

[First Reprint]

SENATE, No. 2256

STATE OF NEW JERSEY
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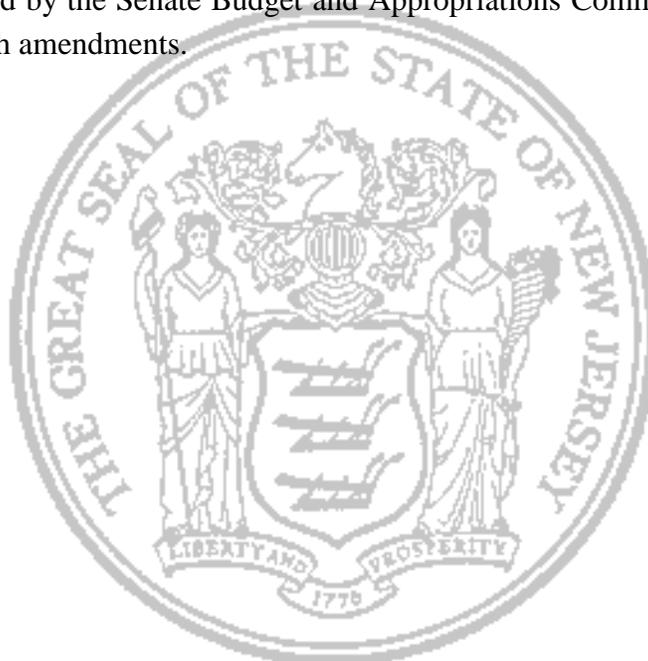
Senators Oroho, Addiego, Ruiz and Gopal

SYNOPSIS

Establishes Main Street Assistance Program to encourage business development in small municipalities.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on March 18, 2019, with amendments.



(Sponsorship Updated As Of: 3/26/2019)

1 AN ACT creating the Main Street Assistance Program and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. This act shall be known and may be cited as the "Main Street
8 Assistance Act."

9

10 2. The Legislature finds and declares that:

11 a. Many municipalities in this State having small populations
12 face considerable obstacles in fostering new jobs and business
13 growth and do not qualify for assistance offered by the State's
14 municipal and business assistance programs; and

15 b. Recognizing the difficulties faced by these municipalities
16 and businesses, it is in the long-term economic interest of this State
17 to establish an economic development incentive program to
18 encourage business growth in the commercial areas of smaller
19 municipalities, so that the local economy of these municipalities
20 may grow and thrive.

21

22 3. As used in P.L. , c. (C.) (pending before the
23 Legislature as this bill):

24 "Area business" means an entity authorized to do business in the
25 State of New Jersey, which is engaged in the active conduct of a trade
26 or business in a Main Street area and has at least 15 percent of its full-
27 time employees employed at a business location in that Main Street
28 area, who are residents of the small municipality in which the Main
29 Street area is situated.

30 "Authority" means the New Jersey Economic Development
31 Authority, created by section 4 of P.L.1974, c.80 (C.34:1B-4).

32 "Developed" means an area where the landscape has been altered
33 by human activities and that is referred to as Level 1 Urban in the 2012
34 New Jersey Department of Environmental Protection land use/land
35 cover data set.

36 "Full-time employee" means a person: employed by an area
37 business for at least 29 hours a week; who renders a standard of
38 service generally accepted, by custom or practice, as full-time
39 employment; employed by a professional employer organization
40 pursuant to an employee leasing agreement between an area business
41 and the professional employer organization, in accordance with
42 P.L.2001, c.260 (C.34:8-67 et seq.), for at least 29 hours a week; who
43 renders a standard of service generally accepted, by custom or
44 practice, as full-time employment and whose wages are subject to
45 withholding as provided in the "New Jersey Gross Income Tax Act,"

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted March 18, 2019.

1 N.J.S.54A:1-1 et seq.; who renders a standard of service generally
2 accepted, by custom or practice, as full-time employment and is a
3 resident of another State but whose income is not subject to the "New
4 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.; or who renders
5 a standard of service, generally accepted by custom or practice, as full-
6 time employment, and whose distributive share of income, gain, loss,
7 or deduction, or whose guaranteed payments or any combination
8 thereof, is subject to the payment of estimated taxes, as provided in the
9 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time
10 employee" shall not include any person who works as an independent
11 contractor or on a consulting basis for the area business.

