

**SENATE, No. 1412**

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**STATE OF NEW JERSEY**

**211th LEGISLATURE**

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INTRODUCED MARCH 29, 2004

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Mercer)**

**SYNOPSIS**

“The Development Subsidy Job Goals Accountability Act.”

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning accountability for certain employment goals and  
2 requirements in connection with development subsidies and  
3 supplementing Title 52 of the Revised Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. This act shall be known and may be cited as “The Development  
9 Subsidy Job Goals Accountability Act.”

10  
11 2. The Legislature finds and declares that:

12 a. Although the State and its local government units have granted  
13 numerous tax incentives, grants and other economic development  
14 subsidies during the last 25 years, the inflation-adjusted wage level for  
15 a large portion of New Jersey workers has declined, as has the  
16 percentage of working families in New Jersey with health care  
17 coverage;

18 b. When workers receive low wages and poor benefits, such jobs  
19 often impose hidden taxpayer costs upon New Jersey's citizens, in the  
20 form of uncompensated health care, Medicaid, food stamps, child-care  
21 subsidies, earned income tax credits and other forms of public  
22 assistance to the working poor and their families;

23 c. Citizen participation in economic development has been impeded  
24 by a lack of readily accessible information regarding expenditures and  
25 outcomes;

26 d. It is therefore appropriate, in order to improve the effectiveness  
27 of expenditures for economic development and to ensure that they  
28 achieve the goal of raising living standards for working families, that  
29 the State collect, analyze and make public information regarding those  
30 expenditures and to enact effective safeguards for their use.

31  
32 3. For the purposes of this act:

33 “Corporate parent” means either: a person, association,  
34 corporation, joint venture, partnership, or other business entity, that  
35 owns or controls 50% or more of a recipient corporation; or the  
36 recipient corporation itself, if no other person, association,  
37 corporation, joint venture, partnership, or other entity, owns or  
38 controls 50% or more of the recipient corporation.

39 “Date of development subsidy” means the initial date that a granting  
40 body provides the monetary value of a development subsidy to a  
41 recipient corporation provided, however, that if the development  
42 subsidy is for the installation of new equipment, the date shall be the  
43 date the recipient corporation puts the equipment into service and  
44 provided, further, that if the development subsidy is for improvements  
45 to property, the date shall be the date the improvements are finished  
46 or the date the recipient corporation occupies the property, whichever

1 is earlier.

2 “Development subsidy” means the providing to a recipient  
3 corporation of an amount of funds from a public body with a value of  
4 not less than \$25,000 for the purpose of stimulating economic  
5 development in New Jersey, including, but not limited to, any bond,  
6 grant, loan, loan guarantee, tax increment financing, fee waiver, land  
7 price subsidy, matching fund or any tax expenditure. “Development  
8 subsidy” does not refer to any contract under which a public body  
9 purchases or otherwise procures goods, services or construction on an  
10 unsubsidized basis, including any contract solely for the construction  
11 or renovation of a facility owned by a public body. “Development  
12 subsidy” does not mean any providing of funds from a public body to  
13 a recipient corporation, including by means of a tax expenditure, for  
14 the exclusive purpose of subsidizing site remediation, recycling,  
15 commuter transportation assistance or other programs to improve the  
16 environment, or for the exclusive purpose of providing benefits to  
17 employees of the recipient corporation.

18 "Economically distressed municipality" means a New Jersey  
19 municipality that had an unemployment rate more than 150% of the  
20 Statewide unemployment rate during not less than two of the last three  
21 calendar years, or is an Abbott district as defined in section 3 of  
22 P.L.1996, c.138 (C.18A:7F-3).

23 “Employee benefits” means the average rate of benefit costs paid by  
24 a recipient corporation to or for its employees, including, but not  
25 limited to, the cost to the recipient corporation of health care benefits,  
26 pension benefits and apprenticeship or other training and education  
27 benefits, but excluding any costs to the recipient corporation of  
28 unemployment compensation, workers’ compensation or temporary  
29 disability benefits, Social Security benefits, or any other employee  
30 benefits which the recipient corporation is required by State or federal  
31 law to pay. “Employee benefits” do not include any payroll deductions  
32 or other costs paid by employees for the benefits.

