ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4929

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2022

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 4929, with committee amendments.

This bill, as amended, 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 activation activities.

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:

Proposed committee amendments would:

(1) require a business which waives the requirement for full-time employees to be on-site at least 60 percent of the employee's time at the qualified business facility (under BEIP, BRAG, GROW, or HUB) to pay to the EDA five percent of the amount of the tax credit the business receives for the 2022 tax period, and requires EDA to use the payment to support small business and downtown activation activities. The bill as introduced would have required payments to be made to a local economic development entity.

(2) extend the ability of a GROW program recipient, and allow a HUB program recipient, to suspend its obligations under an incentive agreement for the 2020-2023 tax periods.

(3) extend the ability of a GROW program recipient to terminate an incentive agreement due to COVID-19 for an additional year, through December 31, 2023, and allow HUB program recipients the same accommodation for the 2020-2023 tax periods.