

# ASSEMBLY, No. 1975

## STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

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**District 19 (Middlesex)**

**SYNOPSIS**

"Virtual Currency and Blockchain Regulation Act."

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning virtual currency and blockchain, and amending  
2 and supplementing various parts of the statutory law.

3

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

6

7 1. (New section) This act shall be known and may be cited as  
8 the "Virtual Currency and Blockchain Regulation Act."

9

10 2. (New section) As used in P.L. , c. (C. )(pending  
11 before the Legislature as this bill):

12 "Affiliate" means any person that directly or indirectly controls,  
13 is controlled by, or is under common control with, another person.

14 "Blockchain" means a digital ledger or database which is  
15 chronological, consensus-based, decentralized and mathematically  
16 verified in nature.

17 "Commissioner" means the Commissioner of Banking and  
18 Insurance.

19 "Consumptive" means a circumstance when a token is  
20 exchangeable for, or provided for the receipt of, services, software,  
21 content or real or tangible personal property, including rights of  
22 access to services, content or real or tangible personal property.

23 "Department" means the Department of Banking and Insurance.

24 "Developer" means the person primarily responsible for creating  
25 an open blockchain token or otherwise designing the token,  
26 including by executing the technological processes necessary to  
27 create the token.

28 "Digital asset" means a representation of economic, proprietary  
29 or access rights that is stored in a computer readable format, and  
30 includes digital consumer assets, digital securities and virtual  
31 currency. As used in P.L. , c. (C. )(pending before the  
32 Legislature as this bill), the terms digital consumer asset, digital  
33 security, and virtual currency shall be mutually exclusive.

34 "Digital consumer asset" means a digital asset that is used or  
35 bought primarily for consumptive, personal or household purposes  
36 and includes:

37 (1) An open blockchain token constituting intangible personal  
38 property as otherwise provided by law; and

39 (2) Any other digital asset which is not virtual currency or a  
40 digital security.

41 "Digital security" means a digital asset which constitutes a  
42 security, as defined in P.L.1967, c.93 (C.49:3-49), but shall exclude  
43 digital consumer assets and virtual currency.

**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 "Facilitator" means a person who, as a business, makes open  
2 blockchain tokens pursuant to subsection a. of section 2 of  
3 P.L. , c. (C. )(pending before the Legislature as this bill)  
4 available for resale to the public after a token has been purchased  
5 by an initial buyer.

6 "Financial investment" means a contract, transaction or  
7 arrangement where a person invests money in a common enterprise  
8 and is led to expect profits solely from the efforts of a promoter or a  
9 third party.

10 "Open blockchain token" means a digital unit that is:

11 (1) created:

12 (a) in response to the verification or collection of a specified  
13 number of transactions relating to a digital ledger or database;

14 (b) by deploying computer code to a digital ledger or database,  
15 which may include a blockchain, that allows for the creation of  
16 digital tokens or other units; or

17 (c) using a combination of the methods specified in paragraphs  
18 (a) and (b) of this paragraph.

19 (2) recorded to a digital ledger or database, which may include a  
20 blockchain; and

21 (3) capable of being traded or transferred between persons  
22 without an intermediary or custodian of value.

23 "Open blockchain token" shall not include virtual currency or  
24 digital security as those terms are defined in this section.

25 "Person" means any individual, partnership, corporation,  
26 association, trust, or other business combination or entity, however  
27 organized.

28 "Seller" means a person who makes an open blockchain token  
29 available for purchase to an initial buyer.

30 "Virtual currency" means a digital asset that is:

31 (1) used as a medium of exchange, unit of account or store of  
32 value; and

33 (2) not recognized as legal tender by the United States  
34 government.

35

36 3. (New section) a. An open blockchain token shall be  
37 intangible personal property if it meets the following  
38 characteristics:

39 (1) the predominant purpose of the token is consumptive;

40 (2) the developer or seller did not market the token to the initial  
41 buyer as a financial investment; and

42 (3) at least one of the following is satisfied:

43 (a) the developer or seller reasonably believed that it sold the  
44 token to the initial buyer for a consumptive purpose;

45 (b) the token has a consumptive purpose that is available at or  
46 near the time of sale and can be used at or near the time of sale for a  
47 consumptive purpose;

- 1 (c) the initial buyer of the token is prohibited by the developer or  
2 seller of the token from reselling the token until the token is  
3 available to be used for a consumptive purpose; or
- 4 (d) the developer or seller takes other reasonable precautions to  
5 prevent an initial buyer from purchasing the token as a financial  
6 investment.
- 7 b. Before making an open blockchain token available for sale,  
8 the developer or seller of a token, or the registered agent of the  
9 developer or seller, shall electronically file a notice of intent with  
10 the Department of the Banking and Insurance and pay a filing fee of  
11 \$1,000. The notice of intent shall contain the name of the person  
12 acting as a developer or seller, the contact information of the  
13 person, or the registered agent of the person and comprehensive  
14 details, to be determined by the Commissioner of Banking and  
15 Insurance, on the open blockchain token made available for sale. A  
16 form shall be made available by the department for this purpose,  
17 which shall include a secure electronic form conspicuously posted  
18 on the department's Internet website. A developer, seller and the  
19 registered agent of these persons, if applicable, shall have a  
20 continuing duty to update the contact information provided on a  
21 notice of intent as long as the open blockchain token associated  
22 with the notice is actively being sold.
- 23 c. A facilitator shall:
- 24 (1) before making any token available for resale to the public,  
25 confirm with the department that a notice of intent has been filed  
26 pursuant to subsection b. of this section;
- 27 (2) at all times, have a reasonable and good faith belief that a  
28 token subject to resale conforms to the requirements of subsection  
29 a. of this section; and
- 30 (3) take reasonably prompt action to terminate the resale of a  
31 token that does not conform to the requirements of subsection a. of  
32 this section.
- 33 d. A willful failure by a developer, seller or facilitator to  
34 comply with the duties imposed by P.L. , c. (C. )(pending  
35 before the Legislature as this bill) shall constitute an unlawful  
36 practice under P.L.1960, c.39 (C.56:8-1 et seq.), and shall be  
37 subject to all remedies and penalties available pursuant to P.L.1960,  
38 c.39 (C.56:8-1 et seq.) in addition to any other remedies or penalties  
39 provided by law. A developer, seller or facilitator is subject to all  
40 applicable criminal statutes.
- 41 e. The commissioner may refer the following to appropriate  
42 State or federal agencies for investigation, criminal prosecution,  
43 civil penalties and other appropriate enforcement actions:
- 44 (1) suspected violations of this section; and
- 45 (2) the developer, seller or facilitator of either an open  
46 blockchain token which conforms to the requirements of this  
47 section or another digital asset which substantially resembles an

1 open blockchain token, but which, in the determination of the  
2 commissioner, is being sold for financial investment or fraudulent  
3 purposes.

4  
5 4. (New section) a. Digital assets shall be classified in the  
6 following manner:

7 (1) Digital consumer assets are intangible personal property and  
8 shall be considered general intangibles, as defined in N.J.S.12A:9-  
9 102;

10 (2) Digital securities are intangible personal property and shall  
11 be considered securities, as defined in N.J.S.12A:8-102, and  
12 investment property, as defined in N.J.S.12A:9-102; and

13 (3) Virtual currency is intangible personal property and shall be  
14 considered money, notwithstanding N.J.S.12A:1-201.

15 b. Consistent with N.J.S.12A:8-102, a digital asset may be  
16 treated as a financial asset, pursuant to a written agreement with the  
17 owner of the digital asset. If treated as a financial asset, the digital  
18 asset shall remain intangible personal property.

19 c. Classification of digital assets under this section shall be  
20 construed in a manner to give the greatest effect to  
21 P.L. , c. (C. )(pending before the Legislature as this bill),  
22 but shall not be construed to apply to any other asset.

23  
24 5. (New section) a. Notwithstanding the financing statement  
25 requirement specified by N.J.S.12A:9-310, perfection of a security  
26 interest in a digital asset may be achieved through control, as  
27 defined in subsection e. of this section. A security interest held by a  
28 secured party having control of a digital asset has priority over a  
29 security interest held by a secured party that does not have control  
30 of the asset.

31 b. Before a secured party may take control of a digital asset  
32 under this section, the secured party shall enter into a control  
33 agreement with the debtor. A control agreement may also set forth  
34 the terms under which a secured party may pledge its security  
35 interest in the digital asset as collateral for another transaction.

36 c. A secured party may file a financing statement with the  
37 Division of Revenue and Enterprise Services, including to perfect a  
38 security interest in proceeds from a digital asset pursuant to  
39 N.J.S.12A:9-315.

40 d. Notwithstanding any law, rule, or regulation to the contrary,  
41 a transferee shall take a digital asset free of any security interest  
42 two years after the transferee takes the asset for value and does not  
43 have actual notice of an adverse claim. This subsection shall only  
44 apply to a security interest perfected by a method other than control.

45 e. Perfection by control creates a possessory security interest in  
46 a digital asset and does not require physical possession. For  
47 purposes of this section, a digital asset is located within the State if

1 the asset is held by a custodian, debtor or secured party that is  
2 physically located within the State.

3 f. As used in this section:

4 "Control" means:

5 (1) a secured party, or an agent, custodian, fiduciary or trustee  
6 of the party, has the exclusive legal authority to conduct a  
7 transaction relating to a digital asset, including by means of a  
8 private key or the use of a multi signature arrangement authorized  
9 by the secured party; or

10 (2) a smart contract created by a secured party which has the  
11 exclusive legal authority to conduct a transaction relating to a  
12 digital asset.

13 "Multi signature arrangement" means a system of access control  
14 relating to a digital asset for the purposes of preventing  
15 unauthorized transactions relating to the asset, in which two or  
16 more private keys are required to conduct a transaction, or any  
17 substantially similar analogue.

18 "Private key" means a unique element of cryptographic data, or  
19 any substantially similar analogue, which is:

20 (1) held by a person;

21 (2) paired with a unique, publicly available element of  
22 cryptographic data; and

23 (3) associated with an algorithm that is necessary to carry out an  
24 encryption or decryption required to execute a transaction.

25 "Smart Contract" means:

26 (1) an automated transaction conducted or performed, in whole  
27 or in part, by electronic means or electronic records, in which the  
28 acts or records of one or both parties are not reviewed by an  
29 individual in the ordinary course in forming a contract, performing  
30 under an existing contract or fulfilling an obligation required by the  
31 transaction; or

32 (2) any substantially similar analogue, which is comprised of  
33 code, script or programming language that executes the terms of an  
34 agreement, and which may include taking custody of and  
35 transferring an asset, or issuing executable instructions for these  
36 actions, based on the occurrence or nonoccurrence of specified  
37 conditions.

38

39 6. (New section) a. A bank may provide custodial services  
40 consistent with this section upon providing 60 days written notice to  
41 the Commissioner of the Department of Banking and Insurance.  
42 The provisions of this section are cumulative and not exclusive as  
43 an optional framework for enhanced supervision of digital asset  
44 custody. If a bank elects to provide custodial services under this  
45 section, it shall comply with all provisions of this section.

46 b. A bank may serve as a qualified custodian under federal  
47 Securities and Exchange Commission rules established pursuant to

1 17 C.F.R. s.275.206(4). In performing custodial services under this  
2 section, a bank shall:

3 (1) implement all accounting, account statement, internal  
4 control, notice and other standards specified by applicable state or  
5 federal law and regulations for custodial services;

6 (2) maintain information technology best practices relating to  
7 digital assets held in custody. The commissioner may specify  
8 required best practices by rule;

9 (3) fully comply with applicable federal anti-money laundering,  
10 customer identification and beneficial ownership requirements; and

11 (4) take other actions necessary to carry out this section, which  
12 may include exercising fiduciary powers similar to those permitted  
13 to national banks and ensuring compliance with federal law  
14 governing digital assets classified as commodities.

