

ASSEMBLY, No. 109

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex, Morris and Passaic)

Assemblywoman AURA K. DUNN

District 25 (Morris and Somerset)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

SYNOPSIS

Provides assistance to business accelerators and incubators and startup businesses located within those business accelerators and incubators.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 3/1/2021)

1 **AN ACT** concerning assistance to business accelerators and
 2 incubators and to startup businesses located within those
 3 business accelerators and incubators, supplementing P.L.1974,
 4 c.80 (C.34:1B-1 et seq.), Title 54 of the Revised Statutes, Title
 5 54A of the New Jersey Statutes, and amending P.L.1997, c.349.

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

9
 10 1. (New section) As used in P.L. , c. (C.) (pending
 11 before the Legislature as this bill):

12 “Accelerator business” means a corporation, partnership, limited
 13 liability company, or sole proprietorship, located within the
 14 confines of a business accelerator, that is supported by private
 15 sources of capital, including, but not limited to, private equity,
 16 angel investment, or venture capital that:

- 17 a. is in the earliest formative stage of development;
- 18 b. is engaged in the design, development, and introduction of
 19 new biotechnology, information technology, logistics technology,
 20 re-manufacturing, advanced materials, processing engineering or
 21 electronic device technology products, or innovative manufacturing
 22 processes; and
- 23 c. meets any other requirements for an accelerator business as
 24 the authority shall develop as determined by the authority.

25 “Advanced computing,” “advanced materials,” “information
 26 technology,” and “life sciences” shall have the same meaning as
 27 provided in section 2 of P.L.1997, c.349 (C.54:10A-5.29).

28 “Advanced technology center” means programs or departments
 29 at the State’s public and private institutions of higher education
 30 which are provided financial support from those institutions of
 31 higher education to promote innovative technology research
 32 including those established pursuant to law, including, but not
 33 limited to, P.L.1985, c.102 (C.52:9X-1 et seq.), P.L.1985, c.103
 34 (C.18A:64J-1 et seq.), P.L.1985, c.104 (C.18A:64J-8 et seq.),
 35 P.L.1985, c.105 (C.18A:64J-15 et seq.), and P.L.1985, c.106
 36 (C.18A:64J-22 et seq.).

37 “Angel investment” means the non-refundable transfer of cash to
 38 an incubator business by an established business that is not a related
 39 person of the incubator business, the transfer of which is in
 40 connection with either:

- 41 a. a transaction in exchange for stock, interests in partnerships
 42 or joint ventures, exclusive or non-exclusive licenses, rights to use
 43 technology, marketing rights, warrants, options, or any items
 44 similar to those included herein, including but not limited to options
 45 or rights to acquire any of the items included herein; or

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.

1 b. a purchase, production, or research agreement.

2 “Authority” means the New Jersey Economic Development
3 Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

4 “Big data” shall have the same meaning as provided in section 1
5 of P.L.2014, c.33 (C.52:17C-3.4).

6 “Biotechnology,” “environmental technology,” “electronic
7 device technology,” and “medical device technology,” shall have
8 the same meaning as provided in section 2 of P.L.1996, c.26
9 (C.34:1B-125).

10 “Business accelerator” means a business development facility
11 that is located within an urban transit hub or within one mile of a
12 campus of a research institution that provides low-cost space and
13 technical assistance, for short-term occupancy, to an accelerator
14 business for a term of not more than six months. A “business
15 accelerator” may include, but shall not be limited to, an advanced
16 technology center or a technology extension service.

17 “Business incubator” means a business development facility that
18 is located within an urban transit hub or within one mile of a
19 campus of a research institution that provides low-cost space and
20 technical assistance, for short-term occupancy, to an incubator
21 business. A “business incubator” may include, but shall not be
22 limited to, an advanced technology center or a technology extension
23 service.

24 “Development program” means the “Startup Businesses in
25 Business Incubators Development Program” established pursuant to
26 section 2 of P.L. , c. (C.) (pending before the Legislature
27 as this bill).