12 "Main Street area" or "area" means an eligible area designated by a
13 small municipality pursuant to section 5 of P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 "Privilege period" means the same as that term is defined in
16 section 4 of P.L.1945, c.162 (C.54:10A-4).

17 "Program" means the "Main Street Assistance Program"
18 established pursuant to section 4 of P.L. , c. (C.) (pending
19 before the Legislature as this bill).

20 "Small municipality" means any municipality with a population of
21 under 20,000 persons, according to the most recent federal decennial
22 census, which is over ¹**[75]** 70¹ percent developed according to the
23 2012 New Jersey Department of Environmental Protection land
24 use/land cover data set ¹, or any municipality with a population of
25 under 11,000 persons, according to the most recent federal decennial
26 census, that is a seat of county government¹.

27 "Technical assistance" means assistance in the establishment,
28 development, or promotion of an area business operating within a
29 Main Street area under the terms and conditions adopted by the
30 authority pursuant to P.L. , c. (C.) (pending before the
31 Legislature as this bill).

32

33 4. The Economic Development Authority shall establish the
34 Main Street Assistance Program for providing loans, loan
35 guarantees, tax credits, and technical assistance to area businesses
36 located within small municipalities and technical assistance grants
37 to small municipalities to help them improve the economy,
38 appearance, and image of their central business districts. The
39 authority shall establish terms governing the provision of loans,
40 loan guarantees, tax credits, and technical assistance to area
41 businesses and technical assistance grants to small municipalities.

42

43 5. The governing body of a small municipality may, by
44 ordinance, designate an area zoned for commercial use on the
45 effective date of P.L. , c. (C.) (pending before the
46 Legislature as this bill) within the small municipality as a Main
47 Street area. In designating a Main Street area, the governing body
48 shall set forth the boundaries of the area, state findings of fact

1 concerning the economic conditions existing in the Main Street
2 area, and state the small municipality's policy and intentions for
3 addressing these conditions. The statement of intent to address
4 conditions in a Main Street area shall include:

5 a. Utilizing the powers conferred on the small municipality by
6 law to stimulate investment in, and economic development of, the
7 Main Street area;

8 b. Utilizing State assistance through the provisions of the Main
9 Street Assistance Program relating to financial and technical
10 assistance to area businesses available from the authority or any
11 other State entity;

12 c. Securing the involvement in, and commitment to, Main
13 Street area economic development by private entities, including
14 area neighborhood associations, voluntary community organizations
15 supported by residents, and area businesses;

16 d. Utilizing the powers conferred by law to revise municipal
17 planning and zoning ordinances and other land use regulations as
18 they pertain to the Main Street area, in order to enhance the
19 attraction of the area to existing and prospective area businesses;

20 e. Increasing the availability and efficiency of support services,
21 public and private, generally used by, and necessary to, the efficient
22 functioning of commercial and industrial facilities within and
23 outside of the Main Street area; and

24 f. The extent to which improvements in the Main Street area
25 will be financed by the municipal government or by other entities.

26

27 6. The Economic Development Authority shall work
28 cooperatively with the Business Action Center and other State
29 departments, agencies, boards, commissions, and authorities to
30 explore and implement opportunities to direct resources and create
31 enhanced incentives for area businesses participating in the Main
32 Street Assistance Program.

33

34 7. a. A taxpayer shall be allowed a credit for the privilege period
35 against the tax imposed pursuant to section 5 of P.L.1945,
36 c.162 (C.54:10A-5), in an amount equal to 15 percent of the taxpayer's
37 employee compensation expenses related to meeting the employment
38 criteria under the definition of an area business pursuant to section 3 of
39 P.L. , c. (C.) (pending before the Legislature as this bill) and
40 participation in the program, as determined by the authority, pursuant
41 to P.L. , c. (C.) (pending before the Legislature as this bill).
42 A taxpayer may carry forward an unused credit, if necessary, for use in
43 the seven privilege periods following the privilege period for which
44 the credit is allowed.