15 c. A bank providing custodial services shall enter into an  
16 agreement with an independent public accountant to conduct an  
17 examination conforming to the requirements of 17 C.F.R.  
18 s.275.206(4) 2(a)(4) and (6), at the cost of the bank. The  
19 accountant shall transmit the results of the examination to the  
20 commissioner within 120 days of the examination and may file the  
21 results with the federal Securities and Exchange Commission as its  
22 rules may provide. Material discrepancies in an examination shall  
23 be reported to the commissioner within one business day. The  
24 commissioner shall review examination results upon receipt within  
25 a reasonable time and during any regular examination conducted  
26 pursuant to P.L.1948, c.67 (C.17:9A-260).

27 d. Digital assets held in custody pursuant to this section shall  
28 not be depository liabilities or assets of the bank. A bank, or a  
29 subsidiary, may register as an investment adviser, investment  
30 company or broker dealer as necessary. A bank shall maintain  
31 control over a digital asset while in custody. A customer shall elect,  
32 pursuant to a written agreement with the bank, one of the following  
33 relationships for each digital asset held in custody:

34 (1) Custody under a bailment as a nonfungible or fungible asset.  
35 Assets held under this paragraph shall be strictly segregated from  
36 other assets; or

37 (2) Custody under a bailment pursuant to subsection e. of this  
38 section.

39 e. If a customer makes an election under subsection d. of this  
40 section, the bank may, based only on customer instructions,  
41 undertake transactions with the digital asset. A bank maintains  
42 control pursuant to subsection d. of this section by entering into an  
43 agreement with the counterparty to a transaction which contains a  
44 time for return of the asset. The bank shall not be liable for any loss  
45 suffered with respect to a transaction under this subsection, except  
46 for liability consistent with fiduciary and trust powers as a  
47 custodian under this section.

1 f. A bank and a customer shall agree in writing regarding the  
2 source code version the bank will use for each digital asset, and the  
3 treatment of each asset under chapter 8 of Title 12A of the New  
4 Jersey Statutes. Any ambiguity under this subsection shall be  
5 resolved in favor of the customer.

6 g. A bank shall provide clear, written notice to each customer,  
7 and require written acknowledgement, of the following:

8 (1) prior to the implementation of any updates, material source  
9 code updates relating to digital assets held in custody, except in  
10 emergencies which may include security vulnerabilities;

11 (2) the heightened risk of loss from transactions under  
12 subsection e. of this section;

13 (3) that some risk of loss as a pro rata creditor exists as the  
14 result of custody as a fungible asset or custody under paragraph (2)  
15 of subsection d. of this section;

16 (4) that custody under paragraph (2) of subsection d. of this  
17 section may not result in the digital assets of the customer being  
18 strictly segregated from other customer assets; and

19 (5) that the bank is not liable for losses suffered under  
20 subsection e. of this section, except for liability consistent with  
21 fiduciary and trust powers as a custodian under this section.

22 h. A bank and a customer shall agree in writing to a time  
23 period within which the bank shall return a digital asset held in  
24 custody under this section. If a customer makes an election under  
25 paragraph (2) of subsection d. of this section, then the bank and the  
26 customer may also agree in writing to the form in which the digital  
27 asset shall be returned.

28 i. All ancillary or subsidiary proceeds relating to digital assets  
29 held in custody under this section shall accrue to the benefit of the  
30 customer, except as specified by a written agreement with the  
31 customer. The bank shall not collect ancillary or subsidiary  
32 proceeds, unless the collection is disclosed in writing. A customer  
33 who makes an election under paragraph (1) of subsection d. of this  
34 section may withdraw the digital asset in a form that permits the  
35 collection of the ancillary or subsidiary proceeds.

36 j. A bank shall not authorize or permit rehypothecation of  
37 digital assets under this section. The bank shall not engage in any  
38 activity to use or exercise discretionary authority relating to a  
39 digital asset except based on customer instructions.

40 k. A bank shall not take any action under this section which  
41 would likely impair the solvency or the safety and soundness of the  
42 bank, as determined by the commissioner after considering the  
43 nature of custodial services customary in the banking industry.

44 l. As used in this section:

45 "Bank" has the meaning ascribed to it in P.L.1948, c.67  
46 (C.17:9A-1).



1 "Custodial services" means the safekeeping and management of  
2 customer currency and digital assets through the exercise of  
3 fiduciary and trust powers under this section as a custodian, and  
4 includes fund administration and the execution of customer  
5 instructions.

6  
7 7. Section 2 of P.L.1998, c.14 (C.17:15C-2) is amended to read  
8 as follows:

9 2. As used in **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.):

10 "Applicant" means a person filing an application for a license  
11 under **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.).

12 "Authorized delegate" means an entity authorized by the licensee  
13 pursuant to the provisions of section 17 of **[this act]** P.L.1998, c.14  
14 (C.17:15C-17) to sell or issue payment instruments or engage in the  
15 business of transmitting money on behalf of a licensee.

16 "Commissioner" means the Commissioner of Banking and  
17 Insurance.

18 "Control" means ownership of, or the power to vote, 25 percent  
19 or more of the outstanding voting securities of a licensee or  
20 controlling person. For purposes of determining the percentage of a  
21 licensee controlled by any person, there shall be aggregated with  
22 the person's interest the interest of any other person controlled by  
23 that person or by any spouse, parent, or child of that person.

24 "Controlling person" means any person in control of a licensee.

25 "Department" means the Department of Banking and Insurance.

26 "Executive officer" means the licensee's president, chairman of  
27 the executive committee, senior officer responsible for the  
28 licensee's business in this State, chief financial officer and any other  
29 person who performs similar functions.

30 "Foreign money transmitter" means a person who engages, in  
31 this State, only in the business of the receipt of money for  
32 transmission or transmitting money to locations outside of the  
33 United States by any and all means, including but not limited to  
34 payment instrument, wire, facsimile, electronic transfer, or  
35 otherwise for a fee, commission or other benefit.

36 "Key shareholder" means any person, or group of persons acting  
37 in concert, who is the owner of 25 percent or more of any voting  
38 class of an applicant's stock.

39 "Licensee" means a person licensed under **[this act]** P.L.1998,  
40 c.14 (C.17:15C-1 et seq.).

41 "Location" means a place of business at which activities  
42 regulated by **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.) occur.

43 "Material litigation" means any litigation that, according to  
44 generally accepted accounting principles, is deemed significant to  
45 any applicant's or licensee's financial health and would be required  
46 to be referenced in that entity's annual audited financial statements,  
47 report to shareholders or similar documents.

1 "Money" means a medium of exchange authorized or adopted by  
2 the United States or a foreign government as a part of its currency  
3 and that is customarily used and accepted as a medium of exchange  
4 in the country of issuance.

5 "Money transmitter" means a person who engages in this State in  
6 the business of:

7 (1) the sale or issuance of payment instruments for a fee,  
8 commission or other benefit;

9 (2) the receipt of money for transmission or transmitting money  
10 within the United States or to locations abroad by any and all  
11 means, including but not limited to payment instrument, wire,  
12 facsimile, electronic transfer, or otherwise for a fee, commission or  
13 other benefit; or

14 (3) the receipt of money for obligors for the purpose of paying  
15 obligors' bills, invoices or accounts for a fee, commission or other  
16 benefit paid by the obligor.

17 "Outstanding payment instrument" means any payment  
18 instrument issued by the licensee which has been sold in the United  
19 States directly by the licensee or any payment instrument issued by  
20 the licensee which has been sold by an authorized delegate of the  
21 licensee in the United States, which has been reported to the  
22 licensee as having been sold, and which has not yet been paid by or  
23 for the licensee.

24 "Payment instrument" means any check, draft, money order,  
25 travelers check or other instrument or written order for the  
26 transmission or payment of money, sold or issued to one or more  
27 persons, whether or not the instrument is negotiable. The term  
28 "payment instrument" does not include any credit card voucher, any  
29 letter of credit or any instrument which is redeemable by the issuer  
30 in goods or services.

31 "Permissible investments" means:

32 (1) cash;

33 (2) certificates of deposit or other debt obligations of a bank,  
34 savings bank, savings and loan association, or credit union, either  
35 domestic or foreign;

36 (3) bills of exchange or time drafts drawn on and accepted by a  
37 commercial bank, otherwise known as bankers' acceptances, which  
38 are eligible for purchase by member banks of the Federal Reserve  
39 System;

40 (4) any investment which is rated in one of the three highest  
41 rating categories by a nationally recognized statistical rating  
42 organization;

43 (5) investment securities that are obligations of the United  
44 States, its agencies or instrumentalities, or obligations that are  
45 guaranteed fully as to principal and interest by the United States, or  
46 any obligations of any state, municipality or any political

1 subdivision thereof which is rated in one of the three highest rating  
2 categories by a nationally recognized statistical rating organization;

3 (6) shares in a money market mutual fund, interest-bearing bills,  
4 notes or bonds, debentures or stock traded on any national securities  
5 exchange or on a national over-the-counter market, or mutual funds  
6 primarily composed of those securities or a fund composed of one  
7 or more permissible investments as set forth in this section;

8 (7) demand borrowing agreements made to a corporation or a  
9 subsidiary of a corporation whose capital stock is listed on a  
10 national exchange;

11 (8) receivables which are due to a licensee from its authorized  
12 delegates pursuant to a contract described in section 17 of **[this act]**  
13 P.L.1998, c.14 (C.17:15C-17), which are not past due or doubtful of  
14 collection; or

15 (9) any other investments or security device which the  
16 commissioner may authorize by rule.

17 “Virtual currency” means any type of digital representation that:

18 (1) is used as a medium of exchange, unit of account or store of  
19 value; and

20 (2) is not recognized as legal tender by the United States  
21 government.

22 (cf: P.L.1998, c.14, s.2)

23

24 8. Section 3 of P.L.1998, c.14 (C.17:15C-3) is amended to read  
25 as follows:

26 3. a. **[This act]** P.L.1998, c.14 (C.17:15C-1 et seq.) shall not  
27 apply to:

28 (1) The United States or any department, agency, or  
29 instrumentality thereof;

30 (2) The United States Postal Service;

31 (3) The State or any political subdivision thereof;

32 (4) Banks, bank holding companies, credit unions, building and  
33 loan associations, savings and loan associations, savings banks or  
34 mutual banks organized under the laws of any state or the United  
35 States, provided that they do not issue or sell payment instruments  
36 through authorized delegates who are not banks, bank holding  
37 companies, credit unions, building and loan associations, savings  
38 and loan associations, savings banks or mutual banks;

39 (5) The provision of electronic transfer of government benefits  
40 for any federal, state or county agency as defined in Regulation E,  
41 12 C.F.R. s.205.1 et seq., by a contractor for and on behalf of the  
42 United States or any department, agency or instrumentality thereof,  
43 or any state or political subdivision thereof; **[and]**

44 (6) A person licensed to conduct business as a debt adjuster  
45 pursuant to P.L.1979, c.16 (C.17:16G-1 et seq.), when acting within  
46 the scope of activities regulated by that license; and

1       (7) Buying, selling, issuing, or taking custody of payment  
2 instruments or stored value in the form of virtual currency or  
3 receiving virtual currency for transmission to a location within or  
4 outside the United States.

5       b. Authorized delegates of a licensee, acting within the scope  
6 of authority conferred by a written contract as described in section  
7 17 of **[this act]** P.L.1998, c.14 (C.17:15C-17) shall not be required  
8 to obtain a license pursuant to **[this act]** P.L.1998, c.14 (C.17:15C-  
9 1 et seq.).

10 (cf: P.L.1998, c.14, s.3)

11  
12       9. (New section) As used in sections 9 through 21  
13 of P.L. , c. (C. )(pending before the Legislature as this bill):

14       "Blockchain" means a digital ledger or database which is  
15 chronological, consensus-based, decentralized and mathematically  
16 verified in nature.

17       "Decentralized autonomous organization" means a limited  
18 liability company organized under P.L. , c. (C. )(pending  
19 before the Legislature as this bill).

20       "Digital asset" means a representation of economic, proprietary  
21 or access rights that is stored in a computer readable format and is  
22 either a digital consumer asset, digital security or virtual currency

23       "Limited liability autonomous organization" or "LAO" means a  
24 decentralized autonomous organization.