33 “Full-time job” means a job in which an individual is employed by  
34 a recipient corporation for at least 35 hours per week.

35 “Granting body” means a public body that provides a development  
36 subsidy and, in the case of a tax expenditure related to any tax paid to  
37 the State, means the State Treasurer.

38 “Part-time job” means a job in which an individual is employed by  
39 a recipient corporation for less than 35 hours per week.

40 “Project site” means the site of a project inside New Jersey for  
41 which any development subsidy is provided.

42 “Public body” means the State or any political subdivision of the  
43 State or any agency, instrumentality or authority of the political  
44 subdivision.

45 “Recipient corporation” means any non-governmental person,  
46 association, corporation, joint venture, partnership or other entity that

1 receives a development subsidy.

2 “Small business” means a recipient corporation whose corporate  
3 parent, and all subsidiaries thereof, employ fewer than 25 full-time  
4 employees or have total gross receipts of less than \$1,000,000 during  
5 the most recent calendar year.

6 “State” means the State of New Jersey and any agency,  
7 instrumentality or authority of the State, but not any political  
8 subdivision of the State.

9 “Tax expenditure” means the amount of uncollected tax revenues  
10 from any abatement, reduction, exemption or credit against any State  
11 or local tax, including, but not limited to, taxes on real property, raw  
12 materials, inventories or other assets, taxes on gross receipts, income  
13 or sales, and any use, excise or utility tax. “Tax expenditure” does not  
14 refer to any credit against any tax liability of an employee or any  
15 personal exemption, homestead rebate, credit or deduction for the  
16 expenses of a household or individual, or other reduction of the tax  
17 liability of an individual or household.

18 “Temporary job” means a job for which an individual is hired for a  
19 limited period of time, which shall include all jobs for construction at  
20 the project site.

21 “Value of a development subsidy” means the dollar value of the  
22 development subsidy provided to the recipient corporation. In the  
23 case of a loan or loan guarantee provided by a public body to a  
24 recipient corporation, the "value of a development subsidy" means the  
25 amount loaned.

26

27 4. Each applicant for a development subsidy shall submit to the  
28 granting body an application for the development subsidy on a form  
29 prepared by the State Treasurer. The information required on the  
30 application shall include the following:

31 a. An application tracking number provided by the granting body;

32 b. The names, street and mailing addresses and phone numbers of  
33 the chief officer of the granting body, the chief officer of the  
34 applicant's corporate parent and the applicant and the street address  
35 and three-digit North American Industry Classification System number  
36 of the project site;

37 c. The start date and the end date, if any, of the development  
38 subsidy;

39 d. A list of all development subsidies that the applicant is  
40 requesting or receiving, the name of any other granting body from  
41 which development subsidies are sought or obtained, the value of each  
42 development subsidy and the aggregate value of all development  
43 subsidies requested or received from all sources;

44 e. A signed certification by the chief officer of the recipient  
45 corporation that the application is accurate and meets the requirements  
46 of this act, including all of the requirements of section 9 of this act

