,000 residents (Middlesex County). The expanded definition allows the EDA to provide tax credits for qualified wind energy facilities located in this area.

FISCAL IMPACT:

The fiscal impact of this bill will be equal to the amount of revenue loss directly resulting from the awarding of tax credits, to be offset by the amount of indirect revenue gains resulting from taxes imposed on business activities companies engage in as a result of the tax credit awards and their own investments made possible by the tax credit award. This result would then need to be compared with the opportunity cost of utilizing the same level of public expenditure on some other public purpose and identify the difference in net revenue impact between the investments of tax credits relative to that other public expenditure.

The program allows for an investment of up to \$100 million in tax credits towards construction of wind energy facilities, which can be increased above that cap at the discretion of the EDA. When this program was originally passed into law no tax credits were awarded. This bill expands eligibility for credits, potentially making the program more enticing to wind energy facility developers, resulting in a greater award of tax credits under this bill.