25       "Majority of the members," means the approval of more than 50  
26 percent of participating membership interests in a vote for which a  
27 quorum of members is participating. A person dissociated as a  
28 member as set forth in section 46 of P.L.2012, c.50 (C.42:2C-46)  
29 shall not be included for the purposes of calculating the majority of  
30 the members;

31       "Membership interest" means a member's ownership share in a  
32 member managed decentralized autonomous organization, which  
33 may be defined in the entity's articles of organization, smart  
34 contract or operating agreement. A membership interest may also be  
35 characterized as either a digital security or a digital consumer asset,  
36 if designated as such in the organization's articles of organization or  
37 operating agreement.

38       "Open blockchain" means a blockchain that is publicly  
39 accessible and its ledger of transactions is transparent.

40       "Quorum" means a minimum requirement on the sum of  
41 membership interests participating in a vote for that vote to be  
42 valid.

43       "Smart Contract" means:

44       (1) an automated transaction conducted or performed, in whole  
45 or in part, by electronic means or electronic records, in which the  
46 acts or records of one or both parties are not reviewed by an  
47 individual in the ordinary course in forming a contract, performing

1 under an existing contract or fulfilling an obligation required by the  
2 transaction; or

3 (2) any substantially similar analogue, which is comprised of  
4 code, script or programming language that executes the terms of an  
5 agreement, and which may include taking custody of and  
6 transferring an asset, or issuing executable instructions for these  
7 actions, based on the occurrence or nonoccurrence of specified  
8 conditions.

9  
10 10. (New section) a. The "Revised Uniform Limited Liability  
11 Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.) shall apply to  
12 decentralized autonomous organizations to the extent not  
13 inconsistent with the provisions of P.L. , c. (C. )(pending  
14 before the Legislature as this bill).

15 b. P.L. , c. (C. )(pending before the Legislature as this  
16 bill) shall not repeal or modify any statute or rule of law that applies  
17 to a limited liability company that is organized under P.L.2012, c.50  
18 (C.42:2C-1 et seq.) that does not elect to become a decentralized  
19 autonomous organization.

20  
21 11. (New section) a. A decentralized autonomous organization  
22 is a limited liability company the articles of organization of which  
23 contain a statement that the company is a decentralized autonomous  
24 organization as described in subsection c. of this section.

25 b. A limited liability company formed under P.L.2012, c.50  
26 (C.42:2C-1 et seq.) may convert to a decentralized autonomous  
27 organization by amending its articles of organization to include the  
28 statement required by subsections a. and c. of this section and  
29 section 13 of P.L. , c. (C. )(pending before the Legislature as  
30 this bill).

31 c. A statement in substantially the following form shall appear  
32 conspicuously in the articles of organization or operating  
33 agreement, if applicable, in a decentralized autonomous  
34 organization:

35  
36 NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

37  
38 The rights of members in a decentralized autonomous organization  
39 may differ materially from the rights of members in other limited  
40 liability companies. New Jersey's decentralized autonomous  
41 organization law, underlying smart contracts, articles of  
42 organization and operating agreement, if applicable, of a  
43 decentralized autonomous organization may define, reduce or  
44 eliminate fiduciary duties and may restrict transfer of ownership  
45 interests, withdrawal or resignation from the decentralized  
46 autonomous organization, return of capital contributions and  
47 dissolution of the decentralized autonomous organization.

1 d. The registered name for a decentralized autonomous  
2 organization shall include wording or abbreviation to denote its  
3 status as a decentralized autonomous organization, specifically  
4 "DAO", "LAO", or "DAO LLC."

5 e. A statement in the articles of organization may define the  
6 decentralized autonomous organization as either a member managed  
7 decentralized autonomous organization or an algorithmically  
8 managed decentralized autonomous organization. If the type of  
9 decentralized autonomous organization is not otherwise provided  
10 for, the limited liability company will be presumed to be a member  
11 managed decentralized autonomous organization.

12

13 12. (New section) a. Any person may form a decentralized  
14 autonomous organization, which shall have one or more members  
15 by signing and delivering one original and one exact or conformed  
16 copy of the articles of organization to the filing office for filing.  
17 The person forming the decentralized autonomous organization  
18 need not be a member of the organization.

19 b. A decentralized autonomous organization shall have and  
20 continuously maintain in this State a registered agent as provided in  
21 section 14 of P.L.2012, c.50 (C.42:2C-14).

22 c. A decentralized autonomous organization may form and  
23 operate for any lawful purpose, regardless of whether for profit.

24 d. An algorithmically managed decentralized autonomous  
25 organization may only form under P.L. , c. (C. )(pending  
26 before the Legislature as this bill) if the underlying smart contracts  
27 are able to be updated, modified or otherwise upgraded.

28

29 13. (New section) a. The articles of organization of a  
30 decentralized autonomous organization shall include a statement  
31 that the organization is a decentralized autonomous organization,  
32 pursuant to section 11 of P.L. , c. (C. )(pending before the  
33 Legislature as this bill) and section 18 of P.L.2012, c.50 (C.42:2C-  
34 18).

35 b. In addition to the requirements of subsection a. of this  
36 section the articles of organization shall include a publicly available  
37 identifier of any smart contract directly used to manage, facilitate or  
38 operate the decentralized autonomous organization.

39 c. Except as otherwise provided in P.L. ,  
40 c. (C. )(pending before the Legislature as this bill), the articles  
41 of organization and the smart contracts for a decentralized  
42 autonomous organization shall govern all of the following:

43 (1) relations among the members and between the members and  
44 the decentralized autonomous organization;

45 (2) rights and duties under P.L. , c. (C. )(pending before  
46 the Legislature as this bill) of a person in the person's capacity as a  
47 member;

- 1 (3) activities of the decentralized autonomous organization and  
2 the conduct of those activities;
- 3 (4) means and conditions for amending the operating agreement;
- 4 (5) rights and voting rights of members;
- 5 (6) transferability of membership interests;
- 6 (7) withdrawal of membership;
- 7 (8) distributions to members prior to dissolution;
- 8 (9) amendment of the articles of organization;
- 9 (10) procedures for amending, updating, editing or changing  
10 applicable smart contracts; and
- 11 (11) all other aspects of the decentralized autonomous  
12 organization.
- 13 d. Articles of organization shall be amended when:
- 14 (1) there is a change in the name of the decentralized  
15 autonomous organization;
- 16 (2) there is a false or erroneous statement in the articles of  
17 organization; or
- 18 (3) the decentralized autonomous organization's smart contracts  
19 have been updated or changed.
- 20
- 21 14. (New section) To the extent the articles of organization or  
22 smart contract do not otherwise provide for a matter described in  
23 section 13 of P.L. , c. (C. )(pending before the Legislature as  
24 this bill), the operation of a decentralized autonomous organization  
25 may be supplemented by an operating agreement.
- 26
- 27 15. (New section) Management of a decentralized autonomous  
28 organization shall be vested in its members, if member managed, or  
29 the smart contract, if algorithmically managed, unless otherwise  
30 provided in the articles of organization or operating agreement.
- 31
- 32 16. (New section) Unless otherwise provided for in the articles  
33 of organization or operating agreement, no member of a  
34 decentralized autonomous organization shall have any fiduciary  
35 duty to the organization or any member except that the members  
36 shall be subject to the implied contractual covenant of good faith  
37 and fair dealing.
- 38
- 39 17. (New section) a. For purposes of this section and section 18  
40 of P.L. , c. (C. )(pending before the Legislature as this bill)  
41 and unless otherwise provided for in the articles of organization,  
42 smart contract or operating agreement:
- 43 (1) membership interests in a member managed decentralized  
44 autonomous organization shall be calculated by dividing a member's  
45 contribution of digital assets to the organization divided by the total  
46 amount of digital assets contributed to the organization at the time  
47 of a vote;

1 (2) if members do not contribute digital assets to an organization  
2 as a prerequisite to becoming a member, each member shall possess  
3 one membership interest and be entitled to one vote;

4 (3) a quorum shall require not less than a majority of  
5 membership interests entitled to vote.

6 b. Members shall have no right to separately inspect or copy  
7 records of a decentralized autonomous organization and the  
8 organization shall have no obligation to furnish any information  
9 concerning the organization's activities, financial condition or other  
10 circumstances to the extent the information is available on an open  
11 blockchain.

12  
13 18. (New section) a. A member may only withdraw from a  
14 decentralized autonomous organization in accordance with the  
15 terms set forth in the articles of organization, the smart contracts or,  
16 if applicable, the operating agreement.

17 b. A member of a decentralized autonomous organization shall  
18 not have the organization dissolved for a failure to return the  
19 members' contribution to capital.

20 c. Unless the organization's articles of organization, smart  
21 contracts or operating agreement provide otherwise, a withdrawn  
22 member forfeits all membership interests in the decentralized  
23 autonomous organization, including any governance or economic  
24 rights.

25  
26 19. (New section) a. A decentralized autonomous organization  
27 organized under P.L. , c. (C. )(pending before the Legislature  
28 as this bill) shall be dissolved upon the occurrence of any of the  
29 following events:

30 (1) the period fixed for the duration of the organization expires;

31 (2) by vote of the majority of members of a member managed  
32 decentralized autonomous organization;

33 (3) at the time or upon the occurrence of events specified in the  
34 underlying smart contracts or as specified in the articles of  
35 organization or operating agreement;

36 (4) the decentralized autonomous organization has failed to  
37 approve any proposals or take any actions for a period of one year;

38 (5) by order of the Division of Revenue and Enterprise Services  
39 if the decentralized autonomous organization is deemed to no  
40 longer perform a lawful purpose.

41 b. As soon as possible following the occurrence of any of the  
42 events specified in subsection a. of this section causing the  
43 dissolution of a decentralized autonomous organization, the  
44 organization shall execute a statement of intent to dissolve in the  
45 form prescribed by the Division of Revenue and Enterprise  
46 Services.



1       20. (New section) The articles of organization and the operating  
2 agreement of a decentralized autonomous organization are effective  
3 as statements of authority. Where the underlying articles of  
4 organization and operating agreement are in conflict, the articles of  
5 organization shall preempt any conflicting provisions. Where the  
6 underlying articles of organization and smart contract are in  
7 conflict, the smart contract shall preempt any conflicting provisions  
8 of the articles of organization, except as it relates to section 11 of  
9 P.L. , c. (C. )(pending before the Legislature as this bill) and  
10 subsections a. and b. of section 13 of P.L. , c. (C. )(pending  
11 before the Legislature as this bill).

12  
13       21. (New section) The Division of Revenue and Enterprise  
14 Services shall not issue a certificate of authority for a foreign  
15 decentralized autonomous organization.

16  
17       22. (New section) a. Not later than December 31, 2022, the  
18 Division of Revenue and Enterprise Services shall develop and  
19 implement a filing system through which all required filings may be  
20 submitted. The division shall endeavor to use blockchain  
21 technology and include an application programming interface as  
22 components of the filing system, as well as robust security measures  
23 and other components determined by the division to be best  
24 practices or which are likely to increase the effective and efficient  
25 administration of the laws of this State. The division may create a  
26 blockchain for the purposes of this section or contract for the use of  
27 a privately created blockchain.

28       b. The division may:

29       (1) consult with all interested parties before developing the  
30 filing system specified in this section, including businesses,  
31 registered agents, attorneys, law enforcement and other interested  
32 persons; and

33       (2) if possible, partner with technology innovators and private  
34 companies to develop necessary components of the system.

35       c. The division shall promulgate such rules and regulations as  
36 the division determines are necessary to effectuate the provisions of  
37 P.L. , c. (C. )(pending before the Legislature as this bill).

38       d. As used in this section:

39       “Application programming interface” means a computer software  
40 intermediary which allows two distinct software applications to  
41 interact.

42       “Blockchain” means a digital ledger or database which is  
43 chronological, consensus-based, decentralized and mathematically  
44 verified in nature.

45       “Division” means the Division of Revenue and Enterprise  
46 Services in the New Jersey Department of the Treasury.

1 "Required filings" means all documents, reports, data and other  
2 information required by law to be filed with the division.

