SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3046

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3046.

This bill extends for two years the document submission deadlines applicable to a business or developer that is seeking to receive tax credits under the Economic Redevelopment and Growth Grant Program (ERGG) and the Urban Transit Hub Tax Credit Program (UTHTC).

The deadline to submit the required documentation for approval of tax documents for certain residential and commercial UTHTC projects is extended from April 26, 2021 to December 31, 2023. The bill also changes from July 28, 2021 to December 31, 2023 the date when approved UTHTC projects will begin forfeiting annual tax credit awards if the project has not been certified as having met its investment capital and employment qualifications.

The bill extends, to December 31, 2023, the deadline by which developers of certain qualified residential and mixed use parking ERGG projects are required to submit temporary certificates of occupancy.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will result in an indeterminate annual loss of State revenue. The OLS assumes that some businesses wanting to participate in the programs are likely to miss certain deadlines, due to the Covid-19 public health emergency or other factors, and therefore lose access to the tax credits. As a result of the deadline extension, more businesses and developers could qualify for the tax credits awards and more tax credits could be awarded.

The OLS cannot quantify the exact amount of revenue that would be lost because of a lack of data on the specific projects that may be affected by the bill, the amount of tax credits they would receive, the number of businesses and developers that would have lost the tax credits as a result of the old deadline, and the number of businesses and developers that will receive credits with the new deadline. The OLS notes that to the extent the tax credit programs lead to increased economic activity, the State could realize additional indeterminate revenues.