

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4929

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2022

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4929 (1R), with committee amendments.

As amended, this bill would provide certain accommodations to businesses participating in the Business Employment Incentive Program (BEIP), the Business Retention and Relocation Assistance Grant (BRAG) Program, the Grow New Jersey Assistance (GROW) Program, and the Urban Transit Hub (HUB) Program.

During the COVID-19 public health emergency, the New Jersey Economic Development Authority (EDA) implemented certain accommodations for businesses that had previously been approved awards under these programs. As part of these accommodations, the EDA waived the requirement that a full-time employee employed by a business participating in any of the programs is to spend at least 80 percent of the employee's time at the qualified business facility to be eligible for an award under the program. The New Jersey Economic Recovery Act of 2020 lowered the requirement for spending time at the qualified business facility to 60 percent of the employee's time.

This bill would provide an additional waiver to eligible businesses for the period beginning on July 1, 2022 and ending on December 31, 2023. Specifically, the bill would allow businesses to waive the requirement that a full-time employee who is employed by the business must spend at least 60 percent of the employee's time at the qualified business facility if the business satisfies the following criteria: (1) any full-time employee employed by the business must spend at least 10 percent of the employee's time at the qualified business facility through the 2023 tax period; and (2) the business must pay to EDA five percent of the amount of the tax credit the business receives for the 2022 tax period, which payment EDA would use to support small business and downtown or commercial corridor activation activities within the municipality in which the qualified business facility is located.

During the COVID-19 public health emergency, the EDA also allowed businesses participating in the Grow New Jersey Assistance Program to terminate their program agreements any time before

December 31, 2022 without the EDA recapturing previously distributed tax credits. The bill extends this accommodation for one calendar year, allowing a business to terminate its program agreements any time before December 31, 2023, commencing with the 2020 tax period or any subsequent tax period ending on or before December 31, 2023. The bill prohibits any amendment to a termination agreement once executed by the EDA and the business. The bill would provide this same accommodation to a business that has executed an approval letter under the Urban Transit Hub program.

The bill would also extend the time allowed under current law for a business to suspend its obligations under a GROW tax credit, and to extend the term of eligibility for the same period of time. Current law allows a suspension of a business's obligations for the 2020 and 2021 tax periods. The bill would extend this provision to include the 2022 and 2023 tax periods as well. The bill would also extend the ability of a business to suspend its obligations for the same period under the Urban Transit Hub program for the same period of time being afforded to GROW program recipients.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- clarify that a business seeking a waiver that elects to pay to the EDA five percent of the amount of the tax credit the business receives for the 2022 tax period would be used by the EDA to support activation activities within the municipality in which the qualified business facility is located;
- require the EDA to use the funds received from a business seeking a waiver to provide loans, guarantees, equity investments, and grants, or other forms of financing; and
- require that funds received from a business seeking a waiver would be used to support commercial corridor activation activities in addition to small business and downtown activation activities.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will have an indeterminate, multi-year net impact on State finances, comprised of the following components:

- A State revenue decrease to the extent that businesses choose to waive the on-site requirements for full-time employees at qualified business facilities. There will also be an increase in State revenues from payments made by those businesses equal to five percent of the tax credit they receive for the 2022 tax period. This will be offset by an increase in State costs because the bill requires the EDA to use the funds received via these payments to support certain economic development activities.

- A State revenue increase due to the termination of incentive agreements under the Grow New Jersey Assistance (Grow) Program or the execution of waiver letters under the Urban Transit Hub (Hub) Program. Exercising this option would prevent businesses that have been awarded tax credits through the GROW and HUB programs from claiming those credits because any tax credits for which the business has not qualified would be forfeited.
- Provisions of the bill allowing GROW and HUB participants to suspend their obligations under those programs would have no fiscal impact. Although the bill suspends the participants' eligibility for tax credits during the suspension period it also extends the period of time for which a business that makes this election is eligible for tax credits. The length of the extension is equal to the length of the suspension period.