

ASSEMBLY, No. 1129

STATE OF NEW JERSEY

220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 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.



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;

1 b. is engaged in the design, development, and introduction of
2 new biotechnology, information technology, logistics technology,
3 re-manufacturing, advanced materials, processing engineering or
4 electronic device technology products, or innovative manufacturing
5 processes; and

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

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

11 "Research institution" means an institution of higher education,
12 as that term is defined in section 2 of P.L.1977, c.123 (C.18A:68-
13 11.2), a research hospital, or any combination thereof.

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

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

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

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

30

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

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

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

45 b. The authority shall provide financial assistance to a business
46 accelerator or a business incubator in an amount that matches 20
47 percent of the amount of financial assistance and support services

1 provided by a research institution, up to a total of \$200,000, which
2 may be applied to any aspect of an accelerator business or an
3 incubator business operating within the business accelerator or
4 business incubator.

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

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

19 d. (1) The authority and the secretary shall, as they deem
20 appropriate, promote and facilitate public-private partnerships
21 between accelerator and incubator businesses, business accelerators
22 and incubators, and research institutions.

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

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

31 (a) requirements and guidelines for use of the expertise and
32 research capabilities of research institutions by an accelerator
33 business or an incubator business;

34 (b) requirements and guidelines for licensing rights authorizing
35 a research institution to use research and technology produced by an
36 accelerator business or an incubator business under a public-private
37 partnership agreement;

38 (c) requirements and guidelines for incubator business
39 employment opportunities for students enrolled in science and
40 technology business programs at research institutions and eligible
41 incubator business student hires; and

42 (d) requirements and guidelines for incubator business
43 internships for students enrolled in science and technology business
44 programs at research institutions and eligible incubator business
45 student hires.

46 e. An accelerator business or an incubator business shall not
47 qualify for tax credits pursuant to sections 7 or 8 of

1 P.L. , c. (C.) (pending before the Legislature as this bill)
2 unless the agreement complies with the requirements and guidelines
3 of paragraph (3) of subsection d. of this section.
4

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

17 b. The authority shall review and may approve an application
18 for the development program. The authority shall approve an
19 application for development program eligibility pursuant to an
20 agreement with an accelerator business or an incubator business and
21 the business accelerator or business incubator hosting the
22 accelerator business or incubator business subject to the submission
23 of proof by an approved development program applicant of the
24 expenditures contributing to the success of an accelerator business
25 or incubator business assisted by the business accelerator or
26 incubator. An applicant who fails to comply with an agreement, as
27 a condition of receiving financial assistance, shall repay any
28 financial assistance received and, if so determined by the authority,
29 shall pay a penalty not in excess of 10 percent of the amount of
30 financial assistance.
31

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

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

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

3 b. Monies in the development program which are not allocated
4 for current responsibilities of the development program may be
5 invested by the authority in any direct obligations as to which
6 principal and interest are guaranteed by the United States of
7 America or any other obligation deemed appropriate by the
8 authority.

9
10 5. (New section) a. The authority shall establish and administer
11 the “Business Accelerator and Business Incubator Network Grant
12 Program” for the purpose of awarding grants to business
13 accelerators or business incubators, based upon a competitive
14 application and evaluation process.

15 b. In addition to the financial assistance provided pursuant to
16 subsection b. of section 2 of P.L. , c. (C.) (pending before
17 the Legislature as this bill), the authority shall annually,
18 commencing with the calendar year next beginning after the
19 effective date of P.L. , c. (C.) (pending before the
20 Legislature as this bill), and for the six subsequent calendar years
21 provide 10 business accelerator and business incubator network
22 grants, equaling \$100,000 each, to business accelerators or business
23 incubators, which may be applied to:

24 (1) any aspect of the business accelerator or business incubator
25 that provides support to incubator businesses in the business
26 accelerator or business incubator as determined by the authority; or

27 (2) any aspect of an accelerator business or incubator business
28 operating within the business accelerator or business incubator.

