

# ASSEMBLY, No. 4157

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED NOVEMBER 23, 2009

**Sponsored by:**

**Assemblyman DECLAN J. O'SCANLON, JR.**

**District 12 (Mercer and Monmouth)**

**Assemblywoman CAROLINE CASAGRANDE**

**District 12 (Mercer and Monmouth)**

**SYNOPSIS**

Revises Business Employment Incentive Program to spur economic growth.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT revising the Business Employment Incentive Program to  
2 spur economic growth, and supplementing Title 34 of the  
3 Revised Statutes and repealing parts of statutory law.

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

7  
8 1. (New section) Sections 1 through 14 of this act shall be  
9 known and may be cited as the "Business Employment Incentive  
10 Program Act of 2009."

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12 2. (New section) All references in any law, order, rule,  
13 regulation, contract, document, judicial or administrative, or  
14 otherwise, to the "Business Employment Incentive Program Act",  
15 P.L.1996, c.26, s.1 (C.34:1B-124 et seq.), shall mean the "Business  
16 Employment Incentive Program Act of 2009", P.L. , c. (C. )  
17 (pending before the Legislature as this bill).

18  
19 3. (New section) As used in this act, unless a different  
20 meaning clearly appears from the context:

21 "Authority" means the New Jersey Economic Development  
22 Authority.

23 "Business employment incentive agreement" or "agreement"  
24 means the grant agreement between a business proposing to create  
25 new jobs in this State and the authority which establishes the terms  
26 of the employment incentive grant for that business as provided in  
27 section 6 of P.L. , c. (C. ) (pending before the Legislature  
28 as this bill).

29 "Employment incentive" means the amount of a grant claimed  
30 under this act according to a business employment incentive  
31 agreement, expressed as a percentage of the total amount of  
32 personal income taxes withheld by the business during a taxable  
33 year for new employees.

34 "Full-time employee" means an individual who is employed for  
35 at least 35 hours a week, or who renders any other standard of  
36 service generally accepted by custom or practice as full-time  
37 employment.

38 "New employee" means a full-time employee first employed by a  
39 business in the project that is the subject of a business employment  
40 incentive agreement after the business enters into that agreement  
41 with the authority. An out-of-state resident, or a State resident  
42 whose job is located outside of New Jersey prior to the execution of  
43 the agreement, shall be classified as a new employee when the  
44 employee's job is relocated to New Jersey and as a consequence the  
45 employee's wages are subject to income tax withholding as  
46 provided under the "New Jersey Gross Income Tax Act,"  
47 N.J.S.54A:1-1 et seq. A State resident shall not be classified as a  
48 "new employee" unless his wages, prior to the relocation, were

1 subject to income taxes imposed by the state or municipality in  
2 which the job was previously located. "New employee" may also  
3 include an employee rehired or called back from a lay-off to work  
4 in a new facility or on a new product or service established or  
5 produced by the business after entering into the agreement. "New  
6 employee" shall not include any employee who was employed in  
7 New Jersey by the applicant or by a related person as defined in  
8 section 2 of P.L.1993, c.170 (C.54:10A-5.5) and whose  
9 employment was shifted to the business after it entered into the  
10 agreement, unless that employee was replaced at substantially the  
11 same terms and conditions of employment by another newly-hired  
12 employee at the transferred employee's former place of  
13 employment. In addition, "new employee" does not include a child,  
14 grandchild, parent, or spouse, other than a legally separated spouse,  
15 of any individual who is an employee of the business and who has  
16 direct or indirect ownership interest of at least 15 percent of the  
17 profits, capital, or value of the business, as that interest is  
18 determined under appropriate provisions of the federal Internal  
19 Revenue Code of 1986.

20 "New income tax revenue" means the total amount withheld by  
21 the business during the taxable year from the wages of new  
22 employees pursuant to the "New Jersey Gross Income Tax Act,"  
23 N.J.S.54A:1-1, as certified by the Director of the Division of  
24 Taxation.

25 "Percentage" means a proportion per hundred established in a  
26 business employment incentive agreement that shall range between  
27 10 percent and 80 percent.

28 "Program" means the Business Employment Incentive Program  
29 established pursuant to this act.