28 “Eligible incubator business student hire” means an individual
29 employed by the taxpayer for consideration whose wages are
30 subject to withholding as provided in the "New Jersey Gross
31 Income Tax Act," N.J.S.54A:1-1 et seq., and who is enrolled full-
32 time in a science or technology business-related course of study at a
33 research institution or has successfully completed a science or
34 technology business-related course of study at a research institution
35 not more than 360 days prior to the date the individual is employed
36 by the taxpayer.

37 “Grant program” means the means the “Business Accelerator and
38 Business Incubator Network Grant Program” established pursuant
39 to section 5 of P.L. , c. (C.) (pending before the Legislature
40 as this bill).

41 “Incubator business” means a corporation, partnership, limited
42 liability company, or sole proprietorship, located within the
43 confines of a business incubator, that is supported by private
44 sources of capital, including, but not limited to, private equity,
45 angel investment, or venture capital that:

46 a. is in a formative stage of development or has transferred
47 directly from a business accelerator;

48 b. is engaged in the design, development, and introduction of
49 new biotechnology, information technology, logistics technology,

1 re-manufacturing, advanced materials, processing engineering or
2 electronic device technology products, or innovative manufacturing
3 processes; and

4 c. meets any other requirements for an incubator business as
5 the authority shall develop as determined by the authority.

6 "New Jersey emerging technology business" shall have the same
7 meaning as provided in section 2 of P.L.1997, c.349 (C.54:10A-
8 5.29).

9 "Research institution" means an institution of higher education,
10 as that term is defined in section 2 of P.L.1977, c.123 (C.18A:68-
11 11.2), a research hospital, or any combination thereof.

12 "Secretary" means the Secretary of Higher Education appointed
13 pursuant to section 2 of P.L.2009, c.208 (C.18A:3B-47).

14 "Support services" means the provision of publicly or privately-
15 supported, low-cost, short-term occupancy, rental space and
16 technology extension services wherein financial and other types of
17 business or technical assistance is provided to an accelerator
18 business or incubator business by a business accelerator or
19 incubator.

20 "Technology extension service" means a program to accelerate
21 the application and transfer of technological innovation by the
22 research institutions to an accelerator business or incubator
23 business, specifically to work with the State's accelerator businesses
24 or incubator businesses to adapt these innovations to the
25 requirements of individual business operations.

26 "Urban transit hub" shall have the same meaning as provided in
27 section 2 of P.L.2007, c.346 (C.34:1B-208).

28

29 2. (New section) a. The authority, in consultation with the
30 Secretary of Higher Education, shall establish and administer the
31 "Startup Businesses in Business Incubators Development Program"
32 for the purpose of providing financial assistance and support
33 services, directly and through public-private partnerships with
34 business accelerators and business incubators, to:

35 (1) an accelerator business located within a business accelerator
36 that provides support services, mentoring, and physical space to the
37 accelerator business; or

38 (2) an incubator business located within a business incubator
39 that provides support services, guidance, physical space, access to
40 capital, and collaborative programming with a research institution,
41 including collaborations to accommodate eligible incubator
42 business student hires, to the incubator business.

43 b. The authority shall provide financial assistance to a business
44 accelerator or a business incubator in an amount that matches 20
45 percent of the amount of financial assistance and support services
46 provided by a research institution, up to a total of \$200,000, which
47 may be applied to any aspect of an accelerator business or an
48 incubator business operating within the business accelerator or
49 business incubator.

1 c. In order to be eligible for financial assistance from the
2 authority, in accordance with subsection b. of this section, a
3 business accelerator or a business incubator, at the time of jointly
4 submitting an application for development program eligibility, shall
5 provide proof that it provides business development facilities and
6 business development assistance to an accelerator business or an
7 incubator business operating in one of the following fields:

- 8 (1) clean energy or environmental technology;
- 9 (2) life sciences, biotechnology, or medical device technology;
- 10 (3) advanced materials, engineering, or manufacturing;
- 11 (4) supply chain, transportation, or logistics;
- 12 (5) big data, advanced computing, or digital technology;
- 13 (6) defense or homeland security; or
- 14 (7) food and agriculture.

