

SENATE, No. 240

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Enhances certain reporting and disclosure concerning State tax expenditures.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** enhancing certain reporting and disclosure requirements
2 concerning State tax expenditures, amending P.L.2009, c.189,
3 and amending and supplementing P.L.2007, c.200.

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

7
8 1. Section 1 of P.L.2009, c.189 (C.52:27B-20a) is amended to
9 read as follows:

10 1. a. In addition to the requirements of section 11 of article 3
11 of P.L.1944, c.112 (C.52:27B-20), and any other provisions of law,
12 the Governor's budget message transmitted annually to the
13 Legislature shall include a State tax expenditure report setting forth
14 estimates of the tax expenditures under existing State law for the
15 last completed fiscal year, the current fiscal year and the fiscal year
16 to which the budget message applies. The tax expenditures report
17 shall take into account projected economic factors, and any changes
18 in State tax expenditures as may be enacted or reasonably expected
19 to be enacted for any fiscal year.

20 b. The State tax expenditures report shall:

21 (1) list each State tax expenditure,

22 (2) identify the statutory authority for each State tax
23 expenditure, and the year in which it was enacted or the tax year or
24 tax period in which it became effective,

25 (3) describe the **【objective of】** specific goals, purposes, and
26 objectives that each State tax expenditure will achieve based upon
27 the stated intent of the Legislature. In the absence of a stated intent
28 of the Legislature, the Governor, at the Governor's discretion, shall
29 determine the goals, purposes, and objectives of the State tax
30 expenditure,

31 (4) detail in columnar enumeration for each State tax
32 expenditure an estimate of the amount of State revenue loss for the
33 last completed fiscal year, the current fiscal year and the fiscal year
34 to which the budget message applies,

35 (5) determine through detailed performance indicators whether
36 each State tax expenditure has been effective in achieving the
37 **【purpose】** specific goals, purposes, and objectives as set forth in
38 statute, administrative regulation, or other public document for
39 which the tax expenditure was enacted and currently serves,
40 including an analysis of the persons, including corporations,
41 individuals or other entities, benefited by the expenditure, and shall
42 include an analysis of the realized return to date to the State on each
43 tax expenditure relative to its cost,

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 (6) evaluate, based on publicly available measurement data, the
2 effect of each State tax expenditure on the fairness and equity of the
3 distribution of the tax burden,

4 (7) describe the data collection and reporting requirements
5 imposed upon the persons, including corporations, individuals or
6 other entities benefited by the expenditure to assist in making the
7 determination required by paragraph (5) of this subsection, which
8 shall include the specific data and baseline measurements to be
9 collected and remitted in each year the State tax expenditure is in
10 effect, necessary to measure any change in performance indicators,
11 and the specific taxpayers, State departments, agencies, independent
12 authorities, or other entities required to collect and remit data,
13 **[and]**

14 **[(7)] (8)** the public and private costs of administering the State
15 tax expenditures , and

16 (9) report instances in which the benefit of a particular State tax
17 expenditure exceeds 10 percent of the recipient's State tax liability.

18 c. As used in this section:

19 "State tax expenditure" means those revenue losses attributable
20 to provisions of State tax law which **[establish special tax**
21 **treatment]** deviate from the generally applicable tax structure,
22 including but not limited to tax law definition, deduction, exclusion,
23 exemption, deferral, credit or transfer certificate, preferential tax
24 rate or other special tax provision resulting in a reduced tax liability
25 for certain persons, individuals, types of income, transactions or
26 property from the liability which would be presumed to exist
27 without the State tax expenditure.

28 d. The Division of Taxation in the Department of the Treasury
29 shall advise and assist the Governor in the preparation of the State
30 tax expenditure report.

