SENATE, No. 2266

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:
Senator JOSEPH P. CRYAN
District 20 (Union)

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.

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

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

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

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

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

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

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

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

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

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

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

c. For the purposes of this section:

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

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

3. This act shall take effect immediately.

STATEMENT

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

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

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

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

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

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