30 "Targeted area" means a qualifying municipality as defined in  
31 section 1 of P.L.1978, c.14 (C.52:27D-178).  
32

33 4. (New section) There is established the Business  
34 Employment Incentive Program. The authority may make grants  
35 under the program to foster job creation in this State. The grant  
36 shall be claimed for the taxable years specified in the agreement.  
37 The amount of the grant shall equal the new income tax revenue for  
38 the taxable year multiplied by the percentage specified in the  
39 agreement.  
40

41 5. (New section) A business or potential business that  
42 proposes a project to create new jobs in this State may apply to the  
43 authority to enter into an agreement for a grant under this act. The  
44 authority shall prescribe the form of the application. After receipt  
45 of an application, the authority may enter into an agreement with  
46 the business for a grant if it determines that:

47 a. The proposed project will create positions for at least 75 new  
48 employees in New Jersey within the first two complete taxable

1 years or the proposed project will create positions for at least 25  
2 new employees in a targeted area within the first two complete  
3 taxable years;

4 b. The project is economically sound and will benefit the  
5 people of New Jersey by increasing opportunities for employment  
6 and by strengthening New Jersey's economy; and

7 c. The authority's project analysis shows that the receipt of the  
8 employment incentives will be a major factor in the business's  
9 decision to undertake the project.

10

11 6. (New section) The business employment incentive  
12 agreement shall include:

13 a. A detailed description of the proposed project;

14 b. The length of the grant, which shall not exceed 10 years, and  
15 the first taxable year for which the grant may be claimed;

16 c. A requirement that the applicant shall maintain the project at  
17 a location in New Jersey for at least 1.5 times the length of the  
18 grant;

19 d. The percentage;

20 e. A specified method for determining how many new  
21 employees are employed during a taxable year;

22 f. A requirement that the business shall report annually to the  
23 authority the number of new employees, the new income tax  
24 revenue withheld in connection with those new employees, and any  
25 other information the authority deems necessary.

26

27 7. (New section) For the purposes of this act, a business may  
28 include a sole proprietorship, a partnership, a corporation that has  
29 made an election under Subchapter S of Chapter One of Subtitle A  
30 of the federal Internal Revenue Code of 1986, or any other business  
31 entity through which income flows as a distributive share to its  
32 owners. A grant received under this act by a partnership,  
33 Subchapter S Corporation, or other such business entity shall be  
34 apportioned among the persons to whom the income or profit of the  
35 partnership, Subchapter S Corporation, or other entity is distributed,  
36 in the same proportions as those in which the income or profit is  
37 distributed.

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39 8. (New section) Projects that consist solely of point-of-final-  
40 purchase retail facilities are not eligible for a grant under this act.  
41 If a project consists of both point-of-final-purchase retail facilities  
42 and non-retail facilities, only that portion of the project consisting  
43 of the non-retail facilities is eligible for a grant and only the new  
44 income tax revenue of the non-retail facilities shall be considered  
45 when computing the amount of the grant. If a warehouse facility is  
46 part of a point-of-final-purchase retail facility and supplies only that  
47 facility, the warehouse facility is not eligible for a grant. Catalog

1 distribution centers are not considered point-of-final-purchase retail  
2 facilities for the purposes of this act, and are eligible for grants.

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4 9. (New section) A landlord that proposes a project to create  
5 new jobs in this State may apply to the authority to enter into an  
6 agreement for a grant under this act. The authority shall prescribe  
7 the form of the application. After receipt of the application, the  
8 authority may enter into an agreement with the landlord for a grant  
9 if it determines that:

10 a. The tenants in the proposed project will in the aggregate  
11 create positions for at least 75 new employees in New Jersey within  
12 the first two complete taxable years or the tenants in the proposed  
13 project will create positions for at least 25 new employees in a  
14 targeted area within the first two complete taxable years;

15 b. The project is economically sound and will benefit the  
16 people of New Jersey by increasing opportunities for employment  
17 and by strengthening New Jersey's economy;

18 c. The authority's project analysis shows that the receipt of  
19 business employment incentives will be a major factor in the  
20 decision of the landlord and tenant to undertake the project;

21 d. The tenants have agreed to assign to the landlord any claim  
22 of right that the tenant may have to a grant; and

23 e. The tenants have agreed to cooperate with the landlord in  
24 annually supplying information to the authority concerning the  
25 number of new employees, the new income tax revenue withheld in  
26 connection with those new employees, and any other information  
27 that the authority may require to perform its duties under this act.

