

[First Reprint]

ASSEMBLY, No. 1975

STATE OF NEW JERSEY
220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

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District 33 (Hudson)

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SYNOPSIS

"Virtual Currency and Blockchain Regulation Act."

CURRENT VERSION OF TEXT

As reported by the Assembly Financial Institutions and Insurance Committee on June 2, 2022, with amendments.



1 AN ACT concerning virtual currency and blockchain, and amending
2 and supplementing various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. (New section) This act shall be known and may be cited as
8 the "Virtual Currency and Blockchain Regulation Act."

9
10 2. (New section) As used in P.L. , c. (C.)(pending
11 before the Legislature as this bill):

12 "Affiliate" means any person that directly or indirectly controls,
13 is controlled by, or is under common control with, another person.

14 "Blockchain" means a digital ledger or database which is
15 chronological, consensus-based, decentralized and mathematically
16 verified in nature.

17 "Commissioner" means the Commissioner of Banking and
18 Insurance.

19 "Consumptive" means a circumstance when a token is
20 exchangeable for, or provided for the receipt of, services, software,
21 content or real or tangible personal property, including rights of
22 access to services, content or real or tangible personal property.

23 "Department" means the Department of Banking and Insurance.

24 "Developer" means the person primarily responsible for creating
25 an open blockchain token or otherwise designing the token,
26 including by executing the technological processes necessary to
27 create the token.

28 "Digital asset" means a representation of economic, proprietary
29 or access rights that is stored in a ¹**[computer] machine**¹ readable
30 format, ¹has a transaction history that is recorded in a distributed,
31 digital ledger or digital data structure in which consensus is
32 achieved through a mathematically verifiable process,¹ and includes
33 digital consumer assets¹, digital securities¹ and virtual currency.

34 ¹**[As used in P.L. , c. (C.)(pending before the Legislature as**
35 **this bill), the terms digital consumer asset, digital security, and**
36 **virtual currency shall be mutually exclusive]** "Digital asset" shall
37 not include securities, whether in digital form or otherwise, as
38 defined pursuant to subsection m. of section 2 of P.L.1967, c.93
39 (C.49:3-49), or as defined pursuant to paragraph (1) of subsection
40 (a) of section 2 of the federal "Securities Act of 1933," 15 U.S.C.
41 s.77b(a)(1), or paragraph (10) of subsection (a) of section 3 of the
42 federal "Securities Exchange Act of 1934," 15 U.S.C. s.78c(a)(10).¹

43 "Digital consumer asset" means a digital asset that is used or
44 bought primarily for consumptive, personal, or household purposes
45 and includes:

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AFI committee amendments adopted June 2, 2022.

1 (1) an open blockchain token constituting intangible personal
2 property as otherwise provided by law; and
3 (2) any other digital asset which is not virtual currency or a
4 digital security.
5 "Digital security" means a digital asset which constitutes a
6 security, as defined in P.L.1967, c.93 (C.49:3-49), but shall exclude
7 digital consumer assets and virtual currency.
8 "Facilitator" means a person who, as a business, makes open
9 blockchain tokens pursuant to subsection a. of section 3 of
10 P.L. , c. (C.)(pending before the Legislature as this bill)
11 available for resale to the public after a token has been purchased
12 by an initial buyer.
13 "Financial investment" means a contract, transaction or
14 arrangement where a person invests money in a common enterprise
15 and is led to expect profits solely from the efforts of a promoter or a
16 third party.
17 "Open blockchain token" means a digital unit that is:
18 (1) created:
19 (a) in response to the verification or collection of a specified
20 number of transactions relating to a digital ledger or database;
21 (b) by deploying computer code to a digital ledger or database,
22 which may include a blockchain, that allows for the creation of
23 digital tokens or other units; or
24 (c) using a combination of the methods specified in paragraphs
25 (a) and (b) of this paragraph.
26 (2) recorded to a digital ledger or database, which may include a
27 blockchain; and
28 (3) capable of being traded or transferred between persons
29 without an intermediary or custodian of value.
30 "Open blockchain token" shall not include virtual currency or
31 digital security as those terms are defined in this section.
32 "Person" means any individual, partnership, corporation,
33 association, trust, or other business combination or entity, however
34 organized.
35 "Seller" means a person who makes an open blockchain token
36 available for purchase to an initial buyer.
37 "Virtual currency" means a digital asset that is:
38 (1) used as a medium of exchange, unit of account or store of
39 value; and
40 (2) not recognized as legal tender by the United States
41 government.
42
43 3. (New section) a. An open blockchain token shall be
44 intangible personal property if it meets the following
45 characteristics:
46 (1) the predominant purpose of the token is consumptive;
47 (2) the developer or seller did not market the token to the initial
48 buyer as a financial investment; and

