

ASSEMBLY, No. 2963

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblywoman TENNILLE R. MCCOY

District 14 (Mercer and Middlesex)

SYNOPSIS

Establishes Main Street Economic Growth Program to encourage business development in small, highly developed municipalities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT creating the Main Street Economic Growth Program and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

3

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

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7 1. This act shall be known and may be cited as the “Main Street
8 Economic Growth Act.”

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10 2. The Legislature finds and declares that:

11 a. Many municipalities in this State having small populations
12 with substantially developed commercial areas face considerable
13 obstacles in fostering new jobs and business growth and do not
14 qualify for assistance offered by the State’s municipal and business
15 assistance programs; and

16 b. Recognizing the difficulties faced by these municipalities
17 and businesses, it is in the long-term economic interest of this State
18 to establish an economic development incentive program to
19 encourage business growth in the commercial areas of smaller,
20 substantially developed municipalities so that the local economy of
21 these municipalities may grow and thrive.

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23 3. As used in P.L. , c. (C.) (pending before the
24 Legislature as this bill):

25 “Area business” means any entity authorized to do business in
26 the State of New Jersey which, at the time a small municipality
27 designates an area as a Main Street area, is engaged in the active
28 conduct of a trade or business in that area; or an entity which, after
29 a small municipality designates an area as a Main Street area,
30 becomes newly engaged in the active conduct of a trade or business
31 in that area and has at least 25 percent of its full-time employees
32 employed at a business location in the area who are residents within
33 the small municipality.

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

36 “Center” means the New Jersey Business Action Center created
37 in the Department of State.

38 “Department” means the Department of Community Affairs.

39 “Developed” means areas included within the Level 1 Urban or
40 Built-up Land category in the 2012 New Jersey Department of
41 Environmental Protection land use/land cover data set.

42 "Full-time employee" means a person employed by an area
43 business for consideration for at least 35 hours a week, or who
44 renders any other standard of service generally accepted by custom
45 or practice as full-time employment, or a person who is employed
46 by a professional employer organization pursuant to an employee
47 leasing agreement between an area business and the professional
48 employer organization, in accordance with P.L.2001, c.260

1 (C.34:8-67 et seq.) for at least 35 hours a week, or who renders any
2 other standard of service generally accepted by custom or practice
3 as full-time employment, and whose wages are subject to
4 withholding as provided in the "New Jersey Gross Income Tax
5 Act," N.J.S.54A:1-1 et seq. or a person who is a resident of another
6 State but whose income is not subject to the "New Jersey Gross
7 Income Tax Act," N.J.S.54A:1-1 et seq., or who renders any other
8 standard of service generally accepted by custom or practice as full-
9 time employment, and whose distributive share of income, gain,
10 loss, or deduction, or whose guaranteed payments, or any
11 combination thereof, is subject to the payment of estimated taxes, as
12 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
13 et seq. "Full-time employee" shall not include any person who
14 works as an independent contractor or on a consulting basis for an
15 area business.

16 "Fund" means the "Main Street Economic Growth Loan Fund"
17 established pursuant to section 10 of P.L. , c. (C.) (pending
18 before the Legislature as this bill).

19 "Main Street area" or "area" means an eligible area designated
20 by a small municipality pursuant to section 5 of P.L. ,
21 c. (C.) (pending before the Legislature as this bill).

22 "Program" means the "Main Street Economic Growth Program"
23 established pursuant to section 4 of P.L. ,
24 c. (C.) (pending before the Legislature as this bill).

25 "Small municipality" means any municipality with a population
26 of under 11,000 persons according to the latest decennial census
27 which is over 70 percent developed according to the 2012 New
28 Jersey Department of Environmental Protection land use/land cover
29 data set.

30 "Technical assistance" means assistance in the establishment,
31 development, or promotion of an area business operating within a
32 Main Street area under the terms and conditions adopted by the
33 authority under the provisions of P.L. , c. (C.)
34 (pending before the Legislature as this bill).

35
36 4. a. The Economic Development Authority, in consultation
37 with the Department of Community Affairs and the New Jersey
38 Business Action Center, shall establish the Main Street Economic
39 Growth Program for the purpose of providing loans, loan
40 guarantees, tax credits, and technical assistance to area businesses
41 located within a Main Street area designated by a small municipality.

