

Garden State Growth Zones - Atlantic City

Under the Economic Opportunity Act, Garden State Growth Zones (GSGZ) were identified and defined as the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census; and a municipality which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority.

The highest levels of economic incentives are available in GSGZs in order to further spur private capital investment, business development and employment in those areas.

The New Jersey Garden State Growth Zones include: Atlantic City, Camden, Trenton, Passaic, and Paterson.



Grow NJ Benefits for Businesses Expanding in or Relocating to Atlantic City:

1. Businesses in Atlantic City are eligible for increased Grow NJ tax credit amounts per job:

- The base tax credit amount in a GSGZ is \$5,000 per FT job per year.
- Including maximum bonuses, the gross tax credit amount is \$15,000 per FT job per year.
- GSGZs are eligible for up to a \$5,000 bonus tax credit amount per FT job if there is excess capital investment in industrial site for industrial use.
- If median salary is in excess of median for GSGZ as shown below, then project is eligible for up to a \$1,500 bonus tax credit amount per FT job.
- The maximum amount to be applied by the business annually is \$35,000,000 in GSGZs
- For each retained job, tax credits can equal 100% of tax credits for new jobs (for retained jobs in non GSGZs, tax credits for retained jobs are reduced to the lesser of 50% of the amount of the tax credit for a new job or 1/10 of capital investment divided by the total number of new and retained employees.

Garden State Growth Zone	Median Salary
Atlantic City	\$31,526

2. Under Grow NJ, projects in Atlantic City that are approved for \$40 million or more over the term (\$4 million annually) are not limited to the lesser of the award of funds necessary to complete the project or the amount permitted under the statute.

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3. Final point of sale retail businesses are eligible for Grow NJ in Garden State Growth Zones, including Atlantic City:

Typically under Grow NJ, final point of sale retail businesses are not eligible, with the exception of:

- A tourism destination project located in the Atlantic City Tourism District. A tourism destination project is defined as a qualified non-gaming business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State. and have a "significant impact on the economic viability" of the Atlantic City Tourism District. "Significant impact on the economic viability" is measured specifically by eligible capital investment in excess of \$50 million and a minimum of 250 new/retained jobs.

4. Minimum FT Employment Requirements are reduced for businesses in Atlantic City:

Minimum FT Employment Requirements for Atlantic City	New / Retained Full Time Jobs
Tech start ups and manufacturing businesses	8 / 19
Other targeted Industries	19 / 27
All other businesses/industries	27 / 38

Minimum employment numbers are lowered by 1/4 in GSGZs and the lowered amounts are reflected above. In the case of any fractional total, the minimum employment total will be rounded up to the next largest whole number.

5. Capital Investment definition is expanded for businesses in Atlantic City:

For businesses in Atlantic City, the following qualify as a capital investment:

- Any and all development, redevelopment and relocation costs, including, but not limited to:
 - o Site acquisition if made within 24 months of application to the Authority,
 - o Engineering, legal, accounting, and other professional services required,
 - o Relocation, environmental remediation, and infrastructure improvements for the project area, including, but not limited to, on- and off-site utility, road, pier, wharf, bulkhead, or sidewalk construction or repair.

6. Minimum Capital Investment Requirements are reduced for businesses in Atlantic City:

Minimum Capital Investment Requirements for Atlantic City	\$ / Square Foot
Industrial, Warehousing, Logistics and R&D - Rehabilitation Projects	\$13.43
Industrial, Warehousing, Logistics and R&D - New Construction Projects	\$40
Other – Rehabilitation Projects	\$26.67
Other – New Construction Projects	\$80



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Garden State Growth Zones - Atlantic City (continued)

Minimum capital investment amounts are lowered by 1/3 in GSGZs and the lowered amounts are reflected above. In the case of any fractional total, the minimum capital investment will be rounded up to the nearest penny.

- 7. For Atlantic City projects, the Net Benefit Test will be calculated on the initial 30 years (increased from 20 years for most projects) following the completion of the project.**
- 8. Applicants must only demonstrate that the award of the tax credits is a material factor in the business decision to make a capital investment and locate in Atlantic City.**

Benefits for ERG Projects in Atlantic City:

The Economic Redevelopment and Growth (ERG) Program is an incentive for developers and businesses to address revenue gaps in development projects, defined as having insufficient revenues to support the project debt service under a standard financing scenario. It can also apply to projects that have a below market development margin or rate of return. The grant is not meant to be a substitute for conventional debt and equity financing, and applicants should generally have their primary debt financing in place before applying. In order for a project to be approved, it needs to undergo a rigorous analysis of the sources and uses of funds, construction costs and projected revenues. All of these metrics are compared to industry standard measures.

For commercial projects, defined as projects that are predominantly commercial and include retail, office and/or industrial uses for purchase or lease, incentive grant reimbursement of up to 20% of total project cost is available, with a bonus of 20% available for projects in Garden State

Growth Zones, including Atlantic City. Therefore, the total tax credit may equal up to 40% of total project costs, not to exceed an average of 85% of the project's annual incremental revenues. Additional requirements, including a comprehensive net benefit analysis to verify that the revenues the State receives will be greater than the incentive, apply to commercial projects under ERG.



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Business Lease Incentive

The Garden State Growth Zone (GSGZ) Business Lease Incentive (BLI) offers reimbursement of a percentage of annual lease payments to for profit businesses and non-profit organizations in eligible areas that plan to lease between 500 – 5,000 s.f. of new or additional market-rate, first-floor office, industrial or retail space for a minimum 5-year term. The GSGZ BLI Program can provide reimbursemet of 15 percent of annual lease payment (for 2 years of a 5 or 10-year lease). Visit www.NJEDA.com/BLI for more information.

Business Improvement Incentive

The Garden State Growth Zone (GSGZ) Business Improvement Incentive (BII) offers grants of up to 50% of total project cost, grant amount not to exceed \$20,000, to businesses operating within the first-floor of a commercial corridor in the GSGZ that are planning to make building improvements, with a minimum project cost of \$5,000. The GSGZ BII Program can provide reimbursemet of 15 percent of annual lease payment (for 2 years of a 5 or 10-year lease). Visit www.NJEDA.com/BII for more information.

Other Resources for Businesses Considering Atlantic City:

UCEDC's Business Resource Guides provide comprehensive listings and contact information for agencies and organizations that are focused on helping businesses. [Click here to view UCEDC's Atlantic County Business Resource Guide.](#)