29 c. In order to be eligible for a grant, a business accelerator or
30 business incubator at the time of application for program eligibility,
31 must qualify to receive financial assistance provided pursuant to
32 section subsection b. of section 2 of P.L. , c. (C.)
33 (pending before the Legislature as this bill)

34 d. A business accelerator or business incubator seeking to
35 participate in the grant program shall submit an application in a
36 form and manner as the authority shall require. The application
37 shall include information that the authority determines to be
38 necessary to evaluate applications and administer the grant
39 program.

40 e. The authority shall annually review and evaluate
41 applications for the grant program, and make award decisions upon
42 evaluating the:

43 (1) strength of a business accelerator’s or business incubator’s
44 partnerships with, and ability to foster, innovative accelerator
45 businesses or incubator businesses;

46 (2) strength of a business accelerator’s or business incubator’s
47 partnerships with a research institution;

1 (3) comprehensiveness of the a business accelerator's or
2 business incubator's support services and technology extension
3 services; and

4 (4) strength of the business accelerator's or business incubator's
5 partnerships with minority businesses and women's businesses, as
6 those terms are defined in section 2 of P.L.1986, c.195 (52:27H-
7 21.18).

8 f. The authority shall issue payment of the grant amounts
9 pursuant to a grant agreement with a business accelerator or
10 business incubator as the authority may determine and shall subject
11 the approval of the agreement to the submission of proof by an
12 applicant of the expenditures contributing to the success of an
13 accelerator business or an incubator business assisted by the
14 business accelerator or business incubator. A grantee who fails to
15 comply with a grant agreement made as a condition of a grant
16 award shall repay any grant amount received and, if so determined
17 by the authority, shall pay a penalty not in excess of 10 percent of
18 the grant amount.

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

23 (a) monies as may be available to the authority from other
24 business development programs administered by the authority or
25 other State agencies or authorities, and which the authority
26 determines to be necessary in light of the volume of applications
27 from accelerator businesses and incubator businesses for eligibility
28 for the development program as necessary to implement the
29 purposes of P.L. , c. (C.) (pending before the Legislature as
30 this bill); and

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

33 (2) Monies in the grant program which are not allocated for
34 current responsibilities of the development program may be
35 invested by the authority in any direct obligations as to which
36 principal and interest are guaranteed by the United States of
37 America or any other obligation deemed appropriate by the
38 authority.

39
40 6. (New section) a. Within one year after the effective date of
41 P.L. , c. (C.) (pending before the Legislature as this bill) and
42 annually thereafter, the authority shall prepare a report on the
43 "Startup Businesses in Business Incubators Development Program"
44 and the "Business Accelerator and Business Incubator Network
45 Grant Program," and deliver the report to the Governor and,
46 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
47 Legislature, and make the report available to the public on the

1 authority's Internet site. The report shall include the number,
2 names, and types of accelerator businesses and incubator businesses
3 and the names of the business accelerators and incubators
4 participating in the development program and the grant program,
5 the total amount of financial assistance provided to business
6 accelerator and business incubator, the amount of financial
7 assistance received per accelerator business or incubator business,
8 the cumulative total value of tax credits provided to taxpayers for
9 qualified investments in New Jersey emerging technology
10 businesses under section 3 of P.L.1997, c.349 (C.54:10A-5.30) that
11 are located in a business accelerator or a business incubator, and
12 any other information as the authority determines is necessary to
13 evaluate the progress of the development program.