42 b. The authority may establish terms governing the provision of
43 loans, loan guarantees, tax credits, and technical assistance to area
44 businesses for the implementation of the program pursuant to
45 P.L. , c. (C.) (pending before the Legislature as this bill).

46
47 5. Under terms and conditions established by the authority, the
48 governing body of a small municipality may, by ordinance,

1 designate an area within the small municipality as a Main Street
2 area. In designating a Main Street area, the governing body shall
3 set forth the boundaries of the area with the approval of the
4 authority, state findings of fact concerning the economic conditions
5 existing in the Main Street area, and state the small municipality's
6 policy and intentions for addressing these conditions. The
7 statement of intent to address conditions in a Main Street area shall
8 include:

9 a. Utilizing the powers conferred on the small municipality by
10 law for the purpose of stimulating investment in and economic
11 development of the Main Street area;

12 b. Utilizing State assistance through the provisions of the Main
13 Street Economic Growth Program relating to financial and technical
14 assistance to area businesses available from the authority or any
15 other State entity;

16 c. Securing the involvement in, and commitment to, Main
17 Street area economic development by private entities, including
18 area neighborhood associations, voluntary community organizations
19 supported by residents, and area businesses;

20 d. Utilizing the powers conferred by law to revise municipal
21 planning and zoning ordinances and other land use regulations as
22 they pertain to the Main Street area, in order to enhance the
23 attraction of the area to existing and prospective area businesses;
24 and

25 e. Increasing the availability and efficiency of support services,
26 public and private, generally used by, and necessary to, the efficient
27 functioning of commercial and industrial facilities within and
28 outside of the Main Street area, and the extent to which the increase
29 or improvement is to be provided and financed by the municipal
30 government or by other entities.

31

32 6. The authority shall work cooperatively with the center and
33 other State departments, agencies, boards, commissions, and
34 authorities to explore and implement opportunities to direct
35 resources and create enhanced incentives for area businesses
36 participating in the Main Street Economic Growth Program.

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38 7. a. A taxpayer shall be allowed a credit for the privilege period
39 against the tax imposed pursuant to section 5 of P.L.1945,
40 c.162 (C.54:10A-5), in an amount equal to 15 percent of the taxpayer's
41 employee compensation expenses related to meeting the employment
42 criteria under the definition of an area business pursuant to section 3 of
43 P.L. , c. (C.) (pending before the Legislature as this bill) and
44 participation in the program, as determined by the authority, pursuant
45 to P.L. , c. (C.) (pending before the Legislature as this bill),
46 that is allowed for the privilege period. An unused credit may be
47 carried forward, if necessary, for use in the seven privilege periods
48 following the privilege period for which the credit is allowed.

1 b. The order of priority of the application of the credit allowed
2 pursuant to this section and any other credits allowed by law shall be
3 prescribed by the director. The amount of the credit applied under this
4 section against the tax imposed pursuant to section 5 of P.L.1945,
5 c.162 (C.54:10A-5) for a privilege period, together with any other
6 credits allowed by law, shall not exceed 50 percent of the tax liability
7 otherwise due and shall not reduce the tax liability to an amount less
8 than the statutory minimum provided in subsection (e) of section 5 of
9 P.L.1945, c.162 (C.54:10A-5). An amount of expense claimed as a
10 credit pursuant to this section shall not be allowed as an amount
11 calculated or claimed pursuant to any other credit against the tax
12 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

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14 8. a. A taxpayer shall be allowed a credit for the taxable year
15 against the tax otherwise due for the taxable year pursuant to the “New
16 Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount
17 equal to 15 percent of the taxpayer’s employee compensation expenses
18 related to meeting the employment criteria under the definition of an
19 area business pursuant to section 3 of P.L. , c. (C.) (pending
20 before the Legislature as this bill) and participation in the program, as
21 determined by the authority, pursuant to P.L. c. (C.) (pending
22 before the Legislature as this bill), that is allowed for the taxable year.
23 An unused credit may be carried forward, if necessary, for use in the
24 seven taxable years following the taxable year for which the credit is
25 allowed.