- 1 regarding the minimum number and minimum weekly pay and benefit  
2 levels of the jobs created or retained as a result of the development  
3 subsidies;
- 4 f. The total number of individuals employed by the applicant at the  
5 project site on the date of the application, the anticipated number of  
6 jobs that will be retained as a result of the development subsidy and  
7 the number of new jobs to be created by the applicant at the project  
8 site if the development subsidy is granted, broken down by full-time,  
9 part-time and temporary jobs;
- 10 g. The following information regarding all current and anticipated  
11 employees at the project site:
- 12 (1) Gender and ethnicity;
- 13 (2) The average weekly wage rate;
- 14 (3) Status with regard to working in full-time, part-time, or  
15 temporary jobs;
- 16 (4) Which employee benefits are provided and the average weekly  
17 cost to the employer of each benefit; and
- 18 (5) Union representation.
- 19 h. The average total number of individuals employed in New Jersey  
20 during the calendar year preceding the submission of the application  
21 by the applicant's corporate parent and all subsidiaries thereof, broken  
22 down by full-time, part-time and temporary jobs;
- 23 i. A statement as to whether the development subsidy may reduce  
24 employment at any other site controlled by the applicant or its  
25 corporate parent, inside or outside the State, resulting from  
26 automation, merger, acquisition, corporate restructuring or other  
27 business activity; and
- 28 j. A statement as to whether or not the project involves the  
29 relocation of work from another address and if so, the number of jobs  
30 to be relocated and the address from which they are to be relocated.
- 31 Any granting body other than the State Treasurer approving the  
32 application shall send a copy to the State Treasurer not more than 15  
33 business days after approval. If the application is not approved, the  
34 granting body shall retain the application.
- 35
- 36 5. a. Each recipient corporation of a development subsidy shall file  
37 with the granting body, on a form prepared by the State Treasurer, a  
38 progress report no later than 15 business days after the end of each  
39 State fiscal year for the duration of the development subsidy or for five  
40 years, whichever period is longer. The report shall include the  
41 following information for the State fiscal year just ended:
- 42 (1) The application tracking number, except in the case of a  
43 development subsidy which has no application tracking number  
44 because the development subsidy was in effect prior to the 180th day  
45 after the effective date of this act;
- 46 (2) The name, street and mailing addresses, phone number and

1 chief officers of the granting body and the recipient corporation;

2 (3) A summary of the number of jobs required to be retained or  
3 created inside New Jersey pursuant to sections 8 and 9 of this act, and  
4 the number actually created, retained or lost inside New Jersey, broken  
5 down by full-time, part-time and temporary jobs, and the average  
6 weekly rates of pay and benefits;

7 (4) The type and amount of health care coverage provided to the  
8 employees at the project site, including any costs borne by the  
9 employees;

10 (5) The comparison of the total employment in New Jersey by the  
11 corporate parent of the recipient corporation on the date of the  
12 application and the date of the report, broken down by full-time, part-  
13 time and temporary jobs;

14 (6) A statement as to whether the use of the development subsidy  
15 during the previous fiscal year has reduced employment at any other  
16 site controlled by the recipient corporation or its corporate parent,  
17 inside or outside of New Jersey, as a result of automation, merger,  
18 acquisition, corporate restructuring or other business activity; and

19 (7) A signed certification by the chief officer of the recipient  
20 corporation that the progress report is accurate.

21 In each annual progress report filed after the two-year progress  
22 report filed pursuant to subsection b. of this section, the recipient  
23 corporation shall certify whether the recipient corporation is in  
24 compliance with the job creation, wage and benefit requirements of  
25 sections 8 and 9 of this act, and whether the corporate parent of the  
26 recipient corporation is in compliance with the Statewide employment  
27 requirement of those sections. If the requirements of those sections  
28 are not being met, the report shall provide a full disclosure of the  
29 amount of any shortfall in job creation and retention rates and wage  
30 and benefit rates compared to the rates required by those sections.

31 b. Not later than 15 days after the second anniversary of the date  
32 of the development subsidy, the recipient corporation shall file with  
33 the granting body a two-year progress report, certified by the chief  
34 officer of the recipient corporation, which shall include:

35 (1) The same information as required to be included in reports filed  
36 pursuant to subsection a. of this section;

37 (2) A statement of whether the recipient corporation has achieved  
38 the job creation and retention and wage and benefit requirements of  
39 sections 8 and 9 of this act and whether the corporate parent of the  
40 recipient corporation has maintained 90% of its employment in New  
41 Jersey; and

42 (3) If the goals are not met, a full disclosure of the amount of any  
43 shortfall in job creation and retention rates inside New Jersey and  
44 wage and benefit rates compared to the goals and compared to job  
45 creation and retention requirements and wage and benefit rates  
46 required pursuant to sections 8 and 9 of this act.