14 b. In the sixth annual report submitted by the authority
15 pursuant to this section, the authority shall include a
16 recommendation to the Governor and the Legislature on whether to
17 renew or discontinue:

18 (1) the grant program enacted pursuant to section 5 of
19 P.L. , c. (C.) (pending before the Legislature as this bill);
20 and

21 (2) the tax credits enacted pursuant to sections 7 and 8 of
22 P.L. , c. (C.) (pending before the Legislature as this bill).
23

24 7. (New section) a. For the privilege period next beginning
25 after the effective date of P.L. , c. (C.) (pending before the
26 Legislature as this bill), and for the six subsequent privilege
27 periods, a taxpayer that is an accelerator business or incubator
28 business, as defined pursuant to section 1 of P.L. , c. (C.)
29 (pending before the Legislature as this bill), shall be allowed a
30 credit for the privilege period against the tax imposed pursuant to
31 section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to 15
32 percent of the taxpayer's business operating expenses during the
33 taxpayer's participation in the "Startup Businesses in Business
34 Incubators Development Program," as determined by the authority,
35 pursuant to P.L. , c. (C.) (pending before the Legislature as
36 this bill), that is allowed for the privilege period. A taxpayer may
37 carry forward an unused credit for use in the six privilege periods
38 following the privilege period for which the credit is allowed, if
39 necessary.

40 b. The order of priority of the application of the credit allowed
41 pursuant to this section and any other credits allowed by law shall
42 be prescribed by the director. The amount of the credit applied
43 under this section against the tax imposed pursuant to section 5 of
44 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
45 any other credits allowed by law, shall not exceed 50 percent of the
46 tax liability otherwise due and shall not reduce the tax liability to an
47 amount less than the statutory minimum provided in subsection (e)

1 of section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of
2 expense claimed as a credit pursuant to this section shall not be
3 allowed as an amount calculated or claimed pursuant to any other
4 credit against the tax imposed pursuant to section 5 of P.L.1945,
5 c.162 (C.54:10A-5).

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

14
15 8. (New section) a. For the taxable year next beginning after
16 the effective date of P.L. , c. (C.) (pending before the
17 Legislature as this bill), and for the six subsequent taxable years, a
18 taxpayer that is an accelerator business or incubator business, as
19 defined pursuant to section 1 of P.L. , c. (C.) (pending
20 before the Legislature as this bill), shall be allowed a credit for the
21 taxable year against the tax otherwise due for the taxable year
22 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
23 et seq., in an amount equal to 15 percent of the taxpayer's business
24 operating expenses during the taxpayer's participation in the
25 "Startup Businesses in Business Incubators Development Program,"
26 as determined by the authority, pursuant to P.L. , c. (C.)
27 (pending before the Legislature as this bill), that is allowed for the
28 taxable year. A taxpayer may, if necessary, carry forward an
29 unused credit for use in the six taxable years following the taxable
30 year for which the credit is allowed.

31 b. The order of priority of the application of the credit allowed
32 pursuant to this section and any other credits allowed by law shall
33 be prescribed by the director. The amount of the credit applied
34 under this section against the tax imposed pursuant to "New Jersey
35 Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year
36 together with any other credits allowed by law, shall not exceed 50
37 percent of the tax liability otherwise due. An amount of expense
38 claimed as a credit pursuant to this section shall not be allowed as
39 an amount calculated or claimed pursuant to any other credit against
40 the tax imposed pursuant to "New Jersey Gross Income Tax Act,"
41 N.J.S.54A:1-1 et seq.

42 A business entity classified as a partnership for federal income
43 tax purposes shall not be allowed a credit directly under the gross
44 income tax, but the amount of the credit of a taxpayer in respect of
45 a distributive share of partnership income shall be determined by
46 allocating to the taxpayer that proportion of the credit acquired by
47 the partnership that is equal to the taxpayer's share, whether or not

1 distributed, of the total distributive income or gain of the
2 partnership for its taxable year ending within or with the taxpayer's
3 taxable year.

4 A New Jersey S Corporation shall not be allowed a credit
5 directly under the gross income tax, but the amount of the credit of
6 a taxpayer in respect of a pro rata share of S Corporation income
7 shall be determined by allocating to the taxpayer that proportion of
8 the credit acquired by the New Jersey S Corporation that is equal to
9 the taxpayer's share, whether or not distributed, of the total pro rata
10 share of S Corporation income of the New Jersey S Corporation for
11 its privilege period ending within or with the taxpayer's taxable
12 year.

