



# New Jersey Economic Opportunity Act of 2013

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



**new jersey**  
Highly educated, perfectly located.



# 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.

# “Economic Opportunity Act of 2014, Part 3”

## *Major Provisions*

**Atlantic City included as a GSGZ, extending various enhanced benefits; would confer additional benefits exclusively afforded to the City of Camden:**

### Grow NJ

- Increased base tax credit amount of \$5,000 per new/retained full-time job, capped at \$15,000 with total benefit capped annually at \$30 million over 10 years.
- Calculation of the net positive benefit resultant from the award of tax credits and the retention and creation of full-time jobs based on benefits generated during a period of up to 30 years following completion of the project.
- For each new or retained full-time job, tax credits equaling 100% of gross amount of tax credits.

### ERG

- Increased reimbursement of 30% of total project costs and eligible for an additional 10% for total benefit of 40% over 20 years.
- Use of 85% of the projected annual incremental revenues to be pledged towards the incentive grant.
- Access to \$175 million specifically set aside for qualified residential projects in GSGZs in eight southernmost counties.

# “Economic Opportunity Act of 2014, Part 3”

## *Major Provisions*

### **Grow NJ**

- Revises definition of “capital investment” to exclude the cost of acquiring property, except in a GSGZ.
- Expands the definition of “mega project” to include a 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 capital investment in excess of \$20 million, and at which more than 150 full-time employees are created or retained.
- Revises the definition of “tourism destination project” to mean a qualified non-gaming business facility, including a non-gaming business within an established Tourism District with a significant impact on the economic viability of that District, as determined by EDA.
- Provides that businesses in any project in the City of Camden and Atlantic City that include a retail facility of at least 150,000 square feet, of which at least 50% will be occupied by a full-service supermarket, may assign their ability to apply under the program to the developer, and the application will aggregate the jobs of the businesses and the capital investment of the businesses and the developer.

### **GSGZ Development Entity Tax Exemption**

- Extends measure to a GSGZ Development Entity that leases, in addition to owns, for a period of 30 years, real property with a lease for not less than 30 years, including a lessee that is subject to a statutory obligation to make a PILOT on the improvements equal to the taxes on real and personal property.