

New Jersey – Significant expansion and repeal of incentive programs

October 10, 2013

In brief

Effective September 18, 2013, [A.B. 3680](#), the New Jersey Opportunity Act of 2013 (Act), expands two Economic Development Authority programs, creates a new 'zone entity' benefit, and phases out three programs. The Act generally provides a benefit by increasing qualified geographic boundaries and lowering eligibility thresholds for certain incentives.

Taxpayers under consideration for one of New Jersey's expiring incentive programs may consider filing under the expanded programs if the terms are more favorable. In addition, companies that are relocating into or expanding in New Jersey should consider applying for the expanded programs as soon as possible in order to secure benefits.

In detail

Phase-out of three incentive programs

Effective September 18, 2013, the Economic Development Authority is not authorized to act on applications for benefits under the Business Retention and Relocation Assistance Grant Program, the Business Employment Incentive Program, and the Urban Transit Hub Tax Credit Program. The Economic Development Authority must act upon all pending applications by December 31, 2013.

Expansion of Grow New Jersey Assistance Program (GROWNJ)

The Act expands the areas of the state within which businesses

can qualify for benefits under GROWNJ. In addition, the Act decreases capital investment requirements, depending on the nature of the project, and decreases the number of required new or retained jobs. The Act offers transferable tax credits of between \$500 and \$5,000 per job plus bonuses depending on the nature of the qualified project. Qualified industries are also expanded to include certain retailers. Applications for GROWNJ must be submitted by July 1, 2019.

Expansion of the Economic Redevelopment and Growth Grant Program (ERG)

Described by A.B. 3680's legislative summary as the state's sole redeveloper

incentive program, the purpose of the grant program is to address a project's financing gaps. The ERG program provides incentives of up to 75% of the incremental increase in approved state revenues directly realized from businesses operating in redevelopment project areas.

The Act increases the maximum amount of the incentives that may be available under the ERG program and provides for an alternative transferable tax credit for certain qualified residential projects. The program sunsets on July 1, 2019.

Creation of a Garden State Growth Zone Development Entity (Zone Entity)

Effective September 18, 2013, a Zone Entity is an entity authorized to undertake the clearing, re-planning, development, or redevelopment of property within a Zone. The Act generally provides Zone Entities with property tax exemptions on improvements to eligible property for any new construction, improvements,

or substantial rehabilitation of structures on real property for a period of 20 years, upon satisfying certain requirements.

The takeaway

Taxpayers that have submitted an application for incentives under one of New Jersey's expiring incentive programs, but have not yet received approval, may consider filing under the expanded programs if the terms

are more favorable. In addition, companies that are relocating into New Jersey, or taxpayers that are already located in New Jersey and making capital investments, should review these expanded programs and consider applying for them as soon as possible in order to secure benefits.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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