1 (3) at least one of the following is satisfied:

2 (a) the developer or seller reasonably believed that it sold the
3 token to the initial buyer for a consumptive purpose;

4 (b) the token has a consumptive purpose that is available at or
5 near the time of sale and can be used at or near the time of sale for a
6 consumptive purpose;

7 (c) the initial buyer of the token is prohibited by the developer or
8 seller of the token from reselling the token until the token is
9 available to be used for a consumptive purpose; or

10 (d) the developer or seller takes other reasonable precautions to
11 prevent an initial buyer from purchasing the token as a financial
12 investment.

13 b. Before making an open blockchain token available for sale,
14 the developer or seller of a token, or the registered agent of the
15 developer or seller, shall electronically file a notice of intent with
16 the Department of the Banking and Insurance and pay a filing fee of
17 \$1,000. The notice of intent shall contain the name of the person
18 acting as a developer or seller, the contact information of the
19 person, or the registered agent of the person and comprehensive
20 details, to be determined by the Commissioner of Banking and
21 Insurance, on the open blockchain token made available for sale. A
22 form shall be made available by the department for this purpose,
23 which shall include a secure electronic form conspicuously posted
24 on the department's Internet website. A developer, seller, and the
25 registered agent of these persons, if applicable, shall have a
26 continuing duty to update the contact information provided on a
27 notice of intent as long as the open blockchain token associated
28 with the notice is actively being sold.

29 c. A facilitator shall:

30 (1) before making any token available for resale to the public,
31 confirm with the department that a notice of intent has been filed
32 pursuant to subsection b. of this section;

33 (2) at all times, have a reasonable and good faith belief that a
34 token subject to resale conforms to the requirements of subsection
35 a. of this section; and

36 (3) take reasonably prompt action to terminate the resale of a
37 token that does not conform to the requirements of subsection a. of
38 this section.

39 d. A willful failure by a developer, seller, or facilitator to
40 comply with the duties imposed by P.L. , c. (C.)(pending
41 before the Legislature as this bill) shall constitute an unlawful
42 practice under P.L.1960, c.39 (C.56:8-1 et seq.), and shall be
43 subject to all remedies and penalties available pursuant to P.L.1960,
44 c.39 (C.56:8-1 et seq.) in addition to any other remedies or penalties
45 provided by law. A developer, seller, or facilitator is subject to all
46 applicable criminal statutes.

1 e. The commissioner may refer the following to appropriate
2 State or federal agencies for investigation, criminal prosecution,
3 civil penalties, and other appropriate enforcement actions:

4 (1) suspected violations of this section; and

5 (2) the developer, seller, or facilitator of either an open
6 blockchain token which conforms to the requirements of this
7 section or another digital asset which substantially resembles an
8 open blockchain token, but which, in the determination of the
9 commissioner, is being sold for financial investment or fraudulent
10 purposes.