1 c. The granting body shall review each report filed by the recipient  
2 corporation and conduct such further investigations as may be required  
3 to verify or correct the information in the report and submit the  
4 verified or corrected report to the State Treasurer not later than 30  
5 business days after the report is filed by the recipient corporation. The  
6 State Treasurer shall compile and publish all data from the progress  
7 reports in both written and electronic form, including on the Internet.

8 d. The recipient corporation shall provide the granting body and  
9 the State Treasurer access to the project site and records at reasonable  
10 times as needed to monitor the project and verify the accuracy of the  
11 information provided in reports made by the recipient corporation. If  
12 a recipient corporation fails to file a report by the required due date,  
13 the granting body may impose an administrative fine of not more than  
14 \$500 per day to commence upon the tenth working day after the due  
15 date, and not more than \$1,000 per day to commence on the twentieth  
16 work day after the due date. If a recipient corporation fails to provide  
17 the required access, the granting body may impose an administrative  
18 fine of not more than \$500 per day to commence upon the fifth  
19 working day that access is denied, and of not more than \$1,000 per  
20 day to commence upon the tenth working day that access is denied.

21 e. A granting body may assess from recipient corporations  
22 whatever fees it determines to be necessary, but in no case fees greater  
23 than 0.5% of the value of a development subsidy if the development  
24 subsidy is a loan or loan guarantee or greater than 1.0% of the value  
25 if the development subsidy is not a loan or loan guarantee, to pay for  
26 the costs of the granting body to carry out its responsibilities under  
27 this act, including the processing of applications for development  
28 subsidies, reviewing and verifying reports of recipient corporations and  
29 monitoring the compliance of recipient corporations with the  
30 requirements of this act, maintaining and making available records and,  
31 in the case of the State Treasurer, producing the annual Unified  
32 Economic Development Budget Report and providing, as part of the  
33 annual budget request of the Governor, a comprehensive presentation  
34 of the costs of all development subsidies to the State.

35  
36 6. a. The State Treasurer shall, not more than four months after  
37 the end of each State fiscal year, compile and publish, in printed and  
38 electronic form, including on the Internet, an annual Unified Economic  
39 Development Budget Report with regard to the fiscal year just  
40 concluded. The report shall provide the following comprehensive  
41 information regarding the costs and benefits of all development  
42 subsidies of the State and its political subdivisions:

43 (1) Information regarding tax expenditures resulting from any  
44 development subsidy, including the name of each recipient corporation  
45 receiving one or more tax expenditures with a combined total value  
46 equal to or greater than \$100,000, the value of all tax expenditures

1 received by each recipient corporation and summaries of the number  
2 of full-time and part-time jobs created or retained, employee benefits  
3 provided and the degree to which job creation and retention, wage and  
4 benefit goals and requirements of recipient corporations and parent  
5 corporations have been met. Any tax expenditure received by a  
6 corporation receiving tax expenditures with a total value of less than  
7 \$100,000 shall not be itemized. The report shall include aggregate  
8 dollar amounts for each category of tax expenditure, each  
9 geographical area, the number of companies for each category of tax  
10 expenditure, the number of full-time and part-time jobs created or  
11 retained, the employee benefits provided, and the degree to which job  
12 creation and retention, wage and benefit goals and requirements have  
13 been met for each category of tax expenditure; and

14 (2) The costs of all expenditures of development subsidies  
15 appropriated by any granting body, including, but not limited to, the  
16 Departments of Labor and Education, the New Jersey Economic  
17 Development Authority, the New Jersey Commerce and Economic  
18 Growth Commission, the New Jersey Commission on Higher  
19 Education, the New Jersey Commission on Science and Technology,  
20 research and business assistance programs of public institutions of  
21 higher education, Workforce Investment Boards, local and regional  
22 economic development agencies, county improvement authorities,  
23 together with the cost to the granting bodies and the value of the  
24 development subsidies received by each recipient corporation, and  
25 summaries of the number of full-time and part-time jobs created or  
26 retained, employee benefits provided, and the degree to which job  
27 creation and retention, wage and benefit goals and requirements of  
28 recipient corporations and parent corporations have been met.