31 (cf: P.L.2009, c.189, s.1)

32
33 2. Section 3 of P.L.2007, c.200 (C.52:39-3) is amended to read
34 as follows:

35 3. For the purposes of this act:

36 **["Corporate parent"** means either: a person, association,
37 corporation, joint venture, partnership, or other business entity, that
38 owns or controls 50% or more of a recipient corporation; or the
39 recipient corporation itself, if no other person, association,
40 corporation, joint venture, partnership, or other entity, owns or
41 controls 50% or more of the recipient corporation.**]**

42 "Date of development subsidy" means the initial date that a
43 granting body provides the monetary value of a development
44 subsidy to a recipient **[corporation]** entity provided, however, that
45 if the development subsidy is for the installation of new equipment,
46 the date shall be the date the recipient **[corporation]** entity puts the
47 equipment into service and provided, further, that if the

1 development subsidy is for improvements to property, the date shall
2 be the date the improvements are finished or the date the recipient
3 **【corporation】 entity** occupies the property, whichever is earlier.

4 "Development subsidy" means the authorizing of the provision
5 or providing to a recipient **【corporation】 entity** of an amount of
6 funds by or from a public body with a value of not less than
7 **【\$25,000】 \$100,000** for the purpose of stimulating economic
8 development in New Jersey, including, but not limited to, any bond,
9 grant, loan, loan guarantee, matching fund or any tax expenditure.
10 "Development subsidy" does not refer to any contract under which a
11 public body purchases or otherwise procures goods, services or
12 construction on an unsubsidized basis, including any contract solely
13 for the construction or renovation of a facility owned by a public
14 body. "Development subsidy" does not mean any authorizing or
15 providing of funds by or from a public body to a recipient
16 **【corporation】 entity**, including by means of a tax expenditure, for
17 the exclusive purpose of the development or production of
18 affordable housing, for the exclusive purpose of subsidizing site
19 remediation, recycling, commuter transportation assistance,
20 pollution reduction, energy conservation or other programs to
21 improve the environment, or for the exclusive purpose of providing
22 benefits to employees of the recipient **【corporation】 entity**.
23 "Development subsidy" does not mean any authorizing or providing
24 of funds by or from a public body to a non-profit organization,
25 including by means of a tax expenditure, for the exclusive purpose
26 of subsidizing the development of facilities used to provide
27 recreational, educational, arts or cultural programs or childcare or
28 healthcare services.

29 "Employee benefits" means the average rate of benefit costs paid
30 by a recipient **【corporation】 entity** to or for its employees,
31 including, but not limited to, the cost to the recipient **【corporation】**
32 **entity** of health care benefits, pension benefits and apprenticeship or
33 other training and education benefits, but excluding any costs to the
34 recipient **【corporation】 entity** of unemployment compensation,
35 workers' compensation or temporary disability benefits, Social
36 Security benefits, or any other employee benefits which the
37 recipient **【corporation】 entity** is required by State or federal law to
38 pay. "Employee benefits" do not include any payroll deductions or
39 other costs paid by employees for the benefits.

40 "Full-time job" means a job in which an individual is employed
41 by a recipient **【corporation】 entity** for at least 35 hours per week.

42 "Granting body" means a public body that provides or authorizes
43 a development subsidy and, in the case of a tax expenditure related
44 to any tax paid to the State, means the State Treasurer.

45 "Health benefits" means health benefits provided under a group
46 health plan as defined in section 14 of P.L.1997, c.146 (C.17B:27-
47 54), a health benefits plan as defined in section 1 of P.L.1992, c.162

1 (C.17B:27A-17), or a policy or contract of health insurance
2 covering more than one person issued pursuant to Title 17B of the
3 New Jersey Statutes.

4 "Parent entity" means either: a person, association, corporation,
5 joint venture, partnership, or other business entity, that owns or
6 controls 50% or more of a recipient entity; or the recipient entity
7 itself, if no other person, association, corporation, joint venture,
8 partnership, or other entity, owns or controls 50% or more of the
9 recipient entity.

10 "Part-time job" means a job in which an individual is employed
11 by a recipient **【corporation】** entity for less than 35 hours per week.

12 "Project site" means the site of a project inside New Jersey for
13 which any development subsidy is provided.

14 "Public body" or "State" means the State of New Jersey or any
15 agency, instrumentality or authority of the State, but not a political
16 subdivision of the State.

17 "Recipient **【corporation】** entity" means any non-governmental
18 person, association, corporation, joint venture, partnership or other
19 entity that receives a development subsidy.

