



New Jersey Economic Opportunity Act of 2013

P.L. 2013, c.161, as revised by "Economic Opportunity Act of 2014, Part 3"



new jersey

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Summary

- The New Jersey Economic Opportunity Act merged the State's economic development incentive programs with the goal of enhancing business attraction, retention and job creation efforts and strengthening New Jersey's competitive edge in the global economy.
- The Grow New Jersey Assistance Program (Grow NJ) is now the main job creation incentive program and the Economic Redevelopment and Growth Program (ERG) is the State's key developer incentive program.
- Applications submitted to the Grow NJ and ERG programs are evaluated to determine eligibility as defined within the Act.
- As performance-based programs, approved projects must first generate new tax revenue, complete capital investments, and/or hire or retain employees to receive the approved benefits.

Key Provisions

Grow NJ

Eligibility includes:

- A location in a qualified incentive area;
- Meeting or exceeding the employment and capital investment requirements;
- Demonstrating that the award of the tax credit is a "material factor" in the company's decision;
- Demonstrating that the capital investment and the resultant creation of eligible positions will yield a net positive benefit of at least 110% of the requested tax credit amount (*100% in Camden*); supported by CEO certification that existing full-time jobs are at risk of leaving the State or being eliminated, and that the job creation or retention would not occur but for the Grow NJ award.

Performance-Based Requirements include:

- Maintaining the project employment for 1.5 times the period in which the business receives the tax credit;
- Maintaining a minimum of 80% of the full-time workforce from the last tax period prior to the grant approval (*as evidenced through annual reporting requirements*);
- Submitting independent CPA certification of actual capital investment and job creation or retention at project completion.

Key Provisions

ERG

Eligibility includes:

- A qualified residential or commercial project with a location in a qualified incentive area;
- Demonstrating a project financing gap (*as determined through a rigorous analysis of the sources and uses of funds, construction costs and projected revenues*);
- Commercial projects are subject to a comprehensive net benefit analysis to verify that the revenues the State receives will be greater than the incentive being provided (*net benefit of at least 110%*).

Performance-Based Requirements include:

- Submitting satisfactory evidence of actual project costs (*as certified by a CPA*), and project completion, prior to the disbursement of any funds.
- For grants greater than \$50 million, EDA may require negotiated repayment from profits, potentially including cash, equity and warrants.

Grow NJ

Areas of Eligibility

Mega Projects

- Logistics, manufacturing, energy, defense, or maritime businesses in a port district or businesses in the aviation industry located in an aviation district with: 1) cap. investment of \$20 million+ and 250 jobs created or retained; or, 2) 1,000 jobs created or retained.
- Businesses located in an Urban Transit Hub with cap. investment of \$50 million+ and 250 jobs created or retained.
- Project located in an existing area designated in need of redevelopment within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties having a cap. investment of \$20 million+, and more than 150 jobs created or retained.

Garden State Growth Zones (GSGZ)

- Camden, Trenton, Paterson and Passaic – New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census and, Atlantic City – municipality with a Tourism District regulated by CRDA.

Distressed Municipalities

- A municipality that is qualified to receive assistance under the Municipal Urban Aid Program; is under the supervision of the Local Finance Board; identified by DCA to be facing serious fiscal distress; a SDA municipality; or a municipality boasting a major rail station.

Grow NJ

Areas of Eligibility

Priority Areas

- Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), a designated center under the State Development and Redevelopment Plan or a designated growth center in an endorsed plan;
- Areas that intersect with portions of: a deep poverty pocket, a port district, or federally owned land approved for closure under a federal Commission on Base Realignment and Closure action;
- Proposed site of a disaster recovery project, a qualified incubator facility, a highlands development credit receiving area or redevelopment area, a tourism destination project, or transit oriented development;
- Areas that contain a vacant commercial building having over 400,000 s.f. of office, lab, or industrial space available for occupancy for a period of over one year; or a site that has been negatively impacted by the approval of a Hub-supported project.

Other Eligible Areas

- Areas not located within a distressed municipality or priority area, including an Aviation District; Planning Area 3; certain portions of Meadowlands, Pinelands and Highlands; and certain portions of Planning Areas 4A, 4B & 5.

Grow NJ

Capital Investment & Employment Requirements

Minimum Capital Investment Requirements	\$/Square Foot
Industrial, Warehousing, Logistics, R&D – Rehabilitation Projects	\$20
Industrial, Warehousing, Logistics, R&D – New Construction Projects	\$60
Office – Rehabilitation Projects	\$40
Office – New Construction	\$120
<i>Minimum capital investment amounts are 1/3 lower in Passaic, Paterson, Trenton, Camden, Atlantic City (GSGZ cities), and in 8 South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem</i>	

Minimum FT Employment Requirements	New/Retained FT Jobs
Tech Start Ups and Manufacturing Businesses	10/25
Other Targeted Industries	25/35
All Other Businesses/Industries	35/50
<i>Minimum employment numbers are 1/4 lower in Passaic, Paterson, Trenton, Camden, Atlantic City (GSGZ cities), Atlantic City and in 8 South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem</i>	