29 b. The State Treasurer shall provide to the Legislature, as part of  
30 the annual budget request of the Governor, a comprehensive  
31 presentation of the costs of all development subsidies to the State  
32 during the prior fiscal year, an estimate of the anticipated costs of  
33 development subsidies for the then current fiscal year and an estimate  
34 of the costs of all development subsidies for the fiscal year of the  
35 requested budget, including, but not limited to:

36 (1) The total cost to the State of tax expenditures resulting from  
37 the development subsidies, the costs for each category of tax  
38 expenditure, and the amounts of tax expenditures by geographical  
39 area; and

40 (2) The cost to the State of all appropriated expenditures for  
41 development subsidies, including line-item budgets for every State-  
42 funded entity concerned with economic development, including, but  
43 not limited to, the Departments of Labor and Education, the New  
44 Jersey Economic Development Authority, the New Jersey Commerce  
45 and Economic Growth Commission, the New Jersey Commission on  
46 Higher Education, the New Jersey Commission on Science and



1 Technology, research and business assistance programs of public  
2 institutions of higher education, Workforce Investment Boards, local  
3 and regional economic development agencies, county improvement  
4 authorities.

5  
6 7. All documents or records submitted to or maintained by the  
7 State Treasurer or any granting body pursuant to this act, including,  
8 but not limited to, applications, progress reports, recapture notices and  
9 any other related records or proceedings, shall be available for review  
10 by any member of the public, and copies of the records shall be  
11 provided upon request at cost.

12  
13 8. a. A public body shall not grant a development subsidy to a  
14 recipient corporation in any case in which the total value per job of all  
15 development subsidies provided from all sources to the recipient  
16 corporation is:

17 (1) Greater than \$50,000 per job created inside New Jersey or  
18 \$15,000 per job inside New Jersey retained if all of the jobs are  
19 located in an economically distressed municipality; or

20 (2) Greater than \$35,000 per job created inside New Jersey or  
21 \$10,000 per job retained inside New Jersey if not all of the jobs are  
22 located in an economically distressed municipality.

23 The value per job of the development subsidies shall be determined  
24 by dividing the total value of the subsidies by the anticipated number  
25 of full-time jobs inside New Jersey, excluding temporary jobs,  
26 disclosed in the application pursuant to subsection f. of section 4 of  
27 this act. The granting body may set maximum levels of development  
28 subsidy per job which are higher, but not lower, than the levels  
29 specified in this subsection.

30 b. (1) A granting body shall not grant a development subsidy to a  
31 recipient corporation that is a small business unless the average weekly  
32 wages plus the average weekly employer-paid benefit costs paid to all  
33 employees at the project site, except employees in temporary jobs,  
34 equals or exceeds the larger of:

35 (a) 75% of the average weekly, unemployment insurance-covered  
36 wage paid in New Jersey for the industry in which the employees work  
37 at the project, as established by the United States Bureau of Labor  
38 Statistics; or

39 (b) 50% of the Statewide average weekly remuneration paid to  
40 workers by employers, as determined under subsection (c) of R.S.  
41 43:21-3.

42 (2) A granting body shall not grant a development subsidy to a  
43 recipient corporation that is not a small business unless the average  
44 weekly wages plus the average weekly employer-paid benefit costs  
45 paid to all employees at the project site, except employees in  
46 temporary jobs, equals or exceeds the larger of:

1 (a) 85% of the average weekly, unemployment insurance-covered  
2 wage paid in New Jersey for the industry in which the employees work  
3 at the project, as established by the United States Bureau of Labor  
4 Statistics; or

5 (b) 60% of the Statewide average weekly remuneration paid to  
6 workers by employers, as determined under subsection (c) of R.S.  
7 43:21-3.

8 A granting body may set minimum wage and benefit requirements  
9 higher, but not lower, than the levels specified in this subsection.

10 c. The requirements of subsection b. of this section regarding wage  
11 levels shall not apply to any development subsidy with the exclusive  
12 purpose of providing subsidized employment or training for disabled  
13 individuals, training or education of individuals less than 18 years old,  
14 or literacy or basic skills training.