20 "Tax expenditure" means **【the amount of foregone tax**
21 **collections due to any abatement, reduction, exemption or credit**
22 **against any State tax, including, but not limited to, taxes on raw**
23 **materials, inventories or other assets, taxes on gross receipts,**
24 **income or sales, and any use, excise or utility tax. "Tax**
25 **expenditure" does not refer to any credit against any tax liability of**
26 **an employee or any personal exemption, homestead rebate, credit or**
27 **deduction for the expenses of a household or individual, or other**
28 **reduction of the tax liability of an individual or household】** those
29 revenue losses attributable to provisions of State tax law that
30 deviate from the generally applicable tax structure, including but
31 not limited to tax law definition, deduction, exclusion, exemption,
32 deferral, credit or transfer certificate, preferential tax rate or other
33 special tax provision resulting in a reduced tax liability for certain
34 persons, individuals, types of income, transactions or property from
35 the liability which would be presumed to exist without the tax
36 expenditure.

37 "Temporary job" means a job for which an individual is hired for
38 a limited period of time, which shall include all jobs for
39 construction at the project site.

40 "Value of a development subsidy" means the dollar value of the
41 development subsidy provided to the recipient **【corporation】** entity.
42 In the case of a loan or loan guarantee provided by a public body to
43 a recipient **【corporation】** entity or tax-exempt financing authorized
44 by a public body, the "value of a development subsidy" means the
45 amount loaned.

46 (cf: P.L.2007, c.200, s.3)

1 3. Section 4 of P.L.2007, c.200 (C.52:39-4) is amended to read
2 as follows:

3 4. a. Each applicant for a development subsidy shall submit to
4 the granting body an application for the development subsidy on a
5 form prepared by the State Treasurer. The information required on
6 the application, or in supplements accompanying the application,
7 shall include the following:

8 (1) An application tracking number provided by the granting
9 body;

10 (2) The names, street and mailing addresses and phone numbers
11 of the chief officer of the granting body, the chief officer of the
12 applicant's **【corporate】** parent entity and the applicant and the street
13 address and three-digit North American Industry Classification
14 System number of the project site;

15 (3) The start date and the end date, if any, of the development
16 subsidy;

17 (4) A list of all development subsidies that the applicant is
18 requesting or receiving, the name of any other granting body from
19 which development subsidies are sought or obtained, the value of
20 each development subsidy and the aggregate value of all
21 development subsidies requested or received from all sources;

22 (5) A signed certification by the chief officer of the recipient
23 **【corporation】** entity that the application is accurate and meets the
24 requirements of this act;

25 (6) The total number of individuals employed by the applicant at
26 the project site on the date of the application, the anticipated
27 number of jobs that will be retained as a result of the development
28 subsidy and the number of new jobs to be created by the applicant
29 at the project site if the development subsidy is granted, broken
30 down by full-time, part-time and temporary jobs;

31 (7) The average annual wage and benefit rates of current
32 employees and the anticipated average annual wage and benefit
33 rates of new employees;

34 (8) The number of current employees provided health benefits,
35 and the number of new employees anticipated to be provided health
36 benefits;

37 (9) How many of the current employees and how many of the
38 anticipated new employees are represented by a collective
39 bargaining unit;

40 (10) The average total number of individuals employed in New
41 Jersey during the calendar year preceding the submission of the
42 application by the applicant's **【corporate】** parent entity and all
43 subsidiaries thereof, broken down by full-time, part-time and
44 temporary jobs;

45 (11) A statement as to whether the development subsidy may
46 reduce employment at any other site controlled by the applicant or
47 its **【corporate】** parent entity, inside the State, resulting from

1 automation, merger, acquisition, corporate restructuring or other
2 business activity;

3 (12) A statement as to whether or not the project involves the
4 relocation of work from another address and if so, the number of
5 jobs to be relocated and the address from which they are to be
6 relocated; and

7 (13) Any other information deemed useful or necessary by the
8 State Treasurer for the implementation of this act, including for tax
9 expenditures, specific data collection and reporting requirements
10 imposed upon the recipient entity that shall assist the State
11 Treasurer in providing, as part of the annual budget request of the
12 Governor, the comprehensive presentation of the State costs of tax
13 expenditure development subsidies and producing the annual
14 Unified Economic Development Budget Report, required pursuant
15 to section 6 of P.L.2007, c.200 (C.52:39-6), which information shall
16 include the specific data and baseline measurements to be collected
17 and remitted in each year the tax expenditure is in effect, necessary
18 to measure any change in performance indicators, and the specific
19 taxpayers, State departments, agencies, independent authorities, or
20 other entities required to collect and remit data.