15 d. (1) The authority and the secretary shall, as they deem
16 appropriate, promote and facilitate public-private partnerships
17 between accelerator and incubator businesses, business accelerators
18 and incubators, and research institutions.

19 (2) The authority and the secretary shall adopt rules and
20 regulations to promote and facilitate public-private partnerships and
21 to establish the parameters of public-private partnership agreements
22 necessary for an accelerator business or an incubator business to
23 qualify for tax credits pursuant to sections 7 or 8 of P.L. ,
24 c. (C.) (pending before the Legislature as this bill).

25 (3) The rules and regulations shall include, but not be limited to,
26 the following elements of public-private partnership agreements:

27 (a) requirements and guidelines for use of the expertise and
28 research capabilities of research institutions by an accelerator
29 business or an incubator business;

30 (b) requirements and guidelines for licensing rights authorizing
31 a research institution to use research and technology produced by an
32 accelerator business or an incubator business under a public-private
33 partnership agreement;

34 (c) requirements and guidelines for incubator business
35 employment opportunities for students enrolled in science and
36 technology business programs at research institutions and eligible
37 incubator business student hires; and

38 (d) requirements and guidelines for incubator business
39 internships for students enrolled in science and technology business
40 programs at research institutions and eligible incubator business
41 student hires.

42 e. An accelerator business or an incubator business shall not
43 qualify for tax credits pursuant to sections 7 or 8 of P.L. ,

44 c. (C.) (pending before the Legislature as this bill) unless the
45 agreement complies with the requirements and guidelines of
46 paragraph (3) of subsection d. of this section.

47

48 3. (New section) a. An accelerator business or an incubator
49 business seeking to participate in the development program shall,

1 jointly with a business accelerator or a business incubator, submit
2 an application in a form and manner as the authority shall require.
3 The application shall include information the authority determines
4 is necessary to administer the development program. An
5 accelerator business or an incubator business seeking to participate
6 in the development program shall, jointly with the hosting business
7 accelerator or business incubator, submit to the authority
8 documentation stating that participation in the development
9 program will be a contributing factor towards the financial success
10 of the accelerator business or incubator business.

11 b. The authority shall review and may approve an application
12 for the development program. The authority shall approve an
13 application for development program eligibility pursuant to an
14 agreement with an accelerator business or an incubator business and
15 the business accelerator or business incubator hosting the
16 accelerator business or incubator business subject to the submission
17 of proof by an approved development program applicant of the
18 expenditures contributing to the success of an accelerator business
19 or incubator business assisted by the business accelerator or
20 incubator. An applicant who fails to comply with an agreement, as
21 a condition of receiving financial assistance, shall repay any
22 financial assistance received and, if so determined by the authority,
23 shall pay a penalty not in excess of 10 percent of the amount of
24 financial assistance.

25
26 4. (New section) a. The authority shall establish and maintain
27 the “Startup Businesses in Business Incubators Development
28 Program” established pursuant to section 2 of P.L. , c. (C.)
29 (pending before the Legislature as this bill) with monies to be used
30 by the authority for the purposes specified in P.L. , c. (C.)
31 (pending before the Legislature as this bill). Monies to be utilized
32 by the development program shall include, but not be limited to:

33 (1) monies as may be available to the authority from other
34 business development programs administered by the authority or
35 other State agencies or authorities, and which the authority
36 determines to be necessary in light of the volume of applications
37 from accelerator businesses and incubator businesses for eligibility
38 for the development program as necessary to implement the
39 purposes of P.L. , c. (C.) (pending before the Legislature as
40 this bill); and

41 (2) other monies as may be made available to the authority from
42 public or private sources.