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

36 A business entity classified as a partnership for federal income tax
37 purposes shall not be allowed a credit directly under the gross income
38 tax, but the amount of credit of a taxpayer in respect of a distributive
39 share of partnership income shall be determined by allocating to the
40 taxpayer that proportion of the credit acquired by the partnership that
41 is equal to the taxpayer's share, whether or not distributed, of the total
42 distributive income or gain of the partnership for its taxable year
43 ending within or with the taxpayer's taxable year.

44 A New Jersey S Corporation shall not be allowed a credit directly
45 under the gross income tax, but the amount of credit of a taxpayer in
46 respect of a pro rata share of S Corporation income shall be
47 determined by allocating to the taxpayer that proportion of the credit
48 acquired by the New Jersey S Corporation that is equal to the

1 taxpayer's share, whether or not distributed, of the total pro rata share
2 of S Corporation income of the New Jersey S Corporation for its
3 privilege period ending within or with the taxpayer's taxable year.
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5 9. Not longer than one year after the effective date of P.L. ,
6 c. (C.) (pending before the Legislature as this bill) and
7 annually thereafter, the authority shall prepare a report on the Main
8 Street Economic Growth Program, deliver the report to the
9 Governor and, pursuant to section 2 of P.L.1991, c.164
10 (C.52:14-19.1), to the Legislature, and make the report available on
11 the authority's website. The report shall include the number of area
12 businesses participating in the program, the names and types of area
13 businesses participating in the program, the total amount of
14 financial and technical assistance provided to area businesses, the
15 amount of financial and technical assistance received per area
16 business, the number of jobs created overall and per area business,
17 the amount of capital investment made per area business, and any
18 other information as the authority determines is necessary to
19 evaluate the progress of the program.
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21 10. a. To fund the Main Street Economic Growth Program, the
22 authority shall establish and maintain a special non-lapsing,
23 revolving fund to be known as the "Main Street Economic Growth
24 Assistance Fund" for the purpose of providing loans, loan
25 guarantees, and technical assistance to an area businesses located
26 within a small municipality. The terms of a loan or loan guarantee,
27 and the amount of technical assistance shall be at the discretion of
28 the authority based on the monies made available by the authority
29 for the purposes of the fund.

30 b. The fund may be credited with:

31 (1) monies made available by the authority for the purpose of
32 the fund; and

33 (2) monies received by the authority from any public or private
34 source.
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36 11. The authority shall adopt rules and regulations, pursuant to
37 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
38 et seq.), necessary to implement the provisions of P.L. ,
39 c. (C.) (pending before the Legislature as this bill), including,
40 but not limited to, a requirement that, in order for an area business
41 to receive financial and technical assistance from the authority, an
42 area business shall enter into a agreement with the authority to
43 submit an audited financial statement to the authority.
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45 12. This act shall take effect immediately, but shall remain
46 inoperative for 60 days following the date of enactment. Sections 7
47 and 8 shall apply to privilege periods and taxable years beginning
48 on or after the January 1 following the date of enactment.

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STATEMENT

This bill establishes the “Main Street Economic Growth Program” for the purpose of providing financial and technical assistance to businesses located in main street areas of small municipalities. The bill directs the New Jersey Economic Development Authority (EDA) to establish the program. The bill authorizes the governing body of each municipality that has a population under 11,000 and which is more than 70 percent developed, according to a Department of Environmental Protection data set, to designate a “Main Street area” within the municipality. This designation would set forth the municipality's policy and plan for addressing the economic conditions in the Main Street area.

The bill provides for corporation business tax credits and gross income tax credits for businesses located in a Main Street area within a small municipality that participates in the program based upon criteria to be determined by EDA. The bill provides for tax credits equal to 15 percent of the cost of employee compensation expenses related to meeting the employment criteria developed by EDA pursuant to the bill.

Under the bill, EDA would create the “Main Street Economic Growth Assistance Fund” for the purpose of providing loans, loan guarantees, and technical assistance to area businesses located within the designated Main Street area of a participating small municipality. The bill allows EDA to establish terms governing loans, loan guarantees, tax credits, and technical assistance under the program. The bill requires EDA to issue an annual report to the Governor and the Legislature on the program and to adopt rules and regulations to implement the program.