3  
4 23. (New section) a. The articles of incorporation or bylaws of  
5 a corporation may specify that all or a portion of the shares of the  
6 corporation may be represented by share certificates in the form of  
7 certificate tokens. The electronic message, command or transaction  
8 that transmits the certificate tokens to the data address to which a  
9 certificate token was issued shall be authorized at the time of  
10 issuance by one or more messages, commands or transactions  
11 signed with the network signatures of two officers designated in the  
12 bylaws or by the board of directors of the corporation.

13 b. Notwithstanding any law, rule, or regulation to the contrary,  
14 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
15 reference to share certificate, share, stock, or words of similar  
16 import shall be construed to include a certificate token.

17 c. Notwithstanding any law, rule, or regulation to the contrary,  
18 the information required by subsection a. of this section shall satisfy  
19 any other requirement of chapter 7 of Title 14A of the New Jersey  
20 Statutes to include information on a share certificate.

21 d. Notwithstanding any law, rule, or regulation to the contrary,  
22 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
23 reference to certificated shares or words of similar import shall be  
24 construed to include shares represented by certificate tokens, and  
25 any reference to the delivery or deposit of these shares to the  
26 corporation shall be construed to refer to any method of granting  
27 control of the tokens to the corporation.

28 e. Notwithstanding any law, rule, or regulation to the contrary,  
29 as used in chapter 7 of Title 14A of the New Jersey Statutes, any  
30 reference to a certificate being duly endorsed or words of similar  
31 import shall be construed to mean that the transaction authorizing  
32 transfer of control of the certificate token was signed by the lawful  
33 holder of the token with the network signature corresponding to the  
34 lawful holder's data address to which the certificate token was  
35 issued or last lawfully transferred.

36 f. As used in this section:

37 "Blockchain" means a digital ledger or database which is  
38 chronological, consensus based, decentralized and mathematically  
39 verified in nature;

40 "Certificate token" means a representation of shares that is stored  
41 in an electronic format which contains information pursuant to  
42 N.J.S.14A:7-11, and this information is:

43 (1) entered into a blockchain or other secure, auditable database;

44 (2) linked to or associated with the certificate token; and

45 (3) able to be transmitted electronically to the issuing  
46 corporation, the person to whom the certificate token was issued  
47 and any transferee.

1 "Network signature" means a string of alphanumeric characters  
2 that, when broadcast by a person to the data address's corresponding  
3 distributed or other electronic network or database, provides  
4 reasonable assurances to a recipient that the broadcasting person  
5 has knowledge or possession of the private key uniquely associated  
6 with the data address.

7  
8 24. N.J.S.14A:7-11 is amended to read as follows:

9 (1) The shares of a corporation shall be represented by  
10 certificates or, in accordance with subsection 14A:7-11(6), shall be  
11 uncertificated shares. Certificates shall be signed by, or in the name  
12 of the corporation by, the chairman or vice-chairman of the board,  
13 or the president or a vice-president, and may be countersigned by  
14 the treasurer or an assistant treasurer, or the secretary or an assistant  
15 secretary of the corporation and may be sealed with the seal of the  
16 corporation or a facsimile thereof. Any or all signatures upon a  
17 certificate may be a facsimile. In case any officer, transfer agent or  
18 registrar who has signed or whose facsimile signature has been  
19 placed upon such certificate, shall have ceased to be such officer,  
20 transfer agent, or registrar before such certificate is issued, it may  
21 be issued by the corporation with the same effect as if he were such  
22 officer, transfer agent or registrar at the date of its issue.

23 (2) Every share certificate delivered after the effective date of  
24 this act by a corporation which is authorized to issue shares of more  
25 than one class shall set forth upon the face or back of the certificate,  
26 a full statement

27 (a) Of the designations, relative rights, preferences and  
28 limitations of the shares of each class and series authorized to be  
29 issued, so far as the same have been determined, and

30 (b) Of the authority of the board to divide the shares into classes  
31 or series and to determine and change the relative rights,  
32 preferences and limitations of any class or series, or shall set forth  
33 that the corporation will furnish to any shareholder, upon request  
34 and without charge, such a full statement.

35 (3) Each certificate representing shares shall state upon the face  
36 thereof

37 (a) That the corporation is organized under the laws of this State;

38 (b) The name of the person to whom issued; **【and】**

39 (c) The number and class of shares, and the designation of the  
40 series, if any, which such certificate represents, and

41 (d) In the case of a certificate token pursuant to section 23 of  
42 P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_) (pending before the Legislature as this bill),  
43 the data address to whom which the token was issued; .

44 (4) No certificate shall be issued for any share until such share is  
45 fully paid.

46 (5) A card which is punched, magnetically coded or otherwise  
47 treated so as to facilitate machine or automatic processing, may be

1 used as a share certificate if it otherwise complies with the  
2 provisions of this section.

3 (6) The board may provide that some or all of the shares of any  
4 class or series shall be represented by uncertificated shares. Within  
5 a reasonable time after the issuance or transfer of uncertificated  
6 shares, the corporation shall send to the registered owner thereof a  
7 written notice containing the information required to be set forth or  
8 stated on certificates by subsections 14A:7-11(2) and 14A:7-11(3),  
9 and if required, 14A:7-12(2). Except as otherwise expressly  
10 provided by law, the rights and obligations of the holders of  
11 uncertificated shares and the rights and obligations of the holders of  
12 certificates representing shares of the same class and series shall be  
13 identical.

14 (cf: P.L.1988, c.94, s.42)

15

16 25. (New section) a. Receipts from retail sales of energy and  
17 utility service to a virtual currency servicer for use or consumption  
18 directly and primarily in the creation of virtual currency, including  
19 mining, shall be exempt from the tax imposed under the "Sales and  
20 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

21 b. A virtual currency servicer may file an application for a  
22 sales and use tax exemption with the Director of the Division of  
23 Taxation in the Department of the Treasury. The director shall  
24 process the application within 20 business days of receipt thereof.  
25 An exemption for a virtual currency servicer shall commence upon  
26 notice of approval of its application. Upon approval of its  
27 application, the director shall provide prompt notice to a business.

28 c. For the purposes of this section:

29 "Virtual currency" means a digital asset that is:

30 (1) Used as a medium of exchange, unit of account or store of  
31 value; and

32 (2) Not recognized as legal tender by the United States  
33 government.

34 "Virtual currency servicer" means

35 (1) any person who, as its primary business, engages in virtual  
36 currency creation, including mining;

37 (2) any person who, as its primary business, engages in the  
38 provision of a distributed digital verification system; or

39 (3) any person licensed pursuant to P.L. , c. (C. )  
40 (pending before the Legislature as Assembly Bill No.2891).

41

42 26. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to  
43 read as follows:

44 2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

45 "Affiliate" means an entity that directly or indirectly controls, is  
46 under common control with, or is controlled by the business.  
47 Control exists in all cases in which the entity is a member of a

1 controlled group of corporations as defined pursuant to section 1563  
2 of the Internal Revenue Code of 1986 (26 U.S.C.s.1563) or the  
3 entity is an organization in a group of organizations under common  
4 control as defined pursuant to subsection (b) or (c) of section 414 of  
5 the Internal Revenue Code of 1986 (26 U.S.C.s.414). A taxpayer  
6 may establish by clear and convincing evidence, as determined by  
7 the Director of the Division of Taxation in the Department of the  
8 Treasury, that control exists in situations involving lesser  
9 percentages of ownership than required by those statutes. An  
10 affiliate of a business may contribute to meeting either the qualified  
11 investment or full-time employee requirements of a business that  
12 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-  
13 209).

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

16 "Aviation district" means the area within a one-mile radius of the  
17 outermost boundary of the "Atlantic City International Airport,"  
18 established pursuant to section 24 of P.L.1991, c.252 (C.27:25A-  
19 24).

20 "Business" means an applicant proposing to own or lease  
21 premises in a qualified business facility that is:

22 a corporation that is subject to the tax imposed pursuant to  
23 section 5 of P.L.1945, c.162 (C.54:10A-5);

24 a corporation that is subject to the tax imposed pursuant to  
25 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and 54:18A-3),  
26 section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

27 a partnership;

28 an S corporation;

29 a limited liability company; or

30 a non-profit corporation.

31 If the business or tenant is a cooperative or part of a cooperative,  
32 then the cooperative may qualify for credits by counting the full-  
33 time employees and capital investments of its member  
34 organizations, and the cooperative may distribute credits to its  
35 member organizations. If the business or tenant is a cooperative  
36 that leases to its member organizations, the lease shall be treated as  
37 a lease to an affiliate or affiliates.

38 A business shall include an affiliate of the business if that  
39 business applies for a credit based upon any capital investment  
40 made by or full-time employees of an affiliate.

41 "Capital investment" in a qualified business facility means  
42 expenses by a business or any affiliate of the business incurred after  
43 application for:

44 a. site preparation and construction, repair, renovation,  
45 improvement, equipping, or furnishing on real property or of a  
46 building, structure, facility, or improvement to real property;

1 b. obtaining and installing furnishings and machinery,  
2 apparatus, or equipment, including but not limited to material goods  
3 subject to bonus depreciation under sections 168 and 179 of the  
4 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the  
5 operation of a business on real property or in a building, structure,  
6 facility, or improvement to real property;

7 c. receiving Highlands Development Credits under the  
8 Highlands Transfer Development Rights Program authorized  
9 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

10 d. any of the foregoing.

11 In addition to the foregoing, in a Garden State Growth Zone, the  
12 following qualify as a capital investment: any and all development,  
13 redevelopment and relocation costs, including, but not limited to,  
14 site acquisition if made within 24 months of application to the  
15 authority, engineering, legal, accounting, and other professional  
16 services required; and relocation, environmental remediation, and  
17 infrastructure improvements for the project area, including, but not  
18 limited to, on- and off-site utility, road, pier, wharf, bulkhead, or  
19 sidewalk construction or repair.

20 In addition to the foregoing, if a business acquires or leases a  
21 qualified business facility, the capital investment made or acquired  
22 by the seller or owner, as the case may be, if pertaining primarily to  
23 the premises of the qualified business facility, shall be considered a  
24 capital investment by the business and, if pertaining generally to the  
25 qualified business facility being acquired or leased, shall be  
26 allocated to the premises of the qualified business facility on the  
27 basis of the gross leasable area of the premises in relation to the  
28 total gross leasable area in the qualified business facility. The  
29 capital investment described herein may include any capital  
30 investment made or acquired within 24 months prior to the date of  
31 application so long as the amount of capital investment made or  
32 acquired by the business, any affiliate of the business, or any owner  
33 after the date of application equals at least 50 percent of the amount  
34 of capital investment, allocated to the premises of the qualified  
35 business facility being acquired or leased on the basis of the gross  
36 leasable area of such premises in relation to the total gross leasable  
37 area in the qualified business facility made or acquired prior to the  
38 date of application.

39 "Commitment period" means the period of time that is 1.5 times  
40 the eligibility period.

41 "Deep poverty pocket" means a population census tract having a  
42 poverty level of 20 percent or more, and which is located within the  
43 qualified incentive area and has been determined by the authority to  
44 be an area appropriate for development and in need of economic  
45 development incentive assistance.

46 "Disaster recovery project" means a project located on property  
47 that has been wholly or substantially damaged or destroyed as a

1 result of a federally-declared disaster which, after utilizing all  
2 disaster funds available from federal, State, county, and local  
3 funding sources, demonstrates to the satisfaction of the authority  
4 that access to additional funding authorized pursuant to the "New  
5 Jersey Economic Opportunity Act of 2013," P.L.2013,  
6 c.161 (C.52:27D-489p et al.), is necessary to complete such  
7 redevelopment project, and which is located within the qualified  
8 incentive area and has been determined by the authority to be in an  
9 area appropriate for development and in need of economic  
10 development incentive assistance.

11 "Virtual currency servicer" means the same as defined in section  
12 25 of P.L. , c. (C. )(pending before the Legislature as this  
13 bill).

14 "Distressed municipality" means a municipality that is qualified  
15 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a  
16 municipality under the supervision of the Local Finance Board  
17 pursuant to the provisions of the "Local Government Supervision  
18 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality  
19 identified by the Director of the Division of Local Government  
20 Services in the Department of Community Affairs to be facing  
21 serious fiscal distress, a SDA municipality, or a municipality in  
22 which a major rail station is located.