43 b. Monies in the development program which are not allocated
44 for current responsibilities of the development program may be
45 invested by the authority in any direct obligations as to which
46 principal and interest are guaranteed by the United States of
47 America or any other obligation deemed appropriate by the
48 authority.

- 1 5. (New section) a. The authority shall establish and administer
2 the “Business Accelerator and Business Incubator Network Grant
3 Program” for the purpose of awarding grants to business
4 accelerators or business incubators, based upon a competitive
5 application and evaluation process.
- 6 b. In addition to the financial assistance provided pursuant to
7 subsection b. of section 2 of P.L. , c. (C.) (pending before
8 the Legislature as this bill), the authority shall annually,
9 commencing with the calendar year next beginning after the
10 effective date of P.L. , c. (C.) (pending before the
11 Legislature as this bill), and for the six subsequent calendar years
12 provide 10 business accelerator and business incubator network
13 grants, equaling \$100,000 each, to business accelerators or business
14 incubators, which may be applied to:
- 15 (1) any aspect of the business accelerator or business incubator
16 that provides support to incubator businesses in the business
17 accelerator or business incubator as determined by the authority; or
18 (2) any aspect of an accelerator business or incubator business
19 operating within the business accelerator or business incubator.
- 20 c. In order to be eligible for a grant, a business accelerator or
21 business incubator at the time of application for program eligibility,
22 must qualify to receive financial assistance provided pursuant to
23 section subsection b. of section 2 of P.L. , c. (C.)
24 (pending before the Legislature as this bill)
- 25 d. A business accelerator or business incubator seeking to
26 participate in the grant program shall submit an application in a
27 form and manner as the authority shall require. The application
28 shall include information that the authority determines to be
29 necessary to evaluate applications and administer the grant
30 program.
- 31 e. The authority shall annually review and evaluate
32 applications for the grant program, and make award decisions upon
33 evaluating the:
- 34 (1) strength of a business accelerator’s or business incubator’s
35 partnerships with, and ability to foster, innovative accelerator
36 businesses or incubator businesses;
- 37 (2) strength of a business accelerator’s or business incubator’s
38 partnerships with a research institution;
- 39 (3) comprehensiveness of the a business accelerator’s or
40 business incubator’s support services and technology extension
41 services; and
- 42 (4) strength of the business accelerator’s or business incubator’s
43 partnerships with minority businesses and women’s businesses, as
44 those terms are defined in section 2 of P.L.1986, c.195 (52:27H-
45 21.18).
- 46 f. The authority shall issue payment of the grant amounts
47 pursuant to a grant agreement with a business accelerator or
48 business incubator as the authority may determine and shall subject
49 the approval of the agreement to the submission of proof by an

1 applicant of the expenditures contributing to the success of an
2 accelerator business or an incubator business assisted by the
3 business accelerator or business incubator. A grantee who fails to
4 comply with a grant agreement made as a condition of a grant
5 award shall repay any grant amount received and, if so determined
6 by the authority, shall pay a penalty not in excess of 10 percent of
7 the grant amount.

8 g. (1) The authority shall establish and maintain the grant
9 program with monies to be used by the authority for the purposes
10 specified in this section. Monies to be utilized by the development
11 program shall include, but not be limited to:

12 (a) monies as may be available to the authority from other
13 business development programs administered by the authority or
14 other State agencies or authorities, and which the authority
15 determines to be necessary in light of the volume of applications
16 from accelerator businesses and incubator businesses for eligibility
17 for the development program as necessary to implement the
18 purposes of P.L. , c. (C.) (pending before the Legislature as
19 this bill); and

20 (b) other monies as may be made available to the authority from
21 public or private sources.

22 (2) Monies in the grant program which are not allocated for
23 current responsibilities of the development program may be
24 invested by the authority in any direct obligations as to which
25 principal and interest are guaranteed by the United States of
26 America or any other obligation deemed appropriate by the
27 authority.