15  
16 9. a. A recipient corporation shall, not later than two years after  
17 the date of the development subsidy, fulfill the requirements of section  
18 8 of this act regarding job creation and retention and wage and benefit  
19 requirements for the project site. The recipient corporation shall  
20 maintain its job creation and wage goals as long as the development  
21 subsidy is in effect, or five years, whichever is longer.

22 b. The corporate parent of a recipient corporation shall, as long as  
23 the development subsidy is in effect, or not less than five years,  
24 whichever is longer, maintain at least 90% of the amount of  
25 employment in New Jersey disclosed in the recipient corporation's  
26 application for the development subsidy pursuant to subsection h. of  
27 section 4 of this act.

28 c. If the requirements of subsection a. or b. of this section are not  
29 fulfilled, the granting body shall recapture the development subsidy  
30 from the recipient corporation as follows:

31 (1) Upon a failure by the recipient corporation to create or  
32 maintain the required number of jobs inside New Jersey or to pay the  
33 required wages and benefits at the project site, the amount recaptured  
34 shall be a percentage of the total amount of the development subsidy  
35 which equals the percentage that the underpayment of wages and  
36 benefits represents of the total required wages and benefits. The total  
37 required wages and benefits for a year shall be calculated by  
38 multiplying the required amount of employment inside New Jersey  
39 times the required combined rate of wages and benefits paid to the  
40 employees. The underpayment of wages and benefits shall be  
41 calculated by multiplying any shortfall in the combined average wage  
42 and benefit rate times any shortfall in the amount of employment.

43 (2) Upon a failure of the corporate parent to maintain 90% of its  
44 employment in New Jersey, the rate of recapture shall equal twice the  
45 percentage by which that employment is less than 90%.

46 d. The granting body shall provide notice to the recipient

1 corporation of its intent to recapture the development subsidy and  
2 state the reasons and amount to be recaptured. The recipient  
3 corporation shall remit to the governing body that amount not more  
4 than 60 calendar days after the date of the notice.

5 e. If a recipient corporation fails to create or maintain the required  
6 number of jobs inside New Jersey or to pay the required wages and  
7 benefits at the project site during all of any three consecutive State  
8 fiscal years after the development subsidy is granted, the granting body  
9 shall declare the development subsidy null and void, and shall notify  
10 the State Treasurer and the recipient corporation of the declaration.  
11 The recipient corporation shall, not more than 180 calendar days after  
12 the date of the notice of the declaration, repay to the granting body  
13 any part of the cost to the granting body of the development subsidy  
14 it did not previously repay.

15 f. Any portion of the development subsidy recaptured by a granting  
16 body pursuant to this section shall be regarded as a tax liability of the  
17 recipient corporation to the granting body. If the recipient corporation  
18 fails to pay that tax liability when it becomes due, the recipient  
19 corporation shall be subject to the penalties and interest provisions of  
20 the State Uniform Tax Procedure Law, R.S.54:48-1 et seq. Any  
21 recipient corporation which considers any decision or declaration of  
22 a granting body to recapture any part of a development subsidy to be  
23 inconsistent with the provisions of this act, excessive or otherwise  
24 unjust, may appeal to the tax court in accordance with the provisions  
25 of the State Uniform Tax Procedure Law, R.S.54:48-1 et seq.

26  
27 10. No development subsidy approved at any time following the  
28 180th day after the effective date of this act shall have a duration  
29 longer than five years, after which the recipient corporation shall not  
30 receive any further development subsidy for the project from the  
31 granting body until an application is submitted to, and approved, by  
32 the granting body. Any development subsidy, including any  
33 development subsidy provided by means of a tax expenditure, which  
34 is in effect upon the effective date of this act shall expire as of  
35 December 31, 2004, unless the recipient corporation submits to the  
36 granting body an application for the renewal of the development  
37 subsidy consistent with the provisions of section 4 of this act not later  
38 than September 30, 2004 and the granting body finds that the  
39 application meets the requirements of this act and approves the  
40 renewal. Each granting body shall, not later than June 30, 2004,  
41 provide, to every recipient corporation receiving a development  
42 subsidy from the granting body which will expire as of December 31,  
43 2004 pursuant to this section, written notification of that expiration  
44 and the procedures to renew the development subsidy.