45 b. The director of the authority shall prescribe the order of
46 priority of the application of the credit allowed pursuant to this section
47 and any other credits allowed by law. The amount of the credit
48 applied under this section against the tax imposed pursuant to section 5

1 of P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
2 any other credits allowed by law, shall not exceed 50 percent of the tax
3 liability otherwise due and shall not reduce the tax liability to an
4 amount less than the statutory minimum provided in subsection (e) of
5 section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of expense
6 claimed as a credit pursuant to this section shall not be allowed as an
7 amount calculated or claimed pursuant to any other credit against the
8 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

9
10 8. a. A taxpayer shall be allowed a credit for the taxable year
11 against the tax otherwise due for the taxable year pursuant to the "New
12 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount
13 equal to 15 percent of the taxpayer's employee compensation expenses
14 related to meeting the definition of an area business pursuant to section
15 3 of P.L. , c. (C.) (pending before the Legislature as this bill)
16 and participation in the program, as determined by the authority. A
17 taxpayer may carry forward an unused credit, if necessary, for use in
18 the seven taxable years following the taxable year for which the credit
19 is allowed.

20 b. The director of the authority shall prescribe the order of
21 priority of the application of the credit allowed pursuant to this section
22 and any other credits allowed by law. The amount of the credit
23 applied under this section against the tax imposed pursuant to "New
24 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable
25 year together with any other credits allowed by law, shall not exceed
26 50 percent of the tax liability otherwise due. An amount of expense
27 claimed as a credit pursuant to this section shall not be allowed as an
28 amount calculated or claimed pursuant to any other credit against the
29 tax imposed pursuant to "New Jersey Gross Income Tax Act,"
30 N.J.S.54A:1-1 et seq.

31 A business entity classified as a partnership for federal income tax
32 purposes shall not be allowed a tax credit directly under the gross
33 income tax. Instead, the tax credit shall be allocated to a taxpayer, in
34 proportion to the credit acquired by the partnership, equal to the
35 taxpayer's share, whether or not distributed, of the total distributive
36 income or gain of the partnership for the taxable year ending within or
37 with the taxpayer's taxable year.

38 A New Jersey S Corporation shall not be allowed a credit directly
39 under the gross income tax. Instead, a pro rata share of S Corporation
40 income shall be determined by allocating to the taxpayer that
41 proportion of the credit acquired by the New Jersey S Corporation that
42 is equal to the taxpayer's share, whether or not distributed, of the total
43 pro rata share of S Corporation income of the New Jersey S
44 Corporation for its privilege period ending within or with the
45 taxpayer's taxable year.

46
47 9. Within one year after the effective date of
48 P.L. , c. (C.) (pending before the Legislature as this

1 bill), and annually thereafter, the Economic Development Authority
2 shall report to the Governor and the Legislature, pursuant to section
3 2 of P.L.1991, c.164 (C.52:14-19.1), and publish the report on the
4 authority's Internet website. The report shall include the number of
5 area businesses participating in the program, the names and types of
6 area businesses participating in the program, the total amount of
7 financial and technical assistance provided to area businesses, the
8 amount of financial and technical assistance received per area
9 business, the number of jobs created overall and per area business,
10 the amount of capital investment made per area business, the total
11 amount of technical assistance grants provided to small
12 municipalities, and any other information as the authority
13 determines is necessary to evaluate the progress of the program.
14

15 10. a. To fund the Main Street Assistance Program, the
16 Economic Development Authority shall establish and maintain a
17 special non-lapsing, revolving fund to be known as the "Main Street
18 Assistance Fund" for providing loans, loan guarantees, and
19 technical assistance to area businesses located within small
20 municipalities. The terms of a loan or loan guarantee, and the
21 amount of technical assistance shall be at the discretion of the
22 authority based on the monies made available by the authority for
23 the purposes of the fund. The authority may provide technical
24 assistance grants to small municipalities to improve the economy,
25 appearance, and image of a municipality's central business district.

26 b. The fund may be credited with:

27 (1) moneys made available by the authority for the purpose of
28 the fund;

29 (2) moneys received by the authority from any public or private
30 source;

31 (3) moneys repaid to the fund by area business awarded loans
32 from the fund; and

33 (4) any return on investment of moneys deposited in the fund.
34

35 11. The authority shall adopt rules and regulations, pursuant to
36 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
37 seq.), necessary to implement the provisions of P.L. , c. (C.)
38 (pending before the Legislature as this bill), including, but not
39 limited to, a requirement that, in order for an area business to
40 receive financial and technical assistance from the authority, an area
41 business shall enter into an agreement with the authority to submit
42 an audited financial statement to the authority.
43

44 12. This act shall take effect immediately, but shall remain
45 inoperative for 60 days following the date of enactment. Sections 7
46 and 8 shall apply to privilege periods and taxable years beginning
47 on or after January 1 next following the date of enactment.