28
29 6. (New section) a. Within one year after the effective date of
30 P.L. , c. (C.) (pending before the Legislature as this bill) and
31 annually thereafter, the authority shall prepare a report on the
32 "Startup Businesses in Business Incubators Development Program"
33 and the "Business Accelerator and Business Incubator Network
34 Grant Program," and deliver the report to the Governor and,
35 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
36 Legislature, and make the report available to the public on the
37 authority's Internet site. The report shall include the number,
38 names, and types of accelerator businesses and incubator businesses
39 and the names of the business accelerators and incubators
40 participating in the development program and the grant program,
41 the total amount of financial assistance provided to business
42 accelerator and business incubator, the amount of financial
43 assistance received per accelerator business or incubator business,
44 the cumulative total value of tax credits provided to taxpayers for
45 qualified investments in New Jersey emerging technology
46 businesses under section 3 of P.L.1997, c.349 (C.54:10A-5.30) that
47 are located in a business accelerator or a business incubator, and
48 any other information as the authority determines is necessary to
49 evaluate the progress of the development program.

1 b. In the sixth annual report submitted by the authority
2 pursuant to this section, the authority shall include a
3 recommendation to the Governor and the Legislature on whether to
4 renew or discontinue:

5 (1) the grant program enacted pursuant to section 5 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill); and
7 (2) the tax credits enacted pursuant to sections 7 and 8 of P.L. ,
8 c. (C.) (pending before the Legislature as this bill).

9
10 7. (New section) a. For the privilege period next beginning
11 after the effective date of P.L. , c. (C.) (pending before the
12 Legislature as this bill), and for the six subsequent privilege
13 periods, a taxpayer that is an accelerator business or incubator
14 business, as defined pursuant to section 1 of P.L. , c. (C.)
15 (pending before the Legislature as this bill), shall be allowed a
16 credit for the privilege period against the tax imposed pursuant to
17 section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to 15
18 percent of the taxpayer's business operating expenses during the
19 taxpayer's participation in the "Startup Businesses in Business
20 Incubators Development Program," as determined by the authority,
21 pursuant to P.L. , c. (C.) (pending before the Legislature as
22 this bill), that is allowed for the privilege period. A taxpayer may
23 carry forward an unused credit for use in the six privilege periods
24 following the privilege period for which the credit is allowed, if
25 necessary.

26 b. The order of priority of the application of the credit allowed
27 pursuant to this section and any other credits allowed by law shall
28 be prescribed by the director. The amount of the credit applied
29 under this section against the tax imposed pursuant to section 5 of
30 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
31 any other credits allowed by law, shall not exceed 50 percent of the
32 tax liability otherwise due and shall not reduce the tax liability to an
33 amount less than the statutory minimum provided in subsection (e)
34 of section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of
35 expense claimed as a credit pursuant to this section shall not be
36 allowed as an amount calculated or claimed pursuant to any other
37 credit against the tax imposed pursuant to section 5 of P.L.1945,
38 c.162 (C.54:10A-5).

39 c. If the amount of credit allowed pursuant to subsection a. of
40 this section for a privilege period, together with any other payments
41 or credits against the tax, reduces the tax liability otherwise due for
42 the privilege period to zero, the taxpayer may elect to claim the
43 total amount of the credit remaining as an overpayment for the
44 purposes of R.S.54:49-15 to be paid as a refund in an amount equal
45 to 50 percent of the total amount claimed, provided, however, that
46 section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not apply.

47
48 8. (New section) a. For the taxable year next beginning after
49 the effective date of P.L. , c. (C.) (pending before the

1 Legislature as this bill), and for the six subsequent taxable years, a
2 taxpayer that is an accelerator business or incubator business, as
3 defined pursuant to section 1 of P.L. , c. (C.) (pending
4 before the Legislature as this bill), shall be allowed a credit for the
5 taxable year against the tax otherwise due for the taxable year
6 pursuant to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
7 et seq., in an amount equal to 15 percent of the taxpayer’s business
8 operating expenses during the taxpayer’s participation in the
9 “Startup Businesses in Business Incubators Development Program,”
10 as determined by the authority, pursuant to P.L. , c. (C.)
11 (pending before the Legislature as this bill), that is allowed for the
12 taxable year. A taxpayer may, if necessary, carry forward an
13 unused credit for use in the six taxable years following the taxable
14 year for which the credit is allowed.

