

ASSEMBLY, No. 521

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 32 (Bergen and Hudson)

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SYNOPSIS

Expands eligible municipalities under the "Urban Transit Hub Tax Credit Act" to include Harrison Town in Hudson County.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning eligible municipalities under the "Urban
2 Transit Hub Tax Credit Act" and amending P.L.2007, c.346.

3

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

6

7 1. Section 2 of P.L.2007, c.346 (C.34:1B-208) is amended to
8 read as follows:

9 2. As used in this act:

10 "Affiliate" means an entity that directly or indirectly controls, is
11 under common control with, or is controlled by the business.
12 Control exists in all cases in which the entity is a member of a
13 controlled group of corporations as defined pursuant to section 1563
14 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the
15 entity is an organization in a group of organizations under common
16 control as defined pursuant to subsection (b) or (c) of section 414 of
17 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer
18 may establish by clear and convincing evidence, as determined by
19 the Director of the Division of Taxation in the Department of the
20 Treasury, that control exists in situations involving lesser
21 percentages of ownership than required by those statutes. An
22 affiliate of a business may contribute to meeting either the qualified
23 investment or full-time employee requirements of a business that
24 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
25 209).

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

28 "Business" means a corporation that is subject to the tax imposed
29 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), a
30 corporation that is subject to the tax imposed pursuant to sections 2
31 and 3 of P.L.1945, c.132 (C.54:18A-2 and 54:18A-3), section 1 of
32 P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5, or is a partnership,
33 an S corporation, or a limited liability corporation. A business shall
34 include an affiliate of the business if that business applies for a
35 credit based upon any capital investment made by or full-time
36 employees of an affiliate.

37 "Capital investment" in a qualified business facility means
38 expenses incurred after, but before the end of the eighth year after,
39 the effective date of P.L.2007, c.346 (C.34:1B-207 et seq.) for: a.
40 the site preparation and construction, repair, renovation,
41 improvement, equipping, or furnishing of a building, structure,
42 facility or improvement to real property; and b. obtaining and
43 installing furnishings and machinery, apparatus or equipment for
44 the operation of a business in a building, structure, facility or
45 improvement to real property.

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 "Eligible municipality" means a municipality which has a
2 population density of more than 10,000 persons per square mile
3 according to the most recent federal decennial census, is adjacent to
4 another eligible municipality (including municipalities connected
5 by a bridge over a body of water), and in which is located a sports
6 arena with a covered seating capacity of 25,000 or more persons
7 and one or more passenger rail stations; or a municipality: (1)
8 which qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-
9 178 et seq.) or which was continued to be a qualified municipality
10 thereunder pursuant to P.L.2007, c.111; and (2) in which 30 percent
11 or more of the value of real property was exempt from local
12 property taxation during tax year 2006. The percentage of exempt
13 property shall be calculated by dividing the total exempt value by
14 the sum of the net valuation which is taxable and that which is tax
15 exempt.

16 "Full-time employee" means a person employed by the business
17 for consideration for at least 35 hours a week, or who renders any
18 other standard of service generally accepted by custom or practice
19 as full-time employment, or a person who is employed by a
20 professional employer organization pursuant to an employee leasing
21 agreement between the business and the professional employer
22 organization, in accordance with P.L.2001, c.260 (C.34:8-67 et
23 seq.) for at least 35 hours a week, or who renders any other standard
24 of service generally accepted by custom or practice as full-time
25 employment, and whose wages are subject to withholding as
26 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
27 et seq. or an employee who is a resident of another State but whose
28 income is not subject to the "New Jersey Gross Income Tax Act,"
29 N.J.S.54A:1-1 et seq. or who is a partner of a business who works
30 for the partnership for at least 35 hours a week, or who renders any
31 other standard of service generally accepted by custom or practice
32 as full-time employment, and whose distributive share of income,
33 gain, loss, or deduction, or whose guaranteed payments, or any
34 combination thereof, is subject to the payment of estimated taxes, as
35 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
36 et seq. "Full-time employee" shall not include any person who
37 works as an independent contractor or on a consulting basis for the
38 business.

39 "Mixed use project" means a project comprising both a qualified
40 business facility and a qualified residential project.

41 "Partnership" means an entity classified as a partnership for
42 federal income tax purposes.

43 "Professional employer organization" means an employee leasing
44 company registered with the Department of Labor and Workforce
45 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

46 "Qualified business facility" means any building, complex of
47 buildings or structural components of buildings, and all machinery
48 and equipment located within a designated urban transit hub in an

1 eligible municipality, used in connection with the operation of a
2 business.

3 "Qualified residential project" shall have the meaning ascribed to
4 that term under section 34 of P.L.2009, c.90 (C.34:1B-209.2).

5 "Residential unit" means a residential dwelling unit such as a
6 rental apartment, a condominium or cooperative unit, a hotel room,
7 or a dormitory room.

8 "Urban transit hub" means:

9 a. property located within a 1/2 mile radius surrounding the
10 mid point of a New Jersey Transit Corporation, Port Authority
11 Transit Corporation or Port Authority Trans-Hudson Corporation
12 rail station platform area, including all light rail stations, and
13 property located within a one mile radius of the mid point of the
14 platform area of such a rail station if the property is in a qualified
15 municipality under the "Municipal Rehabilitation and Economic
16 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et seq.);

17 b. property located within a 1/2 mile radius surrounding the
18 mid point of one of up to two underground light rail stations'
19 platform areas that are most proximate to an interstate rail station;

20 c. property adjacent to, or connected by rail spur to, a freight
21 rail line if the business utilizes that freight line at any rail spur
22 located adjacent to or within a one mile radius surrounding the
23 entrance to the property for loading and unloading freight cars on
24 trains;

25 which property shall have been specifically delineated by the
26 authority pursuant to subsection e. of section 3 of P.L.2007, c.346
27 (C.34:1B-209).

28 A property which is partially included within the radius shall
29 only be considered part of the urban transit hub if over 50 percent
30 of its land area falls within the radius.

31 "Rail station" shall not include any rail station located at an
32 international airport.

33 (cf: P.L.2011, c.89, s.1)
34

35 2. This act shall take effect immediately.
36
37

38 STATEMENT 39

40 The purpose of this bill is to expand the "Urban Transit Hub Tax
41 Credit Act" program to densely populated municipalities containing
42 a major sports arena and connected, by rail, to a nearby existing
43 urban transit hub. The density requirement is intended to ensure
44 that a lot of people are located within a new urban transit hub area
45 and so will be in position to benefit from the tax credit program,
46 either as potential workers or consumers. The proximity
47 requirement to another urban transit hub is intended to permit easy
48 expansion "up the line" for businesses already taking advantage of

1 the tax credit in a nearby urban transit hub while ensuring that the
2 municipality currently without an urban transit hub becomes
3 attractive to new businesses and business expansion. The sports
4 arena requirement is intended to ensure that the new urban transit
5 hub will be a popular destination in the evenings and weekends as
6 well as during commuter times. Pursuant to this bill, Harrison
7 Town in Hudson County would be included in the definition of an
8 "eligible municipality" under the "Urban Transit Hub Tax Credit
9 Act."