23 "Eligibility period" means the period in which a business may  
24 claim a tax credit under the Grow New Jersey Assistance Program,  
25 beginning with the tax period in which the authority accepts  
26 certification of the business that it has met the capital investment  
27 and employment requirements of the Grow New Jersey Assistance  
28 Program and extending thereafter for a term of not more than 10  
29 years, with the term to be determined solely at the discretion of the  
30 applicant.

31 "Eligible position" or "full-time job" means a full-time position  
32 in a business in this State which the business has filled with a full-  
33 time employee.

34 "Full-time employee" means a person:

35 a. who is employed by a business for consideration for at least  
36 35 hours a week, or who renders any other standard of service  
37 generally accepted by custom or practice as full-time employment,  
38 or

39 b. who is employed by a professional employer organization  
40 pursuant to an employee leasing agreement between the business  
41 and the professional employer organization, in accordance with  
42 P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or  
43 who renders any other standard of service generally accepted by  
44 custom or practice as full-time employment, and whose wages are  
45 subject to withholding as provided in the "New Jersey Gross  
46 Income Tax Act," N.J.S.54A:1-1 et seq., or

1 c. who is a resident of another State but whose income is not  
2 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
3 et seq. or who is a partner of a business who works for the  
4 partnership for at least 35 hours a week, or who renders any other  
5 standard of service generally accepted by custom or practice as full-  
6 time employment, and whose distributive share of income, gain,  
7 loss, or deduction, or whose guaranteed payments, or any  
8 combination thereof, is subject to the payment of estimated taxes, as  
9 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
10 et seq., and

11 d. who, except for purposes of the Statewide workforce, is  
12 provided, by the business, with employee health benefits under a  
13 health benefits plan authorized pursuant to State or federal law.

14 With respect to a logistics, manufacturing, energy, defense,  
15 aviation, or maritime business, excluding primarily warehouse or  
16 distribution operations, located in a port district having a container  
17 terminal:

18 the requirement that employee health benefits are to be provided  
19 shall be deemed to be satisfied if such benefits are provided in  
20 accordance with industry practice by a third party obligated to  
21 provide such benefits pursuant to a collective bargaining agreement;

22 full-time employment shall include, but not be limited to,  
23 employees that have been hired by way of a labor union hiring hall  
24 or its equivalent;

25 35 hours of employment per week at a qualified business facility  
26 shall constitute one "full-time employee," regardless of whether or  
27 not the hours of work were performed by one or more persons.

28 For any project located in a Garden State Growth Zone which  
29 qualifies under the "Municipal Rehabilitation and Economic  
30 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any  
31 project located in the Atlantic City Tourism District as established  
32 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated  
33 by the Casino Reinvestment Development Authority, and which  
34 will include a retail facility of at least 150,000 square feet, of which  
35 at least 50 percent will be occupied by either a full-service  
36 supermarket or grocery store, 30 hours of employment per week at a  
37 qualified business facility shall constitute one "full-time employee,"  
38 regardless of whether or not the hours of work were performed by  
39 one or more persons, and the requirement that employee health  
40 benefits are to be provided shall be deemed to be satisfied if the  
41 employees of the business are covered by a collective bargaining  
42 agreement.

43 "Full-time employee" shall not include any person who works as  
44 an independent contractor or on a consulting basis for the business.  
45 Full-time employee shall also not include any person who at the  
46 time of project application works in New Jersey for consideration  
47 for at least 35 hours per week, or who renders any other standard of



1 service generally accepted by custom or practice as full-time  
2 employment but who prior to project application was not provided,  
3 by the business, with employee health benefits under a health  
4 benefits plan authorized pursuant to State or federal law.

5 "Garden State Growth Zone" or "growth zone" means the four  
6 New Jersey cities with the lowest median family income based on  
7 the 2009 American Community Survey from the US Census, (Table  
8 708. Household, Family, and Per Capita Income and Individuals,  
9 and Families Below Poverty Level by City: 2009); or a municipality  
10 which contains a Tourism District as established pursuant to section  
11 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
12 Reinvestment Development Authority.

13 "Highlands development credit receiving area or redevelopment  
14 area" means an area located within a qualified incentive area and  
15 designated by the Highlands Water Protection and Planning Council  
16 for the receipt of Highlands Development Credits under the  
17 Highlands Transfer Development Rights Program authorized  
18 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

19 "Incentive agreement" means the contract between the business  
20 and the authority, which sets forth the terms and conditions under  
21 which the business shall be eligible to receive the incentives  
22 authorized pursuant to the program.

23 "Incentive effective date" means the date the authority issues a  
24 tax credit based on documentation submitted by a business pursuant  
25 to paragraph (1) of subsection b. of section 6 of P.L.2011, c.14  
26 (C.34:1B-247).

27 "Major rail station" means a railroad station located within a  
28 qualified incentive area which provides access to the public to a  
29 minimum of six rail passenger service lines operated by the New  
30 Jersey Transit Corporation.

31 "Mega project" means:

32 a. a qualified business facility located in a port district housing  
33 a business in the logistics, manufacturing, energy, defense, or  
34 maritime industries, either:

35 (1) having a capital investment in excess of \$20,000,000, and at  
36 which more than 250 full-time employees of such business are  
37 created or retained, or

38 (2) at which more than 1,000 full-time employees of such  
39 business are created or retained;

40 b. a qualified business facility located in an aviation district  
41 housing a business in the aviation industry, in a Garden State  
42 Growth Zone, or in a priority area housing the United States  
43 headquarters and related facilities of an automobile manufacturer,  
44 either:

45 (1) having a capital investment in excess of \$20,000,000, and at  
46 which more than 250 full-time employees of such business are  
47 created or retained, or

1 (2) at which more than 1,000 full-time employees of such  
2 business are created or retained;

3 c. a qualified business facility located in an urban transit hub  
4 housing a business of any kind, having a capital investment in  
5 excess of \$50,000,000, and at which more than 250 full-time  
6 employees of a business are created or retained; or

7 d. a project located in an area designated in need of  
8 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)  
9 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within  
10 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,  
11 Ocean, or Salem counties having a capital investment in excess of  
12 \$20,000,000, and at which more than 150 full-time employees of a  
13 business are created or retained.

14 "Minimum environmental and sustainability standards" means  
15 standards established by the authority in accordance with the green  
16 building manual prepared by the Commissioner of Community  
17 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),  
18 regarding the use of renewable energy, energy-efficient technology,  
19 and non-renewable resources in order to reduce environmental  
20 degradation and encourage long-term cost reduction.

21 "Moderate-income housing" means housing affordable,  
22 according to United States Department of Housing and Urban  
23 Development or other recognized standards for home ownership  
24 and rental costs, and occupied or reserved for occupancy by  
25 households with a gross household income equal to more than 50  
26 percent but less than 80 percent of the median gross household  
27 income for households of the same size within the housing region in  
28 which the housing is located.

29 "Municipal Revitalization Index" means the 2007 index by the  
30 Office for Planning Advocacy within the Department of State  
31 measuring or ranking municipal distress.

32 "New full-time job" means an eligible position created by the  
33 business at the qualified business facility that did not previously  
34 exist in this State. For the purposes of determining a number of  
35 new full-time jobs, the eligible positions of an affiliate shall be  
36 considered eligible positions of the business.

37 "Other eligible area" means the portions of the qualified  
38 incentive area that are not located within a distressed municipality,  
39 or the priority area.

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

42 "Port district" means the portions of a qualified incentive area  
43 that are located within:

44 a. the "Port of New York District" of the Port Authority of  
45 New York and New Jersey, as defined in Article II of the Compact  
46 Between the States of New York and New Jersey of 1921; or

1       b. a 15-mile radius of the outermost boundary of each marine  
2 terminal facility established, acquired, constructed, rehabilitated, or  
3 improved by the South Jersey Port District established pursuant to  
4 "The South Jersey Port Corporation Act," P.L.1968, c.60  
5 (C.12:11A-1 et seq.).

6       "Priority area" means the portions of the qualified incentive area  
7 that are not located within a distressed municipality and which:

8       a. are designated pursuant to the "State Planning Act,"  
9 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1  
10 (Metropolitan), Planning Area 2 (Suburban), a designated center  
11 under the State Development and Redevelopment Plan, or a  
12 designated growth center in an endorsed plan until June 30, 2013, or  
13 until the State Planning Commission revises and readopts New  
14 Jersey's State Strategic Plan and adopts regulations to revise this  
15 definition;

16       b. intersect with portions of: a deep poverty pocket, a port  
17 district, or federally-owned land approved for closure under a  
18 federal Commission on Base Realignment and Closure action;

19       c. are the proposed site of a disaster recovery project, a  
20 qualified incubator facility, a highlands development credit  
21 receiving area or redevelopment area, a tourism destination project,  
22 or transit oriented development; or

23       d. contain: a vacant commercial building having over 400,000  
24 square feet of office, laboratory, or industrial space available for  
25 occupancy for a period of over one year; or a site that has been  
26 negatively impacted by the approval of a "qualified business  
27 facility," as defined pursuant to section 2 of P.L.2007, c.346  
28 (C.34:1B-208).

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

32       "Program" means the "Grow New Jersey Assistance Program"  
33 established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

34       "Qualified business facility" means any building, complex of  
35 buildings or structural components of buildings, and all machinery  
36 and equipment located within a qualified incentive area, used in  
37 connection with the operation of a business that is not engaged in  
38 final point of sale retail business at that location unless the building,  
39 complex of buildings or structural components of buildings, and all  
40 machinery and equipment located within a qualified incentive area,  
41 are used in connection with the operation of:

42       a. a final point of sale retail business located in a Garden State  
43 Growth Zone that will include a retail facility of at least 150,000  
44 square feet, of which at least 50 percent is occupied by either a full-  
45 service supermarket or grocery store; or

1       b. a tourism destination project located in the Atlantic City  
2 Tourism District as established pursuant to section 5 of P.L.2011,  
3 c.18 (C.5:12-219).

4       "Qualified incentive area" means:

5       a. an aviation district;

6       b. a port district;

7       c. a distressed municipality or urban transit hub municipality;

8       d. an area (1) designated pursuant to the "State Planning Act,"  
9 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

10       (a) Planning Area 1 (Metropolitan);

11       (b) Planning Area 2 (Suburban); or

12       (c) Planning Area 3 (Fringe Planning Area);

13       (2) located within a smart growth area and planning area  
14 designated in a master plan adopted by the New Jersey  
15 Meadowlands Commission pursuant to subsection (i) of section 6 of  
16 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan  
17 adopted by the New Jersey Meadowlands Commission pursuant to  
18 section 20 of P.L.1968, c.404 (C.13:17-21);

19       (3) located within any land owned by the New Jersey Sports and  
20 Exposition Authority, established pursuant to P.L.1971, c.137  
21 (C.5:10-1 et seq.), within the boundaries of the Hackensack  
22 Meadowlands District as delineated in section 4 of P.L.1968, c.404  
23 (C.13:17-4);

24       (4) located within a regional growth area, town, village, or a  
25 military and federal installation area designated in the  
26 comprehensive management plan prepared and adopted by the  
27 Pinelands Commission pursuant to the "Pinelands Protection Act,"  
28 P.L.1979, c.111 (C.13:18A-1 et seq.);

29       (5) located within the planning area of the Highlands Region as  
30 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands  
31 development credit receiving area or redevelopment area;

32       (6) located within a Garden State Growth Zone;

33       (7) located within land approved for closure under any federal  
34 Commission on Base Realignment and Closure action; or

35       (8) located only within the following portions of the areas  
36 designated pursuant to the "State Planning Act," P.L.1985, c.398  
37 (C.52:18A-196 et al.), as Planning Area 4A (Rural Planning Area),  
38 Planning Area 4B (Rural/Environmentally Sensitive) or Planning  
39 Area 5 (Environmentally Sensitive) if Planning Area 4A (Rural  
40 Planning Area), Planning Area 4B (Rural/Environmentally  
41 Sensitive) or Planning Area 5 (Environmentally Sensitive) is  
42 located within:

43       (a) a designated center under the State Development and  
44 Redevelopment Plan;

45       (b) a designated growth center in an endorsed plan until the  
46 State Planning Commission revises and readopts New Jersey's State

1 Strategic Plan and adopts regulations to revise this definition as it  
2 pertains to Statewide planning areas;

3 (c) any area determined to be in need of redevelopment pursuant  
4 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and 40A:12A-  
5 6) or in need of rehabilitation pursuant to section 14 of P.L.1992,  
6 c.79 (C.40A:12A-14);

7 (d) any area on which a structure exists or previously existed  
8 including any desired expansion of the footprint of the existing or  
9 previously existing structure provided such expansion otherwise  
10 complies with all applicable federal, State, county, and local  
11 permits and approvals;

12 (e) the planning area of the Highlands Region as defined in  
13 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands  
14 development credit receiving area or redevelopment area; or

15 (f) any area on which an existing tourism destination project is  
16 located.