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

26 A business entity classified as a partnership for federal income
27 tax purposes shall not be allowed a credit directly under the gross
28 income tax, but the amount of the credit of a taxpayer in respect of
29 a distributive share of partnership income shall be determined by
30 allocating to the taxpayer that proportion of the credit acquired by
31 the partnership that is equal to the taxpayer's share, whether or not
32 distributed, of the total distributive income or gain of the
33 partnership for its taxable year ending within or with the taxpayer's
34 taxable year.

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

44 c. If the amount of credit allowed pursuant to subsection a. of
45 this section for a taxable year, together with any other payments or
46 credits against the tax, reduces the tax liability otherwise due for the
47 taxable year to zero, the taxpayer may elect to claim the total
48 amount of the credit remaining as an overpayment of tax pursuant
49 to N.J.S.54A:9-7 to be paid as a refund in an amount equal to 50

1 percent of the total amount claimed; provided, however, that
2 subsection (f) of that section, concerning the allowance of interest,
3 shall not apply.

4
5 9. Section 3 of P.L.1997, c.349 (54:10A-5.30) is amended to
6 read as follows

7 3. a. A taxpayer, upon approval of the taxpayer's application
8 therefor by the New Jersey Economic Development Authority and
9 in consultation with the director, shall be allowed a credit against
10 the tax imposed pursuant to section 5 of P.L.1945, c.162
11 (C.54:10A-5), in an amount equal to 10 percent of the qualified
12 investment made by the taxpayer in a New Jersey emerging
13 technology business, or in a New Jersey emerging technology
14 business holding company that makes a verified transfer of funds to
15 a New Jersey emerging technology business, up to a maximum
16 allowed credit of \$500,000 for the tax year for each qualified
17 investment made by the taxpayer.

18 b. A credit shall not be allowed pursuant to section 1 of
19 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
20 which a credit is allowed, or which are includable in the calculation
21 of a credit allowed, under this section.

22 Notwithstanding any other provision of law, the order of priority
23 in which the credit allowed by this section and any other credits
24 allowed by law may be taken shall be as prescribed by the director.

25 c. Except as provided in subsection d. of this section, the
26 amount of tax year credit otherwise allowable under this section
27 which cannot be applied for the tax year against tax liability
28 otherwise due for that tax year may either be carried over, if
29 necessary, to the 15 tax years following the tax year for which the
30 credit was allowed or, at the election of the taxpayer, be claimed as
31 and treated as an overpayment for the purposes of R.S.54:49-15,
32 provided, however, that section 7 of P.L.1992, c.175 (C.54:49-15.1)
33 shall not apply.

34 d. A taxpayer may not carry over any amount of credit allowed
35 under subsection a. of this section to a tax year during which a
36 corporate acquisition with respect to which the taxpayer was a
37 target corporation occurred or during which the taxpayer was a
38 party to a merger or a consolidation, or to any subsequent tax year,
39 if the credit was allowed for a tax year prior to the year of
40 acquisition, merger or consolidation, except that if in the case of a
41 corporate merger or corporate consolidation the taxpayer can
42 demonstrate, through the submission of a copy of the plan of merger
43 or consolidation and such other evidence as may be required by the
44 director, the identity of the constituent corporation which was the
45 acquiring person, a credit allowed to the acquiring person may be
46 carried over by the taxpayer. As used in this subsection, "acquiring
47 person" means the constituent corporation the stockholders of
48 which own the largest proportion of the total voting power in the

1 surviving or consolidated corporation after the merger or
2 consolidation.

