

SENATE, No. 3171

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED NOVEMBER 26, 2018

Sponsored by:

Senator JOSEPH P. CRYAN

District 20 (Union)

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Requires State and local government recapture of economic development subsidies for failure to meet minimum job retention obligations.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning State and local government economic
2 development subsidies and supplementing P.L.2015, c.167
3 (C.52:18-51 et seq.) and P.L.1992, c.79 (C.40A:12A-1 et al.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. Notwithstanding any provision of law to the contrary, on
9 or after the effective date of P.L. , c. (C.) (pending before
10 the Legislature as this bill) a person or recipient business shall not
11 be eligible to receive an economic development subsidy from a
12 State public body unless the person or recipient business enters into
13 an incentive agreement with the State public body that specifies
14 that:

15 (1) the person or recipient business will retain in this State, at
16 the facility connected to the receipt of the economic development
17 subsidy, the jobs created or retained based upon the receipt of the
18 economic development subsidy for a period of at least three years
19 following the final receipt of that economic development subsidy;
20 and

21 (2) a State public body shall be entitled to recapture the value of
22 an economic development subsidy provided to the person or
23 recipient business, if the person or recipient business fails to retain
24 the jobs created or retained based upon the receipt of the economic
25 development subsidy as described in paragraph (1) of this
26 subsection.

27 b. A State public body shall attempt to recapture the value of
28 an economic development subsidy provided to a person or recipient
29 business whenever the State public body is entitled to do so
30 pursuant to an incentive agreement entered into in compliance with
31 subsection a. of this section.
32

33 2. a. Notwithstanding any provision of law to the contrary, on
34 or after the effective date of P.L. , c. (C.) (pending before
35 the Legislature as this bill) a governing body of a county or
36 municipality shall not provide an economic development subsidy to
37 a person or entity unless the person or entity enters into an incentive
38 agreement with the governing body that specifies that:

39 (1) the person or entity will retain within the boundaries of that
40 county or municipality, and at any facility connected to the receipt
41 of the economic development subsidy, the jobs created or retained
42 based upon the receipt of the economic development subsidy for a
43 period of at least three years following the final receipt of that
44 economic development subsidy; and

45 (2) the governing body providing the economic development
46 subsidy shall be entitled to recapture the value of an economic
47 development subsidy provided to the person or entity, if the person
48 or entity fails to retain the jobs connected to the receipt of the

1 economic development subsidy as described in paragraph (1) of this
2 subsection.

3 b. The governing body of a county or municipality that is
4 entitled to recapture an economic development subsidy, provided to
5 a person or entity pursuant to an incentive agreement entered into in
6 compliance with subsection a. of this section, shall attempt to
7 recapture the value of that economic development subsidy.

8 c. For the purposes of this section:

9 "Economic development subsidy" means the provision of an
10 amount of funds to a recipient business by or from a governing
11 body of a county or municipality with a value of greater than
12 \$25,000 for the purpose of stimulating economic development
13 within the boundaries of the county or municipality, including, but
14 not limited to, any bond, grant, loan, loan guarantee, matching fund,
15 tax credit, other tax expenditure, or any benefit through a payment
16 in lieu of taxes or special assessments agreement. "Economic
17 development subsidy" shall not mean any contract under which a
18 governing body of a county or municipality purchases or otherwise
19 procures goods, services, or construction on an unsubsidized basis,
20 including any contract solely for the construction or renovation of a
21 facility owned by the county or municipality.

22 "Tax expenditure" means the amount of foregone tax collections
23 due to any abatement, reduction, exemption, credit, or transfer
24 certificate against any property tax or other tax levied by the
25 governing body of a county or municipality.

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27 3. This act shall take effect immediately.

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STATEMENT

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32 This bill relates to economic development subsidies, as defined
33 in the bill and by operation of current law, provided by State public
34 bodies and the governing bodies of counties and municipalities, by
35 requiring that the State public bodies and local governing bodies
36 attempt to recapture those subsidies under certain circumstances.

37 The bill requires persons or entities to enter into incentive
38 agreements in order to receive economic development subsidies
39 from a State public body or a local governing body, as applicable.
40 An incentive agreement under the bill is required to specify:

41 (1) that a person or entity that receives economic development
42 subsidy is to retain jobs connected to the receipt of that economic
43 development subsidy for a period of at least three years following
44 the final receipt of the subsidy; and

45 (2) that the State public body or local governing body providing
46 the economic development subsidy is entitled to recapture the value
47 of the economic development subsidy, if the person or entity

1 receiving the subsidy fails to retain those jobs for that period of
2 time.

3 The bill further requires State public bodies and local governing
4 bodies to attempt to recapture the value of an economic
5 development subsidy provided to a person or entity whenever the
6 State public body or local governing body is entitled to do so
7 pursuant to an incentive agreement.