21 b. Any granting body, other than the State Treasurer approving
22 the application, shall send a copy to the State Treasurer not more
23 than 15 business days after approval. If the application is not
24 approved, the granting body shall retain the application.

25 (cf: P.L.2007, c.200, s.4)

26

27 4. Section 5 of P.L.2007, c. 200 (C.52:39-5) is amended to read
28 as follows:

29 5. a. Each recipient **【corporation】** entity of a development
30 subsidy shall file with the granting body, on a form prepared by the
31 State Treasurer, a progress report no later than 30 business days
32 after the end of each State fiscal year, beginning with the end of the
33 first full State fiscal year after the date of the development subsidy,
34 for the duration of the development subsidy or for five years,
35 whichever period is longer. The report shall include the following
36 information for the State fiscal year just ended:

37 (1) The application tracking number, except in the case of a
38 development subsidy which has no application tracking number
39 because the development subsidy was in effect prior to the 180th
40 day after the effective date of this act;

41 (2) The name, street and mailing addresses, phone number and
42 chief officers of the granting body and the recipient **【corporation】**
43 entity;

44 (3) A summary of the number of jobs created, retained or lost
45 inside New Jersey, broken down by full-time, part-time and
46 temporary jobs, and the average annual rates of pay and benefits;

- 1 (4) The number of current employees provided health benefits,
2 and the number of new employees anticipated to be provided health
3 benefits;
- 4 (5) The comparison of the total employment in New Jersey by
5 the **【corporate】** parent entity of the recipient **【corporation】** entity
6 on the date of the application and the date of the report, broken
7 down by full-time, part-time and temporary jobs;
- 8 (6) A statement as to whether the use of the development
9 subsidy during the previous fiscal year has reduced employment at
10 any New Jersey site controlled by the recipient **【corporation】** entity
11 or its **【corporate】** parent entity; **【and】**
- 12 (7) A signed certification by the chief officer of the recipient
13 **【corporation】** entity that the progress report is accurate ; and
- 14 (8) Information concerning the recipient entity's supplier
15 diversity goals and policies, including amounts paid, if any, during
16 the previous fiscal year for products and services supplied by a
17 female business, a small business, or a minority business, as those
18 terms are defined in section 3 of P.L.1983, c.482 (C.52:32-19), or
19 by a veteran-owned business as defined in section 2 of P.L.2011, c.
20 147 (C.52:32-50).
- 21 b. Not later than 30 days after the end of the second full State
22 fiscal year after the date of the development subsidy, the recipient
23 **【corporation】** entity shall file with the granting body a two-year
24 progress report, certified by the chief officer of the recipient
25 **【corporation】** entity, which shall include:
- 26 (1) The same information as required to be included in reports
27 filed pursuant to subsection a. of this section;
- 28 (2) A statement of whether the recipient **【corporation】** entity
29 has achieved the job creation and retention and wage and benefit
30 rate goals projected in the recipient **【corporation's】** entity's
31 application; and
- 32 (3) If the goals are not met, a full disclosure of the amount of
33 any shortfall in job creation and retention rates at the project site
34 inside New Jersey and wage and benefit rates compared to the goals
35 and compared to job creation and retention goals and wage and
36 benefit rates projected in the recipient **【corporation's】** entity's
37 application.
- 38 c. The granting body shall review each report filed by the
39 recipient **【corporation】** entity and conduct such further
40 investigations as may be required to verify or correct the
41 information in the report and submit the verified or corrected report
42 to the State Treasurer not later than 30 business days after the report
43 is filed by the recipient **【corporation】** entity.
- 44 d. The recipient **【corporation】** entity shall provide the granting
45 body and the State Treasurer access to the project site and records at
46 reasonable times as needed to monitor the project and verify the
47 accuracy of the information provided in reports made by the

1 recipient **【corporation】** entity. If a recipient **【corporation】** entity
2 fails to file a report by the required due date, the granting body may
3 impose an administrative fine of not more than \$500 per day to
4 commence upon the tenth working day after the due date, and not
5 more than \$1,000 per day to commence on the twentieth working
6 day after the due date. If a recipient **【corporation】** entity fails to
7 provide the required access, the granting body may impose an
8 administrative fine of not more than \$500 per day to commence
9 upon the fifth working day that access is denied, and of not more
10 than \$1,000 per day to commence upon the tenth working day that
11 access is denied.