17 "Qualified incentive area" shall not include any property located  
18 within the preservation area of the Highlands Region as defined in  
19 section 3 of P.L.2004, c.120 (C.13:20-3).

20 "Qualified incubator facility" means a commercial building  
21 located within a qualified incentive area: which contains 50,000 or  
22 more square feet of office, laboratory, or industrial space; which is  
23 located near, and presents opportunities for collaboration with, a  
24 research institution, teaching hospital, college, or university; and  
25 within which, at least 50 percent of the gross leasable area is  
26 restricted for use by one or more technology startup companies  
27 during the commitment period.

28 "Retained full-time job" means an eligible position that currently  
29 exists in New Jersey and is filled by a full-time employee but  
30 which, because of a potential relocation by the business, is at risk of  
31 being lost to another state or country, or eliminated. For the  
32 purposes of determining a number of retained full-time jobs, the  
33 eligible positions of an affiliate shall be considered eligible  
34 positions of the business. For the purposes of the certifications and  
35 annual reports required in the incentive agreement pursuant to  
36 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the  
37 extent an eligible position that was the basis of the award no longer  
38 exists, a business shall include as a retained full-time job a new  
39 eligible position that is filled by a full-time employee provided that  
40 the position is included in the order of date of hire and is not the  
41 basis for any other incentive award. For a project located in a  
42 Garden State Growth Zone which qualified for the "Municipal  
43 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
44 (C.52:27BBB-1 et al.), retained full-time job shall include any  
45 employee previously employed in New Jersey and transferred to the  
46 new location in the Garden State Growth Zone which qualified for

1 the "Municipal Rehabilitation and Economic Recovery Act,"  
2 P.L.2002, c.43 (C.52:27BBB-1 et al.).

3 "SDA district" means an SDA district as defined in section 3 of  
4 P.L.2000, c.72 (C.18A:7G-3).

5 "SDA municipality" means a municipality in which an SDA  
6 district is situate.

7 "Targeted industry" means any industry identified from time to  
8 time by the authority including initially, a transportation,  
9 manufacturing, defense, energy, logistics, life sciences, technology,  
10 health, and finance business, but excluding a primarily warehouse  
11 or distribution business. "Targeted industry" shall include the  
12 virtual currency industry and shall include a virtual currency  
13 servicer.

14 "Technology startup company" means a for profit business that  
15 has been in operation fewer than five years and is developing or  
16 possesses a proprietary technology or business method of a high-  
17 technology or life science-related product, process, or service which  
18 the business intends to move to commercialization. "Technology  
19 startup company" shall include a company that is a virtual currency  
20 servicer, regardless of the number of years the business has been in  
21 operation.

22 "Tourism destination project" means a qualified non-gaming  
23 business facility that will be among the most visited privately  
24 owned or operated tourism or recreation sites in the State, and  
25 which is located within the qualified incentive area and has been  
26 determined by the authority to be in an area appropriate for  
27 development and in need of economic development incentive  
28 assistance, including a non-gaming business within an established  
29 Tourism District with a significant impact on the economic viability  
30 of that District.

31 "Transit oriented development" means a qualified business  
32 facility located within a 1/2-mile radius, or one-mile radius for  
33 projects located in a Garden State Growth Zone, surrounding the  
34 mid-point of a New Jersey Transit Corporation, Port Authority  
35 Transit Corporation, or Port Authority Trans-Hudson Corporation  
36 rail, bus, or ferry station platform area, including all light rail  
37 stations.

38 "Urban transit hub" means an urban transit hub, as defined in  
39 section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within  
40 an eligible municipality, as defined in section 2 of P.L.2007, c.346  
41 (C.34:1B-208) and also located within a qualified incentive area.

42 "Urban transit hub municipality" means a municipality: a. which  
43 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et  
44 seq.), or which has continued to be a qualified municipality  
45 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent  
46 or more of the value of real property was exempt from local  
47 property taxation during tax year 2006. The percentage of exempt

1 property shall be calculated by dividing the total exempt value by  
2 the sum of the net valuation which is taxable and that which is tax  
3 exempt.

4 (cf: P.L.2014, c.63, s.2)

5

6 27. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to  
7 read as follows:

8 5. a. The total amount of tax credit for an eligible business for  
9 each new or retained full-time job shall be as set forth in  
10 subsections b. through f. of this section. The total tax credit amount  
11 shall be calculated and credited to the business annually for each  
12 year of the eligibility period. Notwithstanding any other provisions  
13 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its  
14 ability to apply for the tax credit under this subsection to a non-  
15 profit organization with a mission dedicated to attracting investment  
16 and completing development and redevelopment projects in a  
17 Garden State Growth Zone. The non-profit organization or  
18 organization operating a qualified incubator facility may make an  
19 application on behalf of a business which meets the requirements  
20 for the tax credit, or a group of non-qualifying businesses or  
21 positions, located at a qualified business facility, that shall be  
22 considered a unified project for the purposes of the incentives  
23 provided under this section. For any project located in a Garden  
24 State Growth Zone that qualifies under the "Municipal  
25 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
26 (C.52:27BBB-1 et al.), or any project located in a Garden State  
27 Growth Zone which contains a Tourism District as established  
28 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated  
29 by the Casino Reinvestment Development Authority, and which  
30 will include a retail facility of at least 150,000 square feet, of which  
31 at least 50 percent will be occupied by either a full-service  
32 supermarket or grocery store, a business may assign its ability to  
33 apply for the tax credit under this subsection to the developer of the  
34 facility. The developer may make an application on behalf of the  
35 business which meets the requirements for the tax credit, or a group  
36 of non-qualifying businesses located at the business facility, that  
37 shall be considered a unified project for the purposes of the  
38 incentives provided under this section, and the developer may apply  
39 for tax credits available based on the number of jobs provided by  
40 the business or businesses and the total capital investment of the  
41 business or businesses and the developer.

42 b. The base amount of the tax credit for each new or retained  
43 full-time job shall be as follows:

44 (1) for a qualified business facility located within an urban  
45 transit hub municipality or Garden State Growth Zone or is a mega  
46 project, \$5,000 per year;

- 1 (2) for a qualified business facility located within a distressed  
2 municipality but not qualifying under paragraph (1) of this  
3 subsection, \$4,000 per year;
- 4 (3) for a project in a priority area, \$3,000 per year; and  
5 (4) for a project in other eligible areas, \$500 per year.
- 6 c. In addition to the base amount of the tax credit, the amount  
7 of the tax credit to be awarded for each new or retained full-time  
8 job shall be increased if the qualified business facility meets any of  
9 the following priority criteria or other additional or replacement  
10 criteria determined by the authority from time to time in response to  
11 evolving economic or market conditions:
- 12 (1) for a qualified business facility located in a deep poverty  
13 pocket or in an area that is the subject of a Choice Neighborhoods  
14 Transformation Plan funded by the federal Department of Housing  
15 and Urban Development, an increase of \$1,500 per year;
- 16 (2) for a qualified business facility located in a qualified  
17 incubator facility, an increase of \$500 per year;
- 18 (3) for a qualified business facility located in a mixed-use  
19 development that incorporates sufficient moderate income housing  
20 on site to accommodate a minimum of 20 percent of the full-time  
21 employees of the business, an increase of \$500 per year;
- 22 (4) for a qualified business facility located within a transit  
23 oriented development, an increase of \$2,000 per year;
- 24 (5) for a qualified business facility, other than a mega project, at  
25 which the capital investment in industrial premises for industrial  
26 use by the business is in excess of the minimum capital investment  
27 required for eligibility pursuant to subsection b. of section 3 of  
28 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for  
29 each additional amount of investment that exceeds the minimum  
30 amount required for eligibility by 20 percent, with a maximum  
31 increase of \$3,000 per year;
- 32 (6) for a business with new full-time jobs and retained full-time  
33 jobs at the project with an average salary in excess of the existing  
34 average salary for the county in which the project is located, or, in  
35 the case of a project in a Garden State Growth Zone, a business that  
36 employs full-time positions at the project with an average salary in  
37 excess of the average salary for the Garden State Growth Zone, an  
38 increase of \$250 per year during the commitment period for each 35  
39 percent by which the project's average salary levels exceeds the  
40 county or Garden State Growth Zone average salary, with a  
41 maximum increase of \$1,500 per year;
- 42 (7) for a business with large numbers of new full-time jobs and  
43 retained full-time jobs during the commitment period, the increases  
44 shall be in accordance with the following schedule:
- 45 (a) if the number of new full-time jobs and retained full-time  
46 jobs is between 251 and 400, \$500 per year;



- 1 (b) if the number of new full-time jobs and retained full-time  
2 jobs is between 401 and 600, \$750 per year;
- 3 (c) if the number of new full-time jobs and retained full-time  
4 jobs is between 601 and 800, \$1000 per year;
- 5 (d) if the number of new full-time jobs and retained full-time  
6 jobs is between 801 and 1,000, \$1,250 per year;
- 7 (e) if the number of new full-time jobs and retained full-time  
8 jobs is in excess of 1,000, \$1,500 per year;
- 9 (8) for a business in a targeted industry, an increase of \$500 per  
10 year, except in the case of a business in a targeted industry that is a  
11 virtual currency servicer, an increase of \$5,000 per year;
- 12 (9) for a qualified business facility exceeding the Leadership in  
13 Energy and Environmental Design's "Silver" rating standards or  
14 completes substantial environmental remediation, an additional  
15 increase of \$250 per year;
- 16 (10) for a mega project or a project located within a Garden  
17 State Growth Zone at which the capital investment in industrial  
18 premises for industrial use by the business is in excess of the  
19 minimum capital investment required for eligibility pursuant to  
20 subsection b. of section 3 of P.L.2011, c.149 (C.34:1B-244), an  
21 increase of \$1,000 per year for each additional amount of  
22 investment that exceeds the minimum amount by 20 percent, with a  
23 maximum increase of \$5,000 per year;
- 24 (11) for a project in which a business retains at least 400 jobs  
25 and is located within the municipality in which it was located  
26 immediately prior to the filing of the application hereunder and is  
27 the United States headquarters of an automobile manufacturer, an  
28 increase of \$1,500 per year;
- 29 (12) for a project located in a municipality in Atlantic,  
30 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,  
31 and Salem counties with a 2007 Municipality Revitalization Index  
32 greater than 465, an increase of \$1,000 per year;
- 33 (13) for a project located within a half-mile of any light rail  
34 station constructed after the effective date of P.L.2013, c.161  
35 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 36 (14) for a marine terminal project in a municipality located  
37 outside the Garden State Growth Zone, but within the geographical  
38 boundaries of the South Jersey Port District, an increase of \$1,500  
39 per year;
- 40 (15) for a project located within an area determined to be in  
41 need of redevelopment pursuant to sections 5 and 6 of P.L.1992,  
42 c.79 (C.40A:12A-5 and C.40A:12A-6), and which is located within  
43 a quarter mile of at least one United States Highway and at least  
44 two New Jersey State Highways, an increase of \$1,500 per year;
- 45 (16) for a project that generates solar energy on site for use  
46 within the project of an amount that equals at least 50 percent of the

1 project's electric supply service needs, an increase of \$250 per year;  
2 and

3 (17) for a qualified business facility that includes a vacant  
4 commercial building having over 1,000,000 square feet of office or  
5 laboratory space available for occupancy for a period of over one  
6 year, an increase of \$1,000 per year.