11
12 4. (New section) a. Digital assets shall be classified in the
13 following manner:

14 (1) digital consumer assets are intangible personal property and
15 shall be considered general intangibles, as defined in N.J.S.12A:9-
16 102;

17 (2) digital securities are intangible personal property and shall
18 be considered securities, as defined in N.J.S.12A:8-102, and
19 investment property, as defined in N.J.S.12A:9-102; and

20 (3) virtual currency is intangible personal property and shall be
21 considered money, notwithstanding N.J.S.12A:1-201.

22 b. Consistent with N.J.S.12A:8-102, a digital asset may be
23 treated as a financial asset, pursuant to a written agreement with the
24 owner of the digital asset. If treated as a financial asset, the digital
25 asset shall remain intangible personal property.

26 c. Classification of digital assets under this section shall be
27 construed in a manner to give the greatest effect to
28 P.L. , c. (C.)(pending before the Legislature as this bill),
29 but shall not be construed to apply to any other asset.

30
31 5. (New section) a. Notwithstanding the financing statement
32 requirement specified by N.J.S.12A:9-310, perfection of a security
33 interest in a digital asset may be achieved through control, as
34 defined in subsection e. of this section. A security interest held by a
35 secured party having control of a digital asset has priority over a
36 security interest held by a secured party that does not have control
37 of the asset.

38 b. Before a secured party may take control of a digital asset
39 under this section, the secured party shall enter into a control
40 agreement with the debtor. A control agreement may also set forth
41 the terms under which a secured party may pledge its security
42 interest in the digital asset as collateral for another transaction.

43 c. A secured party may file a financing statement with the
44 Division of Revenue and Enterprise Services, including to perfect a
45 security interest in proceeds from a digital asset pursuant to
46 N.J.S.12A:9-315.

47 d. Notwithstanding any law, rule, or regulation to the contrary,
48 a transferee shall take a digital asset free of any security interest

1 two years after the transferee takes the asset for value and does not
2 have actual notice of an adverse claim. This subsection shall only
3 apply to a security interest perfected by a method other than control.

4 e. Perfection by control creates a possessory security interest in
5 a digital asset and shall not require physical possession. For
6 purposes of this section, a digital asset is located within the State if
7 the asset is held by a custodian, debtor, or secured party that is
8 physically located within the State.

9 f. As used in this section:

10 "Control" means:

11 (1) a secured party, or an agent, custodian, fiduciary or trustee
12 of the party, has the exclusive legal authority to conduct a
13 transaction relating to a digital asset, including by means of a
14 private key or the use of a multi signature arrangement authorized
15 by the secured party; or

16 (2) a smart contract created by a secured party which has the
17 exclusive legal authority to conduct a transaction relating to a
18 digital asset.

19 "Multi signature arrangement" means a system of access control
20 relating to a digital asset for the purposes of preventing
21 unauthorized transactions relating to the asset, in which two or
22 more private keys are required to conduct a transaction, or any
23 substantially similar analogue.

24 "Private key" means a unique element of cryptographic data, or
25 any substantially similar analogue, which is:

26 (1) held by a person;

27 (2) paired with a unique publicly-available element of
28 cryptographic data; and

29 (3) associated with an algorithm that is necessary to carry out an
30 encryption or decryption required to execute a transaction.

31 "Smart contract" means:

32 (1) an automated transaction conducted or performed, in whole
33 or in part, by electronic means or electronic records, in which the
34 acts or records of one or both parties are not reviewed by an
35 individual in the ordinary course in forming a contract, performing
36 under an existing contract or fulfilling an obligation required by the
37 transaction; or

38 (2) any substantially similar analogue, which is comprised of
39 code, script, or programming language that executes the terms of an
40 agreement, and which may include taking custody of and
41 transferring an asset, or issuing executable instructions for these
42 actions, based on the occurrence or nonoccurrence of specified
43 conditions.