12 e. A granting body may assess from recipient **【corporations】**
13 entities whatever fees it determines to be necessary, but in no case
14 fees greater than 0.25% of the value of a development subsidy if the
15 development subsidy is a loan provided by the granting body, 0.1%
16 of the value of the development subsidy if the development subsidy
17 is a loan guarantee provided by the granting body or tax-exempt
18 financing authorized by the granting body, or greater than 1.0% of
19 the value if the development subsidy is not a loan, tax-exempt
20 financing or loan guarantee, to pay for the costs of the granting
21 body to carry out its responsibilities under this act, including the
22 processing of applications for development subsidies, reviewing and
23 verifying reports of recipient **【corporations】** entities and monitoring
24 the compliance of recipient **【corporations】** entities with the
25 requirements of this act, maintaining and making available records
26 and, in the case of the State Treasurer, producing the annual Unified
27 Economic Development Budget Report as provided in section 6 of
28 this act and providing, as part of the annual budget request of the
29 Governor, a comprehensive presentation of the costs of all
30 development subsidies to the State.

31 f. Neither the granting body or the State Treasurer, nor any
32 employee of the granting body or the State Treasurer engaged in the
33 administration or charged with the custody of any such record or
34 files, nor any former officer or employee, nor any person who may
35 have secured information, including, but not limited to, any trade
36 secrets or commercial or financial information that is privileged or
37 confidential therefrom under any other provision of State law, shall
38 divulge, disclose, or use for their own personal advantage
39 information obtained from the applications submitted to granting
40 bodies pursuant to section 4 of P.L.2007, c.200 (C.52:39-4) or from
41 the progress reports filed pursuant to this section, or examine for
42 any reason other than a reason necessitated by the performance of
43 official duties.

44 (cf: P.L.2007, c.200, s.5)

45
46 5. Section 6 of P.L.2007, c.200 (C.52:39-6) is amended to read
47 as follows:

1 6. a. The State Treasurer shall, **【not more than four months**
2 **after the end of each State fiscal year】** as a part of the Governor's
3 budget message transmitted annually to the Legislature pursuant to
4 section 11 of P.L.1944, c.112 (C.52:27B-20), compile and publish,
5 in printed and electronic form, including on the Internet, an annual
6 Unified Economic Development Budget Report with regard to the
7 fiscal year just concluded. The report shall provide the following
8 comprehensive information regarding the costs and benefits of all
9 development subsidies of the State:

10 (1) Information regarding tax expenditures resulting from any
11 development subsidy, including the name of each recipient
12 **【corporation】** entity receiving one or more tax expenditures with a
13 combined total value equal to or greater than \$100,000, the value of
14 all tax expenditures received by each recipient **【corporation】** entity
15 and summaries of the number of full-time and part-time jobs created
16 or retained, employee benefits provided and the degree to which job
17 creation and retention, wage and benefit goals and requirements of
18 recipient **【corporations】** entities and parent **【corporations】** entities
19 have been met. Any tax expenditure received by a **【corporation】**
20 recipient entity receiving tax expenditures with a total value of less
21 than \$100,000 shall not be itemized. The report shall include
22 aggregate dollar amounts for each category of tax expenditure, each
23 geographical area, the number of companies for each category of
24 tax expenditure, the number of full-time and part-time jobs created
25 or retained, the employee benefits provided, and the degree to
26 which job creation and retention, wage and benefit rate goals and
27 requirements have been met for each category of tax expenditure, a
28 determination made through detailed performance indicators
29 whether each tax expenditure has been effective in achieving the
30 specific goals, purposes and objectives for which the tax
31 expenditure was enacted and currently serves, and a summary of the
32 supplier diversity information provided by each recipient entity
33 pursuant to section 5 of P.L.2007, c. 200 (C.52:39-5); and

