

The Grow New Jersey Assistance Program is Good for the Garden State's Economy

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IF YOU'RE LOOKING FOR A GREAT way to add to your company's bottom line in 2013, you should consider the Grow New Jersey Assistance Program. Signed by Governor Christie last January, this bill is designed to improve New Jersey's business environment through financial incentives. If you are making a major capital investment and plan on retaining or creating jobs, and you're interested in receiving a tax break for doing so, please read on.

On Jan. 5, 2012, Governor Chris Christie signed into law S3033, creating the Grow New Jersey Assistance Program (Grow NJ Program). The Grow NJ Program encourages capital investment, new job growth and existing job retention by providing businesses with a \$5,000 per job annual tax credit (with a potential bonus tax credit of \$3,000 per job for certain "desirable" industries) over a 10-year period. To qualify, a business must make a minimum capital investment of \$20 million at a "qualified business facility" and employ at least 100 employees for the 10-year tax credit period.

A business may also qualify for the tax credit if it acquires or leases a qualified business facility while also meeting the employment requirements. With the addition of the Grow NJ Program to the cadre of dynamic economic development programs already administered by the New Jersey Economic Development Authority (NJEDA), New Jersey is continuing to aggressively fuel a renaissance of corporate growth in the State.

The Grow NJ Program allows qualified businesses to receive a base tax credit of \$5,000 per year for each retained or new job associated with the business for a period of 10 years. Under the program, NJEDA may award a discretionary bonus tax credit of \$3,000 per year for: (1) industries identified by the NJEDA to be

desirable; (2) a business that is located within walking distance or short-distance-shuttle service of, a public transit facility; (3) a business that creates jobs that are greater than the average fulltime salaries within the state; and (4) a business that is located at a project site that has been negatively impacted by the approval of a "qualified business facility" under the Urban Transit Hub Tax Credit (UTHTC) Program.

The annual tax credit that may be taken by a business is limited to the lesser of: (1) one-tenth of the required capital investment or (2) \$4 million. A business also may apply awarded tax credits toward its New Jersey corporate business tax liability, but the tax credits may be subject to certain program requirements. The Grow NJ Program provides flexibility for a business's use of the tax credits by allowing awarded but unused tax credits to be carried forward for 20 successive tax periods.

The Grow NJ Program is targeted towards businesses that are either currently located or looking to be located in a business facility within a "qualified incentive area." In contrast to the strict geographical restrictions imposed under the UTHTC program, projects under the Grow NJ Program may be situated in a wide range of locations, including areas designated under the State Development and Redevelopment Plan as Planning Area 1, Planning Area 2 or any area that has received urban, regional or town center designation. The Grow NJ Program also targets specific geographical areas including areas designated for growth in the Pinelands and Highlands region; land designated for development by the New Jersey Meadowlands Commission; land owned by the New Jersey Sports and Exposition Authority; and vacant commercial properties over 400,000 square feet, which have been vacated due to the UTHTC Program.

To be eligible for the Grow NJ Program, a business must meet four requirements. First, the business must

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make a capital investment of at least \$20 million at a facility located in a qualified incentive area. A business may also qualify by purchasing or leasing space at a qualifying facility. Second, the business must employ at least 100 fulltime employees in retained full-time jobs or create at least 100 new fulltime jobs at the qualified business facility. Third, the business must demonstrate that the capital investment resulting from the award of tax credits will yield a net positive benefit to the state. Lastly, the business must further demonstrate that the award of tax credits is a material factor in the business's decision to either create or retain the minimum number of fulltime jobs for eligibility under the program.

A business that is interested in the Grow NJ Program should be aware of the following restrictions and timelines. Applications under the Grow NJ Program must be submitted to the NJEDA by July 1, 2014. Additionally, the Grow NJ Program caps the amount of credits available to \$200 million, unless specifically approved by the NJEDA to exceed this amount. The program is also subject to the total \$1.5 billion tax credit ceiling of the UTHTC program.

New Jersey remains a fertile ground for innovative developers and businesses that wish to take advantage of the state's various grants and tax credit programs. The Grow NJ Program is the most recent arrow in what is

quickly becoming a formidable quiver of economic stimulus programs offered to businesses by the State of New Jersey. ■

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