Grow NJ

Bonus – Type & Amount

Bonus Type*	Bonus Amount
Deep poverty pocket or Choice Neighborhood Transportation Plan area	\$1,500
Qualified business facility that includes a vacant commercial building having over one million sq. ft. of office or laboratory space available for occupancy for a period of over one year.	\$1,000
Qualified incubator facility	\$500
Mixed-use development - mod. income housing for min. of 20% of full-time employees	\$500
Transit oriented development	\$2,000
Excess capital investment in industrial site for industrial use - <i>Excludes mega projects</i>	\$3,000 maximum
Excess capital investment in industrial site for industrial use - <i>Mega projects or GSGZ projects</i>	\$5,000 maximum
Average salary in excess of county's existing average or in excess of average for GSGZ	\$1,500 maximum
Large number of new and retained full-time jobs	
	251 to 400 \$500
	401 to 600 \$750
	601 to 800 \$1,000
	801 to 1,000 \$1,250
	1,001+ \$1,500
Business in a targeted industry	\$500
Exceeds LEED "Silver" or completes substantial environmental remediation	\$250
Located in a municipality in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem counties with MRI Index greater than 465	\$1,000
Located within a half-mile of any new light rail station	\$1,000
Projects generating solar energy for onsite use	\$250

*Summarizes bonus types most widely applicable

Grow NJ

Tax Credit Amounts: Base + Bonus = Maximum

Project Type	Base Amount <i>Per New or Retained FT Job, Per Year</i>	Maximum Amount <i>Per New or Retained FT Job, Per Year</i>	Annual Amount <i>To Be Applied By The Business Annually</i>
Mega Project	\$5,000	\$15,000	\$30 million
GSGZ	\$5,000	\$15,000	\$30 million <i>\$35 million-Facility in certain GSGZ municipalities (Camden/Atlantic City)</i>
Urban Transit Hub Municipality*	\$5,000	\$12,000	\$10 million
Distressed Municipality	\$4,000	\$11,000	\$8 million
Priority Area	\$3,000	\$10,500	\$4 million <i>but not more than 90% of withholdings</i>
Other Eligible Area	\$500	\$6,000	\$2.5 million <i>but not more than 90% of withholdings</i>
Disaster Recovery Project	\$2,000	\$2,000	

*Urban Transit Hub Municipalities include Bridgeton, Mount Holly, Salem, and West New York, in addition to the nine municipalities eligible under the UTHTC Act: Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton.

Grow NJ

Final Total Tax Credit Amount

Each new full-time job = 100% tax credit

Each retained full-time job = 50% tax credit*

- *For projects approved for \$40 million or more over the term (\$4 million annually), except for projects in Camden and Atlantic City, the EDA will award only funds necessary to complete a project or the amount permitted under the statute, whichever is less.*

**Tax credits for retained jobs increases to 100% in certain cases*

Grow NJ

For a project located in Camden:

Jobs – Minimum	Cap Investment – Minimum	Maximum Cap <i>Equal to the greater of: total tax credit amount for a qualifying project in a GSGZ or total cap investment of the project divided by the total number of new full-time jobs</i>
35	\$5 million	\$20 million
70	\$10 million	\$30 million
100	\$15 million	\$40 million
150	\$20 million	\$50 million
250	\$30 million	Uncapped

ERG

Incentive Amounts

State and Local Incentive Grants

- The Act authorizes a bonus of 10% in certain cases, up to a maximum of 30% of total project costs; 40% for projects in a GSGZ (Camden, Trenton, Paterson Passaic and Atlantic City).
- For Local Incentive Grants, up to a maximum of 100% if the developer is a municipal government or redevelopment agency

ERG

Bonus Awards

Bonus of up to 10% if project is:

- Located in a distressed municipality:
 - lacking access to nutritious food, and will include a supermarket or grocery store (min. of 15,000 sq ft of space) selling fresh products or a prepared food establishment selling nutritious, ready to serve meals; or,
 - lacking access to health care and health services, and will include a health center (min. of 10,000 sq ft of space) devoted to providing these services
- Transit project
- Qualified residential project with at least 10% of units constructed as and reserved for moderate income housing
- Located in a highlands development credit receiving area or redevelopment area
- Located in a GSGZ
- Disaster recovery project
- Aviation project
- Tourism destination project
- Substantial rehabilitation or renovation of an existing structure(s)

ERG

Qualified Residential Projects

Of the **\$600 million authorized** for qualified residential projects*:

- **\$250 million** for projects within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem counties, of which:
 - \$175 million for projects in Camden and Atlantic City
 - \$75 million for projects in municipalities with a 2007 MRI Index of 400 or higher
- **\$250 million** for qualified residential projects located in:
 - Urban Transit Hubs that are commuter rail in nature
 - A Garden State Growth Zone
 - Disaster recovery projects
 - SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program
- **\$75 million** for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas.
- **\$25 million** for projects located within a qualifying ERG incentive area.

**The Act does not change the existing requirement that residential projects receiving an ERG must dedicate 20% of a project to low and moderate income housing*

Grow NJ and ERG

Application Deadlines

- **Grow NJ** applications must be filed by **July 1, 2019**.
 - Businesses must submit documentation indicating it has met agreed upon capital investment and employment requirements within three years of EDA approval.
 - EDA can grant two, 6-month extensions.
- **ERG** applications must be filed by **July 1, 2019**.
 - Applications for a qualified residential project must be filed by **July 1, 2016**, and the developer must obtain a temporary certificate of occupancy for the project no later than July 28, 2018.