34 (2) The costs of all expenditures of development subsidies
35 appropriated by any granting body, including, but not limited to, the
36 Department of Labor and Workforce Development, the Department
37 of Education, the New Jersey Economic Development Authority,
38 the New Jersey Commerce, Economic Growth and Tourism
39 Commission, the New Jersey Commission on Higher Education, the
40 New Jersey Commission on Science and Technology, and research
41 and business assistance programs of public institutions of higher
42 education, together with the cost to the granting bodies and the
43 value of the development subsidies received by each recipient
44 **【corporation】** entity, and summaries of the number of full-time and
45 part-time jobs created or retained, employee benefits provided, and
46 the degree to which job creation and retention, wage and benefit

1 rate goals and requirements of recipient **【corporations】** entities and
2 parent **【corporations】** entities have been met ;

3 b. The State Treasurer shall provide to the Legislature, as part
4 of the annual budget request of the Governor, a comprehensive
5 presentation of the costs of all development subsidies to the State
6 during the prior fiscal year, an estimate of the anticipated costs of
7 development subsidies for the then current fiscal year and an
8 estimate of the costs of all development subsidies for the fiscal year
9 of the requested budget, including, but not limited to:

10 (1) The total cost to the State of tax expenditures resulting from
11 the development subsidies, the costs for each category of tax
12 expenditure, and the amounts of tax expenditures by geographical
13 area; and

14 (2) The cost to the State of all appropriated expenditures for
15 development subsidies, including line-item budgets for every State-
16 funded entity concerned with economic development, including, but
17 not limited to, the Department of Labor and Workforce
18 Development, the Department of Education, the New Jersey
19 Economic Development Authority, the New Jersey Commerce,
20 Economic Growth and Tourism Commission, the New Jersey
21 Commission on Higher Education, the New Jersey Commission on
22 Science and Technology, and research and business assistance
23 programs of public institutions of higher education.

24 (cf: P.L.2007, c.200, s.6)

25

26 6. Section 8 of P.L.2007, c.200 (C.52:39-8) is amended to read
27 as follows:

28 8. Each granting body shall, not later than 60 days after the
29 effective date of this act, provide, to every recipient **【corporation】**
30 entity receiving a development subsidy from the granting body
31 which was awarded during the three years prior to the effective date
32 of this act, written notification that the recipient **【corporation】**
33 entity is required to submit to the granting body, not less than 120
34 days after receiving the notification, the information required of
35 applicants pursuant to section 4 of this act and that the recipient
36 **【corporation】** entity is required to comply with the reporting
37 requirements of section 5 of this act.

38 (cf: P.L.2007, c.200, s.8)

39

40 7. (New section) A recipient entity shall provide the granting
41 body and the State Treasurer or the State Treasurer's representative
42 access to the project site and records at reasonable times as needed
43 to monitor the project. If a recipient entity fails to provide the
44 required access, the granting body may impose an administrative
45 fine of not more than \$500 per day to commence upon the fifth
46 working day that required access is denied, and of not more than

1 \$1,000 per day to commence upon the 10th working day that
2 required access is denied.

3
4 8. Section 9 of P.L.2007, c.200 (C.52:39-9) is amended to read
5 as follows:

6 9. If a granting body fails to submit any report required by this
7 act to the State Treasurer within the time prescribed by this act, the
8 State Treasurer may, to the extent possible, withhold payments of
9 any State-funded development subsidy to the granting body or any
10 recipient **【corporation】** entity which has a project site located in the
11 jurisdiction of the granting body until the public body submits the
12 report with the State Treasurer.

13 (cf: P.L.2007, c.200, s.9)

14
15 9. Section 10 of P.L.2007, c.200 (C.52:39-10) is amended to
16 read as follows:

17 10. Any recipient **【corporation】** entity that knowingly makes a
18 false material misrepresentation in any application, report or other
19 disclosure that the recipient **【corporation】** entity is required to
20 make pursuant to this act shall refund any development subsidy to
21 the granting body. The granting body may include provisions for
22 the refund as part of an agreement to provide a development
23 subsidy and may pursue an action to collect the amount of the
24 refund plus any attorney fees and other costs of the action.

