

## **ACEA to Help Shape State's New Tax Incentive Programs**

Governor Murphy's State of the State address on January 15 took issue with the current tax incentive programs and their lack of oversight. He outlined a revamped program with five new replacement programs that he believes will better bolster New Jersey's economy.

The ACEA is working closely with the New Jersey Economic Development Authority to help shape this next suite of incentives. We want to ensure the state has a comprehensive understanding of our economic strategy and that our ongoing efforts and accomplishments are fully considered. The NJEDA has asked to meet with us for this purpose.

Included below are some of the details of the new programs the governor has provided at this time.

### **NJ Forward to replace Grow NJ**

- \*Capped at \$200 million annually (Grow NJ had no cap)
- \*Allocated on a first come, first served basis
- \*Five years (Grow NJ lasted 10 years)

*Companies are eligible if they are creating new jobs in a high-growth industry, creating or retaining jobs in an Opportunity Zone-eligible tract, a U.S. business relocating or creating its Northeast headquarters, a foreign business creating a U.S. headquarters, or a major retention project (described as 500-1,000 jobs retained). Bonus criteria emphasize local employment, above average salaries and transit-oriented development.*

### **NJ Aspire to replace the Economic and Redevelopment Growth Program (ERG)**

- \*Gap-based financing tool awarded twice annually
- \*Capped at \$100 million per year to support real estate goals in new economy (ERG was awarded once per year but was an open-ended incentive program with no caps)

*Projects will be assessed on their cost, community benefit, advancement of regional planning and workforce and apprenticeship programs. Bonus criteria include food desert alleviation, electric vehicle charging stations and incubators/shared workspaces. NJ Aspire will support the innovation economy and target urban centers and transit-rich downtowns.*

### **Brownfields Redevelopment Tax Credit to replace the Brownfields and Contaminated Site Remediation Program**

\*Intended to catalyze remediation projects and increase job creation and economic development

\*NJEDA and NJDEP will run two competitive applications rounds each year (Previous program included only one application period per year and was a grant program not a tax incentive program)

\*Credit will be capped at \$20 million per year and equal to 40% of rehabilitation costs with a \$4million project cap

### **Historic Preservation**

This new program would support place-based economic development with projects evaluated by NJEDA, NJDEP and NJ Department of Community Affairs. It is limited to revenue-generating projects.

\*Limited to revenue-generating projects

\*Capped at \$20 million annually with a \$4 million project cap

*The state will run two competitive applications each year for recipients with proven financial gaps and projects will receive bonuses for including affordable housing or collaborative workspaces on site.*

### **NJ Innovation Evergreen Fund**

This fund is a \$500 million effort that would raise funds over five years by auctioning off state tax credits and then leveraging partnerships with the state and private venture capital funds to co-invest in New Jersey startups. These investments will target the life sciences, financial technology, digital media and cybersecurity sectors, among others. The fund would also require ecosystem building and support diverse founders that reflect the state's cultural makeup. As companies are acquired or IPOs occur, proceeds would flow back to the fund. In the event of significant returns, some funding would flow back to the General Fund.

***Each of these proposals will need legislative approval to be enacted. To date, no legislation has been introduced that reflects these new programs.***