13 c. If the amount of credit allowed pursuant to subsection a. of
14 this section for a taxable year, together with any other payments or
15 credits against the tax, reduces the tax liability otherwise due for the
16 taxable year to zero, the taxpayer may elect to claim the total
17 amount of the credit remaining as an overpayment of tax pursuant
18 to N.J.S.54A:9-7 to be paid as a refund in an amount equal to 50
19 percent of the total amount claimed; provided, however, that
20 subsection (f) of that section, concerning the allowance of interest,
21 shall not apply.

22
23 9. Section 3 of P.L.1997, c.349 (54:10A-5.30) is amended to
24 read as follows

25 3. a. A taxpayer, upon approval of the taxpayer's application
26 therefor by the New Jersey Economic Development Authority and
27 in consultation with the director, shall be allowed a credit against
28 the tax imposed pursuant to section 5 of P.L.1945, c.162
29 (C.54:10A-5), in an amount equal to 10 percent of the qualified
30 investment made by the taxpayer in a New Jersey emerging
31 technology business, or in a New Jersey emerging technology
32 business holding company that makes a verified transfer of funds to
33 a New Jersey emerging technology business, up to a maximum
34 allowed credit of \$500,000 for the tax year for each qualified
35 investment made by the taxpayer.

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

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

43 c. Except as provided in subsection d. of this section, the
44 amount of tax year credit otherwise allowable under this section
45 which cannot be applied for the tax year against tax liability
46 otherwise due for that tax year may either be carried over, if
47 necessary, to the 15 tax years following the tax year for which the

1 credit was allowed or, at the election of the taxpayer, be claimed as
2 and treated as an overpayment for the purposes of R.S.54:49-15,
3 provided, however, that section 7 of P.L.1992, c.175 (C.54:49-15.1)
4 shall not apply.

5 d. A taxpayer may not carry over any amount of credit allowed
6 under subsection a. of this section to a tax year during which a
7 corporate acquisition with respect to which the taxpayer was a
8 target corporation occurred or during which the taxpayer was a
9 party to a merger or a consolidation, or to any subsequent tax year,
10 if the credit was allowed for a tax year prior to the year of
11 acquisition, merger or consolidation, except that if in the case of a
12 corporate merger or corporate consolidation the taxpayer can
13 demonstrate, through the submission of a copy of the plan of merger
14 or consolidation and such other evidence as may be required by the
15 director, the identity of the constituent corporation which was the
16 acquiring person, a credit allowed to the acquiring person may be
17 carried over by the taxpayer. As used in this subsection, "acquiring
18 person" means the constituent corporation the stockholders of
19 which own the largest proportion of the total voting power in the
20 surviving or consolidated corporation after the merger or
21 consolidation.

22 e. The Executive Director of the New Jersey Economic
23 Development Authority, in consultation with the director, shall
24 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
25 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
26 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
27 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
28 (C.54A:4-13), including, but not limited to: examples of and the
29 determination of qualified investments of which applicants shall
30 provide documentation with their tax credit application; the
31 promulgation of procedures and forms necessary to apply for a
32 credit; and provisions for credit applicants to be charged an initial
33 application fee and ongoing service fees to cover the administrative
34 costs related to the credit.

35 f. The amount of credits approved by the Executive Director of
36 the New Jersey Economic Development Authority, and in
37 consultation with the director, pursuant to subsection a. of this
38 section and pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13),
39 shall not exceed a cumulative total of \$25,000,000 in any calendar
40 year to apply against the tax imposed pursuant to section 5 of
41 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
42 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
43 cumulative amount of credits allowed to taxpayers in a calendar
44 year exceeds the amount of credits available in that year, then
45 taxpayers who have first applied for and have not been allowed a
46 credit amount for that reason shall be allowed, in the order in which
47 they have submitted an application, the amount of the tax credit on

1 the first day of the next succeeding calendar year in which tax
2 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
3 13) are not in excess of the amount of credits available.