25 (cf: P.L.2007, c.200, s.10)

26
27 10. Section 11 of P.L.2007, c.200 (C.52:39-11) is amended to
28 read as follows:

29 11. Nothing in this act shall be construed as requiring a recipient
30 **【corporation】** entity to reduce wage or benefit rates of any
31 employee or be construed as permitting a recipient **【corporation】**
32 entity:

33 a. To reduce wage or benefit rates established by a collective
34 bargaining agreement or required by any law or regulation; or

35 b. To provide, in return for a development subsidy, jobs with
36 lower wage or benefit rates, a smaller number of jobs, or jobs for a
37 shorter period of time, than is required with respect to the
38 development subsidy by any other law or regulation.

39 (cf: P.L.2007, c.200, s.11)

40
41 11. This act shall take effect immediately.

42
43
44 STATEMENT

45
46 This bill enhances certain reporting and disclosure requirements
47 regarding State development subsidies, including tax expenditures.

1 Under current law, the Executive branch of State government is
2 required to review and evaluate certain State development subsidies,
3 including tax expenditures, to determine if the tax incentives have met
4 expectations. State tax expenditures and preferences are special or
5 selective tax relief or benefits authorized by law that are designed to
6 accomplish certain public goals by forgoing State tax dollars to the
7 direct benefit of certain taxpayers. The relief or benefit provided
8 through tax expenditures typically is intended to encourage
9 investment, create jobs, and facilitate economic development or to
10 relieve the tax on certain favored or important products, services, or
11 financial decisions.

12 This bill enhances the current review and evaluation required of
13 the specific goals, purposes, and objectives that each State tax
14 expenditure is intended to achieve. The bill requires an enhanced
15 annual evaluation of specific data collection and improved reporting
16 requirements imposed upon the recipient of tax expenditures, the
17 comprehensive presentation of the State costs of development
18 subsidies, including tax expenditures, and review of the specific data
19 and baseline measurements to be collected and remitted in each year
20 that a tax expenditure is in effect, necessary to measure any change in
21 performance indicators for evaluation of the overall benefit of tax
22 expenditures, and a return on investment analysis.

23 The bill amends the definition of “development subsidy” to
24 increase the threshold of a reportable subsidy from \$25,000 to
25 \$100,000 for purposes of the Development Subsidy Job Goals
26 Accountability Act. The bill also prohibits the granting body or State
27 Treasurer or any current or former employee of either, or any person
28 who has secured information, from divulging, disclosing, examining
29 for any reason other than required in the performance of official duties,
30 or using for their own personal advantage information obtained from
31 the applications submitted to granting bodies pursuant to that act and
32 from the progress reports filed pursuant to that act.

33 The bill modifies the definition of “State tax expenditure” in
34 section 1 of the bill to specify that for purposes of the State tax
35 expenditure report, currently required by law to be transmitted to the
36 Legislature as part of the Governor’s annual budget message, State tax
37 expenditures are those revenue losses attributable to provisions of
38 State tax law which deviate from the generally applicable tax
39 structure. Currently, State tax expenditures are defined as those
40 revenue losses attributable to provisions of State tax law which
41 establish special tax treatment. The bill also changes the definition of
42 “tax expenditure” in section 2 of the bill to make the definition of tax
43 expenditure used in the Development Subsidy Job Goals
44 Accountability Act consistent with the definition of “State tax
45 expenditure” for purposes of the State tax expenditure reporting
46 requirements in section 1 of the bill.

47 The bill requires that each recipient entity of a development
48 subsidy include on their progress reports to the granting body,

- 1 information concerning the recipient's supplier diversity goals and
2 policies, including amounts paid, during the previous fiscal year for
3 products and services supplied by a female business, a small
4 business, a minority business, or a veteran-owned business as
5 defined by the bill. Further, the supplier diversity information
6 provided is to be summarized and included in the annual Unified
7 Economic Development Budget Report, prepared by the State
8 Treasurer and transmitted to the Legislature as part of the
9 Governor's Budget Message.
- 10 The bill also requires that the annual State tax expenditure report
11 detail instances in which the benefit of a particular State tax
12 expenditure exceeds 10 percent of the recipient's State tax liability.
- 13 The bill takes effect immediately upon enactment.