7 d. The gross amount of the tax credit for an eligible business  
8 for each new or retained full-time job shall be the sum of the base  
9 amount as set forth pursuant to subsection b. of this section and the  
10 various additional bonus amounts for which the business is eligible  
11 pursuant to subsection c. of this section, subject to the following  
12 limitations:

13 (1) for a mega project or a project in a Garden State Growth  
14 Zone, the gross amount for each new or retained full-time job shall  
15 not exceed \$15,000 per year;

16 (2) for a qualified business facility located within an urban  
17 transit hub municipality, the gross amount for each new or retained  
18 full-time job shall not exceed \$12,000 per year;

19 (3) for a qualified business facility in a distressed municipality  
20 the gross amount for each new or retained full-time job shall not  
21 exceed \$11,000 per year;

22 (4) for a qualified business facility in other priority areas, the  
23 gross amount for each new or retained full-time job shall not exceed  
24 \$10,500 per year;

25 (5) for a qualified business facility in other eligible areas, the  
26 gross amount for each new or retained full-time job shall not exceed  
27 \$6,000 per year; and

28 (6) for a disaster recovery project, the gross amount for each  
29 new or retained full-time job shall not exceed \$2,000 per year.

30 Notwithstanding anything to the contrary set forth herein and in  
31 the provisions of subsections a. through f. of this section, but  
32 subject to the provisions of paragraph (1) of subsection f. of this  
33 section, for a project located within a Garden State Growth Zone  
34 which qualifies for the "Municipal Rehabilitation and Economic  
35 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which  
36 creates 35 or more full-time jobs new to the municipality, the total  
37 tax credit shall be:

38 (a) for a project which creates 35 or more full-time jobs new to  
39 the municipality and makes a capital investment of at least  
40 \$5,000,000, the total tax credit amount per full-time job shall be the  
41 greater of: (i) the total tax credit amount for a qualifying project in  
42 a Garden State Growth Zone as calculated pursuant to subsections  
43 a. through f. of this section; or (ii) the total capital investment of the  
44 project divided by the total number of full-time jobs at that project  
45 but not greater than \$2,000,000 per year over the grant term of ten  
46 years;

1 (b) for a project which creates 70 or more full-time jobs new to  
2 the municipality and makes a capital investment of at least  
3 \$10,000,000, the total tax credit amount per full-time job shall be  
4 the greater of: (i) the total tax credit amount for a qualifying project  
5 in a Garden State Growth Zone as calculated pursuant to  
6 subsections a. through f. of this section; or (ii) the total capital  
7 investment of the project divided by the total number of full-time  
8 jobs at that project but not greater than \$3,000,000 per year over the  
9 grant term of ten years;

10 (c) for a project which creates 100 or more full-time jobs new to  
11 the municipality and makes a capital investment of at least  
12 \$15,000,000, the total tax credit amount per full-time job shall be  
13 the greater of: (i) the total tax credit amount for a qualifying project  
14 in a Garden State Growth Zone as calculated pursuant to  
15 subsections a. through f. of this section; or (ii) the total capital  
16 investment of the project divided by the total number of full-time  
17 jobs at that project but not greater than \$4,000,000 per year over the  
18 grant term of ten years;

19 (d) for a project which creates 150 or more full-time jobs new to  
20 the municipality and makes a capital investment of at least  
21 \$20,000,000, the total tax credit amount per full-time job shall be  
22 the greater of: (i) the total tax credit amount for a qualifying project  
23 in a Garden State Growth Zone as calculated pursuant to  
24 subsections a. through f. of this section; or (ii) the total capital  
25 investment of the project divided by the total number of full-time  
26 jobs at that project but not greater than \$5,000,000 per year over the  
27 grant term of ten years; or

28 (e) for a project which creates 250 or more full-time jobs new to  
29 the municipality and makes a capital investment of at least  
30 \$30,000,000, the total tax credit amount per full-time job shall be  
31 the greater of: (i) the total tax credit amount for a qualifying project  
32 in a Garden State Growth Zone as calculated pursuant to  
33 subsections a. through f. of this section; or (ii) the total capital  
34 investment of the project divided by the total number of full-time  
35 jobs as defined herein at that project divided by the ten-year grant  
36 term.

37 e. After the determination by the authority of the gross amount  
38 of tax credits for which a business is eligible pursuant to subsection  
39 d. of this section, the final total tax credit amount shall be  
40 calculated as follows: (1) for each new full-time job, the business  
41 shall be allowed tax credits equaling 100 percent of the gross  
42 amount of tax credits for each new full-time job; and (2) for each  
43 retained full-time job, the business shall be allowed tax credits  
44 equaling the lesser of 50 percent of the gross amount of tax credits  
45 for each retained full-time job, or one-tenth of the capital  
46 investment divided by the number of retained and new full-time  
47 jobs per year over the grant term of ten years, unless the jobs are

1 part of a mega project which is the United States headquarters of an  
2 automobile manufacturer located within a priority area or in a  
3 Garden State Growth Zone, in which case the business shall be  
4 entitled to tax credits equaling 100 percent of the gross amount of  
5 tax credits for each retained full-time job, or unless the new  
6 qualified business facility would replace a facility that has been  
7 wholly or substantially damaged as a result of a federally-declared  
8 disaster, in which case the business shall be entitled to tax credits  
9 equaling 100 percent of the gross amount of tax credits for each  
10 retained full-time job.

11 f. Notwithstanding the provisions of subsections a. through e.  
12 of this section, for each application approved by the authority's  
13 board, the amount of tax credits available to be applied by the  
14 business annually shall not exceed:

15 (1) \$35,000,000 and provides a net benefit to the State as  
16 provided herein with respect to a qualified business facility in a  
17 Garden State Growth Zone which qualifies under the "Municipal  
18 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
19 (C.52:27BBB-1 et al.), or which contains a Tourism District as  
20 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and  
21 regulated by the Casino Reinvestment Development Authority;

22 (2) \$30,000,000 and provides a net benefit to the State as  
23 provided herein with respect to a mega project or a qualified  
24 business facility in a Garden State Growth Zone;

25 (3) \$10,000,000 and provides a net benefit to the State as  
26 provided herein with respect to a qualified business facility in an  
27 urban transit hub municipality;

28 (4) \$8,000,000 and provides a net benefit to the State as  
29 provided herein with respect to a qualified business facility in a  
30 distressed municipality;

31 (5) \$4,000,000 and provides a net benefit to the State as  
32 provided herein with respect to a qualified business facility in other  
33 priority areas, but not more than 90 percent of the withholdings of  
34 the business from the qualified business facility; and

35 (6) \$2,500,000 and provides a net benefit to the State as  
36 provided herein with respect to a qualified business facility in other  
37 eligible areas, but not more than 90 percent of the withholdings of  
38 the business from the qualified business facility.

39 Under paragraphs (1) through (6) of this subsection, with the  
40 exception of a project located within a Garden State Growth Zone  
41 which qualifies for the "Municipal Rehabilitation and Economic  
42 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.) , or which  
43 contains a Tourism District as established pursuant to section 5 of  
44 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino  
45 Reinvestment Development Authority, that divides the total capital  
46 investment of the project by the total number of full-time jobs at  
47 that project, for each application for tax credits in excess of

1 \$4,000,000 annually, the amount of tax credits available to be  
2 applied by the business annually shall be the lesser of the maximum  
3 amount under the applicable subsection or an amount determined by  
4 the authority necessary to complete the project, with such  
5 determination made by the authority's utilization of a full economic  
6 analysis of all locations under consideration by the business; all  
7 lease agreements, ownership documents, or substantially similar  
8 documentation for the business's current in-State locations, as  
9 applicable; and all lease agreements, ownership documents, or  
10 substantially similar documentation for the potential out-of-State  
11 location alternatives, to the extent they exist. Based on this  
12 information, and any other information deemed relevant by the  
13 authority, the authority shall independently verify and confirm the  
14 amount necessary to complete the project.

15 (cf: P.L.2014, c.63, s.4)

16

17 28. Section 1 of P.L.1996, c.2 (C.54:48-4.2) is amended to read  
18 as follows:

19 1. As used in **[this act]** P.L.1996, c.2 (C.54:48-4.2 et al.):

20 "Cardholder" means the person or organization named on the  
21 face of a credit card or debit card to whom or for whose benefit the  
22 credit card or debit card is issued by an issuer.

23 "Card payment system" means a technical procedure by which  
24 tax obligations owed the State may be paid by credit card or debit  
25 card.

26 "Credit card" means any instrument or device linked to an  
27 established line of credit, whether known as a credit card, charge  
28 card, credit plate, or by any other name, issued with or without fee  
29 by an issuer for the use of the cardholder in satisfying outstanding  
30 financial obligations, obtaining money, goods, services or anything  
31 else of value on credit.

32 "Debit card" means any instrument or device, whether known as  
33 a debit card, automated teller machine card, or by any other name,  
34 issued with or without fee by an issuer for the use of the cardholder  
35 in obtaining money, goods, services or anything else of value  
36 through the electronic authorization of a financial institution to  
37 debit the cardholder's account.

38 "Electronic funds transfer" means any transfer of funds or virtual  
39 currency, other than a transaction originated by check, draft, or  
40 similar paper instrument, that is initiated through an electronic  
41 terminal, telephone, or computer or magnetic tape for the purpose  
42 of ordering, instructing or authorizing a financial institution to debit  
43 or credit an account.

44 "Electronic funds transfer system" means a technical procedure  
45 by which tax obligations owed the State may be paid by an  
46 electronic transaction between the financial institution of the person

1 or organization owing the obligation and the financial institution of  
2 the State.

3 "Issuer" means the business organization or financial institution  
4 that issues a credit card or debit card, or its duly authorized agent.

5 "Service charge" means a mandatory fee to be charged by the  
6 Division of Taxation in excess of the total obligation under [this  
7 act] P.L.1996, c.2 (C.54:48-4.2 et al.) owed by a person or  
8 organization to offset processing charges or discount fees for the  
9 use of a card payment system or an electronic funds transfer system.

10 "Virtual currency" means a digital asset that is:

11 (1) used as a medium of exchange, unit of account or store of  
12 value; and

13 (2) not recognized as legal tender by the United States  
14 government.

15 (cf: P.L.1996, c.2, s.1)

16

17 29. The Commissioner of Banking and Insurance shall adopt,  
18 pursuant to the "Administrative Procedure Act," P.L.1968,  
19 c.410 (C.52:14B-1 et seq.), rules and regulations the commissioner  
20 deems to be necessary, to effectuate the purposes of this act.

21

22 30. This act shall take effect on the first day of the fourth month  
23 after enactment, except the Commissioner of Banking and Insurance  
24 may take such anticipatory action as may be necessary for the  
25 implementation of this act.

26

27

28

## STATEMENT

29

30 This bill, the "Virtual Currency and Blockchain Regulation Act,"  
31 establishes a regulatory framework for virtual currency businesses  
32 to operate in New Jersey, creates provisions governing the use of  
33 blockchain with certain business entities, and creates certain  
34 incentives for virtual currency businesses to locate in the State.

35

### **Provisions on open blockchain tokens**

37 This bill provides that certain open blockchain tokens are  
38 intangible personal property rather than securities. An open  
39 blockchain token is to be considered intangible personal property  
40 under the bill if it meets the following characteristics:

41 (1) the predominant purpose of the token is consumptive;

42 (2) the developer or seller did not market the token to the initial  
43 buyer as a financial investment; and

44 (3) at least one of the following subparagraphs is satisfied:

45 (a) the developer or seller reasonably believed that it sold the  
46 token to the initial buyer for a consumptive purpose;

1 (b) the token has a consumptive purpose that is available at or  
2 near the time of sale and can be used at or near the time of sale for a  
3 consumptive purpose;

4 (c) the initial buyer of the token is prohibited by the developer or  
5 seller of the token from reselling the token until the token is  
6 available to be used for a consumptive purpose; or

7 (d) the developer or seller takes other reasonable precautions to  
8 prevent an initial buyer from purchasing the token as a financial  
9 investment.