28  
29 10. (New section) Every business which is awarded a grant  
30 under this act shall submit a copy of its New Jersey tax returns,  
31 appropriate to its form of ownership, showing business income or  
32 activity for each taxable year a grant is claimed to the authority.  
33 Failure to submit a copy of these documents may result in the  
34 suspension or termination of the business's grant.

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36 11. (New section) Every business that receives approval on its  
37 grant application will be required to maintain operations at the  
38 project location for at least 1.5 times the length of the grant. The  
39 grant agreement shall contain assurances that provide for the  
40 recapture of grant funds if a business does not remain at the project  
41 site for the required length of time. In determining the portion of  
42 the grant to be recaptured, the authority shall consider the effect of  
43 market conditions on the project and whether the business continues  
44 to maintain other operations in this State.

45  
46 12. (New section) If a business fails to meet or comply with any  
47 condition or requirement set forth in an agreement, the authority  
48 may amend the agreement to reduce the percentage or term of the

1 grant agreement. The reduction of the percentage or term shall take  
2 effect in the taxable year immediately following the taxable year in  
3 which the authority amends the agreement. If a business fails to  
4 maintain employment at the levels stipulated in the agreement, or  
5 otherwise fails to comply with any condition of the agreement for  
6 any two consecutive taxable years, the authority may terminate the  
7 agreement.

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9 13. (New section) The authority, after consultation with the  
10 Division of Taxation in the Department of the Treasury, shall, in  
11 accordance with the "Administrative Procedure Act," P.L. 1968, c.  
12 410 (C.52:14B-1 et seq.), adopt rules necessary to implement the  
13 provisions of the Business Employment Incentive Program not  
14 related to the collection or determination of taxes and tax  
15 withholding. The rules shall provide for the recipients of  
16 employment incentive grants to be charged an initial application  
17 fee, and ongoing service fees, to cover the administrative costs  
18 related to the program. The Director of the Division of Taxation is  
19 authorized to promulgate those rules necessary to effectuate the tax  
20 related provisions of the Business Employment Incentive Program.

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22 14. (New section) The authority shall submit a report on the  
23 program to the Governor, President of the Senate, and Speaker of  
24 the Assembly on or before October 31 of each year in accordance  
25 with section 2 of P.L.1991, c.164 (C.52:14-19.1). The report shall  
26 include information on the number of agreements entered into  
27 during the preceding fiscal year, a description of the project under  
28 each agreement, the number of jobs created, new income tax  
29 revenue received, amounts awarded as grants and an update on the  
30 status of projects under agreement before the preceding fiscal year.

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32 15. The following sections are repealed:

33 Section 1 of P.L.1996, c.26 (C.34:1B-124);

34 Section 2 of P.L.1996, c.26 (C.34:1B-125);

35 Section 3 of P.L.1996, c.26 (C.34:1B-126);

36 Section 4 of P.L.1996, c.26 (C.34:1B-127);

37 Section 5 of P.L.1996, c.26 (C.34:1B-128);

38 Section 6 of P.L.1996, c.26 (C.34:1B-129);

39 Section 7 of P.L.1996, c.26 (C.34:1B-130);

40 Section 8 of P.L.1996, c.26 (C.34:1B-131);

41 Section 9 of P.L.1996, c.26 (C.34:1B-132);

42 Section 10 of P.L.1996, c.26 (C.34:1B-133);

43 Section 11 of P.L.1996, c.26 (C.34:1B-134);

44 Section 12 of P.L.1996, c.26 (C.34:1B-135);

45 Section 13 of P.L.1996, c.26 (C.34:1B-136);

46 Section 14 of P.L.1996, c.26 (C.34:1B-137);

47 Section 15 of P.L.1996, c.26 (C.34:1B-138);

48 Section 17 of P.L.1996, c.26 (C.34:1B-139);

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