45  
46 11. If a granting body or the State Treasurer fails to enforce any

1 provision of this act, any individual who paid taxes to the State during  
2 the State fiscal year in dispute or the preceding year, or any  
3 organization representing any of those taxpayers, shall be entitled to  
4 bring a civil action in a court of competent jurisdiction to compel  
5 enforcement of this act. The court shall award reasonable attorneys'  
6 fees and costs to the prevailing taxpayer or organization.

7  
8 12. If a granting body fails to submit any report required by this act  
9 to the State Treasurer within the time prescribed by this act, the State  
10 Treasurer may, to the extent possible, withhold payments of any State-  
11 funded development subsidy to the granting body or any recipient  
12 corporation which has a project site located in the jurisdiction of the  
13 granting body until the public body submits the report with the State  
14 Treasurer.

15  
16 13. Any recipient corporation that knowingly makes a false  
17 material misrepresentation in any application, report or other  
18 disclosure that the recipient corporation is required to make pursuant  
19 to this act shall be deemed to have knowingly made a false material  
20 representation in connection with the negotiation, award or  
21 performance of a government contract for the purposes of subsection  
22 b. of section 97 of P.L.1999, c.440 (C.2C:21-34) and shall be guilty  
23 of a crime as specified in that section.

24  
25 14. Nothing in this act shall be construed as requiring a recipient  
26 corporation to reduce wage or benefit rates of any employee or be  
27 construed as permitting a recipient corporation:

28 a. To reduce wage or benefit rates established by a collective  
29 bargaining agreement or required by any law or regulation; or

30 b. To provide, in return for a development subsidy, jobs with lower  
31 wage or benefit rates, a smaller number of jobs, or jobs for a shorter  
32 period of time, than is required with respect to the development  
33 subsidy by any other law or regulation.

34  
35 15. The State Treasurer shall, in consultation with the  
36 Commissioner of Labor, and pursuant to the "Administrative  
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate  
38 any rules and regulations necessary to implement the provisions of this  
39 act.

40  
41 16. This act shall take effect immediately, but the provisions of  
42 sections 3 through 14 of this act shall remain inoperative until the  
43 180th day after its enactment.

STATEMENT

This bill sets requirements regarding certain businesses which receive development subsidies, including tax incentives, from any agency or instrumentality of the State or any of its political subdivisions.

The bill specifies what information a business is required to submit when applying for a development subsidy. Each recipient of a subsidy is required to submit annual progress reports for the duration of the subsidy or five years, whichever is longer.

The bill limits the maximum value of development subsidies to \$50,000 per job created and \$15,000 per job retained if all of the jobs are in an economically distressed municipality or \$35,000 per job created and \$10,000 per job retained, if they are not. If the recipient of a development subsidy is a small business, those jobs are required to provide average weekly pay and benefits not less than 75% of the average pay in the industry of the subsidized project or 50% of the average pay for all workers in the State, whichever is more. If the recipient is not a small business, the jobs are required to provide pay and benefits not less than 85% of the average pay in the industry or 60% of the average pay for all workers in the State, whichever is more.

The bill requires the business to meet its employment goals within two years of the beginning date of the subsidy and continue to meet them for at least five years from the beginning date. Otherwise, the business is required to repay part or all of the subsidy to the extent that the employment goals are not met.

The State Treasurer is directed to publish an annual Unified Economic Development Budget Report providing comprehensive information about the costs and benefits of all development subsidies of the State and its political subdivisions. The Treasurer is also required to provide to the Legislature, as part of the Governor's annual budget request, a comprehensive presentation of the costs of all development subsidies to the State, including the cost of tax incentives.

The bill does not require a subsidy recipient to reduce wages or benefits of employees or permit the recipient to reduce wages or benefits set by collective bargaining, law or regulation, or to provide, in return for a development subsidy, jobs with lower wage or benefit rates, a smaller number of jobs, or jobs for a shorter period of time, than is required with respect to the development subsidy by any other law or regulation.