10 The bill requires that, before making an open blockchain token  
11 available for sale, the developer or seller of a token, or the  
12 registered agent of the developer or seller, is to electronically file a  
13 notice of intent with the Department of Banking and Insurance and  
14 pay a filing fee of \$1,000. The notice of intent is to contain the  
15 name of the person acting as a developer or seller, the contact  
16 information of the person, or the registered agent of the person and  
17 comprehensive details, to be determined by the Commissioner of  
18 Banking and Insurance, on the open blockchain token made  
19 available for sale. A form is to be made available by the  
20 department for this purpose, and is to include a secure electronic  
21 form conspicuously posted on the department's Internet website. A  
22 developer, seller and the registered agent of these persons, if  
23 applicable, is to have a continuing duty to update the contact  
24 information provided on a notice of intent as long as the open  
25 blockchain token associated with the notice is actively being sold.

26 The bill makes a willful failure by a developer, seller or  
27 facilitator to comply with the duties imposed by the bill an unlawful  
28 practice under the Consumer Fraud Act. An unlawful practice  
29 under the Consumer Fraud Act is punishable by a monetary penalty  
30 of not more than \$10,000 for a first offense and not more than  
31 \$20,000 for any subsequent offense. In addition, violations can  
32 result in cease and desist orders issued by the Attorney General, the  
33 assessment of punitive damages and the awarding of treble damages  
34 and costs to the injured party.

35

36 **Provisions on digital assets as property**

37 This bill establishes digital assets as property and allows banks  
38 to provide custodial services for digital assets.

39 A digital asset is a representation of an economic, proprietary, or  
40 access right that is stored in a computer readable format, and  
41 includes digital consumer assets, digital securities, and virtual  
42 currency. Under the bill, all digital assets will be classified as  
43 property, with digital consumer assets classified as a general  
44 intangible property, digital securities classified as a security, and  
45 virtual currency classified as money. A digital asset will also be  
46 treated as a financial asset under the bill, if a written agreement is  
47 entered with the owner of the digital asset classifying the asset as

1 such. If the digital asset is treated as a financial asset, then the  
2 digital asset will remain as intangible personal property.

3 Under the bill, a secured party or an agent, custodian, fiduciary  
4 or trustee of the party with a security interest in a digital asset will  
5 be able to perfect their security interest through control. A secured  
6 party holding a security interest in a digital asset through control  
7 will have priority over a secured party that has a security interest in  
8 the asset but does not have control. Perfection by control will create  
9 a possessory security interest in a digital asset and will not require  
10 physical possession.

11 Additionally, the bill will allow a bank to provide custodial  
12 services of digital assets upon providing 60 days written notice to  
13 the Commissioner of the Department of Banking and Insurance. A  
14 bank that elects serve as a qualified custodian must follow federal  
15 Securities and Exchange Commission rules regarding custodial  
16 services and must ensure the following:

17 (1) the implementation of all accounting, account statement,  
18 internal control, notice and other standards specified by applicable  
19 State or federal laws and regulations for custodial services;

20 (2) maintenance of information technology best practices  
21 relating to digital assets held in custody;

22 (3) full compliance with applicable federal anti-money  
23 laundering, customer identification and beneficial ownership  
24 requirements; and

25 (4) other actions necessary to carry out the aforementioned  
26 requirements, which may include exercising fiduciary powers  
27 similar to those permitted to national banks and ensuring  
28 compliance with federal law governing digital assets classified as  
29 commodities.

30 Apart from the requirements above, a bank providing custodial  
31 services will also be required to enter into an agreement with an  
32 independent public accountant to conduct an examination that  
33 conforms to federal regulations concerning custodial services, at the  
34 cost of the bank, pursuant to certain rules and requirements.

35 The bill also provides that digital assets held in custody are not  
36 depository liabilities or assets of the bank. A bank, or its  
37 subsidiary, that holds digital assets in custody will be able to  
38 register as an investment adviser, investment company or broker  
39 dealer as necessary. Banks holding digital assets in custody must  
40 maintain control over a digital asset, with the customer electing,  
41 pursuant to a written agreement with the bank, one of the following  
42 relationships for each digital asset held in custody:

43 (1) custody under a bailment as a nonfungible or fungible asset.  
44 Assets held under this bill will be strictly segregated from other  
45 assets; or



1 (2) custody under a bailment that allows the bank, based on the  
2 customer's instructions, to undertake transactions with the digital  
3 asset.

4 A bank that holds a digital asset in custody under a bailment that  
5 allows the bank to undertake transactions with the digital asset will  
6 not be liable for any loss suffered with respect to any transactions  
7 made, except for liability consistent with fiduciary and trust powers  
8 as a custodian.

9 The bill provides that a bank and a customer must agree in  
10 writing with regard to the source code that the bank will use for  
11 each digital asset, and the treatment of each asset. Any ambiguity  
12 within the agreement will be resolved in favor of the customer. A  
13 bank will be required to provide clear, written notice to each  
14 customer, and require written acknowledgement, of the following:

15 (1) prior to the implementation of any updates, material source  
16 code updates relating to digital assets held in custody, except in  
17 emergencies which may include security vulnerabilities;

18 (2) the heightened risk of loss from transactions with the digital  
19 asset, if the bank is given the instruction from the customer to  
20 undertake transactions with the digital asset;

21 (3) that some risk of loss as a pro rata creditor exists as the  
22 result of custody as a fungible asset;

23 (4) that custody may not result in the digital assets of the  
24 customer being strictly segregated from other customer assets if the  
25 bank is allowed to undertake transactions with the asset; and

26 (5) that the bank is not liable for any losses suffered if the bank  
27 does transact with the asset, with exception for liability consistent  
28 with fiduciary and trust powers as a custodian.

29 A bank and a customer must agree in writing to a time period  
30 within which the bank must return a digital asset held in custody. If  
31 a customer elects to allow the bank to make transactions with the  
32 asset, then the bank and the customer may also agree in writing to  
33 the form in which the digital asset will be returned.

34 The bill provides that all ancillary or subsidiary proceeds relating  
35 to digital assets held in custody will accrue to the benefit of the  
36 customer, except as specified by a written agreement with the  
37 customer. The bank may elect not to collect certain ancillary or  
38 subsidiary proceeds, as long as the election is disclosed in writing.  
39 A customer who elects to custody under a bailment that treats a  
40 digital asset as either fungible or nonfungible may withdraw the  
41 digital asset in a form that permits the collection of ancillary or  
42 subsidiary proceeds.

43 Finally, the bill provides that a bank will be prohibited from  
44 authorizing rehypothecation of digital assets. The bank will not  
45 engage in any activity to use or exercise discretionary authority  
46 relating to a digital asset unless it has the customer's instructions to  
47 do so. A bank will also be prohibited from taking any action which

1 would likely impair the solvency or the safety and soundness of the  
2 bank, as determined by the commissioner after considering the  
3 nature of custodial services customary in the banking industry.  
4

5 **Provisions on decentralized autonomous organizations**

6 This bill allows the formation of decentralized autonomous  
7 organizations (DAO) under the State’s limited liability company  
8 law.

9 A DAO is an organization controlled by its members with no  
10 central authority. Instead, the organization is governed by a set of  
11 smart contracts built on distributed ledger technology or  
12 blockchain. The smart contracts automate many of the decision-  
13 making processes typically reserved for upper-tier management in a  
14 traditional company.

15 The bill permits DAOs to incorporate as limited liability  
16 companies, and affords DAOs similar protections as are afforded to  
17 limited liability companies under current law.

18 The bill provides a DAO is a limited liability company whose  
19 articles of organization contain a statement that the company is a  
20 decentralized autonomous organization. The bill requires DAOs to  
21 maintain a presence in the State through a registered agent and to  
22 include in its name a designation such as “DAO”, “DAO LLC” or  
23 “LAO”. The bill permits limited liability companies in the State  
24 currently to convert to DAOs by amending their articles of  
25 organization.

26 Under the bill, a DAO may be member managed or  
27 algorithmically managed, as set forth in its articles of organization.  
28 If algorithmically managed, the underlying smart contract must be  
29 able to be updated, modified or otherwise upgraded.

30 The bill provides that the articles of organization or the smart  
31 contracts of the DAO will govern aspects of the organization such  
32 as relations among the members, rights and duties of each member,  
33 voting rights, transferability, distributions and amendments. In  
34 addition, unless provided for in the articles of organization or  
35 operating agreement, no member has any fiduciary duty to the DAO  
36 or any member other than the implied contractual covenant of good  
37 faith and fair dealing.  
38

39 **Provisions on blockchain filing system**

40 This bill gives the Division of Revenue and Enterprise Services  
41 in the New Jersey Department of the Treasury the authority to  
42 develop filing system using blockchain through which all required  
43 filings may be submitted. The division is to try to use blockchain  
44 technology and include an application programming interface as  
45 components of the filing system, as well as robust security measures  
46 and other components determined by the division to be best  
47 practices or which are likely to increase the effective and efficient

1 administration of the laws of this State. The division may create a  
2 blockchain or contract for the use of a privately created blockchain.

3 The division may consult with all interested parties, including  
4 businesses, registered agents, attorneys, law enforcement and other  
5 interested persons, before developing the filing system and if  
6 possible, partner with technology innovators and private companies  
7 to develop necessary components of the system. The division may  
8 also promulgate rules and regulations to effectuate the provisions of  
9 the bill.

10

11 **Exemption for virtual currency from money transmitter law**

12 This bill also exempts virtual currency from current law  
13 governing money transmitters. "Virtual currency" is added to the  
14 law to mean any type of digital representation that: (1) is used as a  
15 medium of exchange, unit of account or store of value; and (2) is  
16 not recognized as legal tender by the United States government.

17

18 **Authorization for business entity to issue stock as certificate  
19 token**

20 This bill authorizes a business entity, such as a corporation or  
21 limited liability company, to issue stock certificates in the form of  
22 electronic certificate tokens.

23 "Certificate token" is defined as an electronic representation of a  
24 share of stock which contains certain information required under  
25 existing law for stock certificates and which is entered into a  
26 blockchain or other secure, auditable database.

27

28 **Business incentives for virtual currency businesses**

29 The bill also provides certain incentives for virtual currency  
30 businesses to locate in New Jersey. The bill exempts receipts from  
31 retail sales of energy and utility service to a virtual currency  
32 servicer or registrant for use or consumption directly and primarily  
33 in the creation of virtual currency, including mining, from the tax  
34 imposed under New Jersey's "Sales and Use Tax Act." The bill  
35 provides that a virtual currency servicer or registrant may file an  
36 application for a sales and use tax exemption with the Director of  
37 the Division of Taxation in the Department of the Treasury.

38 The "Grow New Jersey Assistance Act," N.J.S.A.34:1B-242,  
39 provides certain business and insurance premiums tax credits for  
40 job creation and retention in New Jersey. For the purposes of the  
41 "Grow New Jersey Assistance Act," the bill designates virtual  
42 currency servicers and registrants registered pursuant to this bill's  
43 provisions to be in a "targeted industry" and a "technology startup  
44 company." Therefore, in order for a virtual currency servicer to be  
45 eligible for that program, the minimum number of new or retained  
46 full-time jobs would be a minimum of 10 new or 25 retained full-  
47 time jobs, which is less than is required for certain other types of

1 business. Virtual currency servicers and registrants would also be  
2 eligible for, in addition to the base amount of the tax credit, an  
3 additional \$5,000 for each new or retained full-time job each year.

4

5 **Allowance for virtual currency in payment of State taxes**

6 Current law, N.J.S.A.54:48-4.3, allows the Director of the  
7 Division of Taxation to establish an electronic funds transfer system  
8 for payments of State taxes. The bill amends the definition of  
9 "electronic funds transfer" to include any transfer of virtual  
10 currency. This change would allow the director to accept virtual  
11 currency in the payment of State taxes.