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

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

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

20
21 10. This act shall take effect immediately, but shall remain
22 inoperative for 60 days following the date of enactment. Sections 7
23 and 8 shall apply to privilege periods and taxable years beginning
24 on or after the January 1 next following the date of enactment.

27 STATEMENT

28
29 This bill directs the New Jersey Economic Development Authority
30 (EDA), in consultation with the Secretary of Higher Education
31 (secretary), to establish and administer the “Startup Businesses in
32 Business Incubators Development Program” (program) to provide
33 financial assistance and support services to an accelerator business or
34 incubator business located within a business accelerator or incubator.
35 To qualify, a business accelerator or incubator is required to be located
36 within an urban transit hub or within one mile of a research institution
37 campus. The EDA is to provide financial assistance to a business
38 accelerator or incubator in an amount that matches 20 percent of the
39 amount of funding provided by a research institution up to a total of
40 \$200,000, which may be applied to any aspect of an accelerator or
41 incubator business operating within the accelerator or incubator.

42 The bill requires that, in order to be eligible for financial assistance
43 from the EDA, an accelerator or incubator business at the time of
44 jointly submitting an application for program eligibility, operates in
45 one of several specified fields.

46 The bill requires the EDA and the secretary to promote and
47 facilitate public-private partnerships between businesses, accelerators

1 and incubators, and New Jersey research institutions through the
2 adoption of rules and regulations promoting and facilitating public-
3 private partnerships and to establish the parameters of public-private
4 partnership agreements.

5 An accelerator or incubator business seeking to participate in the
6 program is to submit an application jointly with an accelerator or
7 incubator in a form and manner as the EDA requires. The EDA is to
8 provide financial assistance to an accelerator or incubator pursuant to
9 an agreement. An applicant that fails to comply with the agreement
10 made as a condition of receiving financial assistance is to repay any
11 financial assistance received and, if determined by the EDA, is to pay
12 a penalty not in excess of 10 percent of the amount of financial
13 assistance.

14 The EDA is to establish and maintain the program with the
15 following sources of funds: 1) funds as may be available to the EDA
16 from other business development programs administered by the EDA
17 or other State agencies or authorities, and which the EDA determines
18 to be necessary in light of the volume of applications from accelerator
19 and incubator businesses for eligibility under the program as necessary
20 to implement the bill; and 2) other monies as may be made available to
21 the EDA from public or private sources.

22 The bill also requires the EDA to administer and establish a
23 “Business Accelerator and Business Incubator Network Grant
24 Program” to provide 10 grants annually, for seven years, to business
25 accelerators or business incubators, based upon a competitive
26 application and evaluation process. The grants provided under the
27 program are required to equal \$100,000 each. In order to be eligible
28 for a grant, a business accelerator or business incubator is required to
29 qualify to receive financial assistance under the “Startup Businesses in
30 Business Incubators Development Program.” The bill requires the
31 EDA to evaluate applications for the grant program and make award
32 decisions upon evaluating the business accelerator’s or business
33 incubator’s partnerships with innovative businesses, partnerships with
34 a research institution, provision of support services and technology
35 extension services, and partnerships with minority businesses and
36 women’s businesses. The EDA is required to fund the grant program
37 through monies as may be available to the EDA from other business
38 development and from other monies available to the EDA from public
39 or private sources.

40 The bill provides corporation business tax credits and gross income
41 tax credits, for seven tax periods, for accelerator and incubator
42 businesses participating in the development program. The credits are
43 equal to 15 percent of the cost of accelerator or incubator business
44 operating expenses during the business’s participation in the program.
45 The taxpayer may carry unused tax credits forward, if necessary, for
46 seven tax periods or may file a petition for a refund equal to 50 percent
47 of the amount of an unused tax credit.

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

7 The bill requires the EDA to prepare an annual report on the
8 program, deliver the report to the Governor and the Legislature, and
9 make the report available to the public on the authority’s website. The
10 sixth annual report is required to recommend to the Governor and the
11 Legislature, whether the grant program, business tax credits, and gross
12 income tax credits should be renewed or discontinued.