3 e. The Executive Director of the New Jersey Economic
4 Development Authority, in consultation with the director, shall
5 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
6 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
7 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
8 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
9 (C.54A:4-13), including, but not limited to: examples of and the
10 determination of qualified investments of which applicants shall
11 provide documentation with their tax credit application; the
12 promulgation of procedures and forms necessary to apply for a
13 credit; and provisions for credit applicants to be charged an initial
14 application fee and ongoing service fees to cover the administrative
15 costs related to the credit.

16 f. The amount of credits approved by the Executive Director of
17 the New Jersey Economic Development Authority, and in
18 consultation with the director, pursuant to subsection a. of this
19 section and pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13),
20 shall not exceed a cumulative total of \$25,000,000 in any calendar
21 year to apply against the tax imposed pursuant to section 5 of
22 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
23 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
24 cumulative amount of credits allowed to taxpayers in a calendar
25 year exceeds the amount of credits available in that year, then
26 taxpayers who have first applied for and have not been allowed a
27 credit amount for that reason shall be allowed, in the order in which
28 they have submitted an application, the amount of the tax credit on
29 the first day of the next succeeding calendar year in which tax
30 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
31 13) are not in excess of the amount of credits available.

32 g. The Executive Director shall provide a cumulative total of at
33 least \$5,000,000 in tax credits approved pursuant to subsection f. of
34 this section over a period of five calendar years next following the
35 effective date of P.L. , c. (C.) (pending before the
36 Legislature as this bill), to taxpayers for qualified investments in
37 New Jersey emerging technology businesses that are located in a
38 business accelerator or a business incubator, as those terms are
39 defined in section 1 of P.L. , c. (C.) (pending before the
40 Legislature as this bill).

41 h. The Executive Director shall work with the Business Action
42 Center in the Department of State to encourage qualified
43 investments in New Jersey emerging technology businesses that are
44 located in a business accelerator or a business incubator, as those
45 terms are defined in section 1 of P.L. , c. (C.) (pending
46 before the Legislature as this bill).

47 (cf: P.L.2017, c.40, s.2)

1 The bill also requires the EDA to administer and establish a
2 “Business Accelerator and Business Incubator Network Grant
3 Program” to provide 10 grants annually, for seven years, to business
4 accelerators or business incubators, based upon a competitive
5 application and evaluation process. The grants provided under the
6 program are required to equal \$100,000 each. In order to be eligible
7 for a grant, a business accelerator or business incubator is required to
8 qualify to receive financial assistance under the “Startup Businesses in
9 Business Incubators Development Program.” The bill requires the
10 EDA to evaluate applications for the grant program and make award
11 decisions upon evaluating the business accelerator’s or business
12 incubator’s partnerships with innovative businesses, partnerships with
13 a research institution, provision of support services and technology
14 extension services, and partnerships with minority businesses and
15 women’s businesses. The EDA is required to fund the grant program
16 through monies as may be available to the EDA from other business
17 development and from other monies available to the EDA from public
18 or private sources.

19 The bill provides corporation business tax credits and gross income
20 tax credits, for seven tax periods, for accelerator and incubator
21 businesses participating in the development program. The credits are
22 equal to 15 percent of the cost of accelerator or incubator business
23 operating expenses during the business’s participation in the program.
24 The taxpayer may carry unused tax credits forward, if necessary, for
25 seven tax periods or may file a petition for a refund equal to 50 percent
26 of the amount of an unused tax credit.

27 The bill also requires the Executive Director of the EDA to provide
28 at least \$5,000,000 in tax credits available under the “New Jersey
29 Angel Investor Tax Credit Act” to taxpayers for qualified investments
30 in New Jersey emerging technology businesses located in business
31 accelerators and business incubators over the period of the five fiscal
32 years next following the effective date of the bill.

33 The bill requires the EDA to prepare an annual report on the
34 program, deliver the report to the Governor and the Legislature, and
35 make the report available to the public on the authority’s website. The
36 sixth annual report is required to recommend to the Governor and the
37 Legislature, whether the grant program, business tax credits, and gross
38 income tax credits should be renewed or discontinued.