44
45 6. (New section) a. A ¹**bank** qualifying financial institution¹
46 may provide custodial services consistent with this section upon
47 providing 60 days written notice to the Commissioner of the
48 Department of Banking and Insurance. The provisions of this

1 section are cumulative and not exclusive as an optional framework
2 for enhanced supervision of digital asset custody. If a **1[bank]**
3 qualifying financial institution¹ elects to provide custodial services
4 under this section, it shall comply with all provisions of this
5 section.

6 b. A **1[bank]** qualifying financial institution¹ may serve as a
7 qualified custodian under federal Securities and Exchange
8 Commission rules established pursuant to 17 C.F.R. s.275.206(4).
9 In performing custodial services under this section, a **1[bank]**
10 qualifying financial institution¹ shall:

11 (1) implement all accounting, account statement, internal
12 control, notice, and other standards specified by applicable State or
13 federal law and regulations for custodial services;

14 (2) maintain information technology best practices relating to
15 digital assets held in custody. The commissioner may specify
16 required best practices by rule;

17 (3) fully comply with applicable federal anti-money laundering,
18 customer identification, and beneficial ownership requirements; and

19 (4) take other actions necessary to carry out this section, which
20 may include exercising fiduciary powers similar to those permitted
21 to national banks and ensuring compliance with federal law
22 governing digital assets classified as commodities.

23 c. A **1[bank]** qualifying financial institution¹ providing
24 custodial services shall enter into an agreement with an independent
25 public accountant to conduct an examination conforming to the
26 requirements of 17 C.F.R. s.275.206(4) 2(a)(4) and (6), at the cost
27 of the **1[bank]** qualifying financial institution¹. The accountant
28 shall transmit the results of the examination to the commissioner
29 within 120 days of the examination and may file the results with the
30 federal Securities and Exchange Commission as its rules may
31 provide. Material discrepancies in an examination shall be reported
32 to the commissioner within one business day. The commissioner
33 shall review examination results upon receipt within a reasonable
34 time and during any regular examination conducted pursuant to
35 P.L.1948, c.67 (C.17:9A-260).

36 d. Digital assets held in custody pursuant to this section shall
37 not be depository liabilities or assets of the **1[bank]** qualifying
38 financial institution¹. A **1[bank]** qualifying financial institution¹, or
39 a subsidiary, may register as an investment adviser, investment
40 company, or broker dealer as necessary. A **1[bank]** qualifying
41 financial institution¹ shall maintain control over a digital asset
42 while in custody. A customer shall elect, pursuant to a written
43 agreement with the **1[bank]** qualifying financial institution¹, one of
44 the following relationships for each digital asset held in custody:

45 (1) custody under a bailment as a nonfungible or fungible asset.
46 Assets held under this paragraph shall be strictly segregated from
47 other assets; or

1 (2) custody under a bailment pursuant to subsection e. of this
2 section.

3 e. If a customer makes an election under subsection d. of this
4 section, the '[bank] qualifying financial institution'¹ may, based
5 only on customer instructions, undertake transactions with the
6 digital asset. A '[bank] qualifying financial institution'¹ maintains
7 control pursuant to subsection d. of this section by entering into an
8 agreement with the counterparty to a transaction which contains a
9 time for return of the asset. The '[bank] qualifying financial
10 institution'¹ shall not be liable for any loss suffered with respect to a
11 transaction under this subsection, except for liability consistent with
12 fiduciary and trust powers as a custodian under this section.

13 f. A '[bank] qualifying financial institution'¹ and a customer
14 shall agree in writing regarding the source code version the '[bank]
15 qualifying financial institution'¹ will use for each digital asset, and
16 the treatment of each asset under chapter 8 of Title 12A of the New
17 Jersey Statutes. Any ambiguity under this subsection shall be
18 resolved in favor of the customer.

19 g. A '[bank] qualifying financial institution'¹ shall provide
20 clear, written notice to each customer, and require written
21 acknowledgement, of the following:

22 (1) prior to the implementation of any updates, material source
23 code updates relating to digital assets held in custody, except in
24 emergencies which may include security vulnerabilities;

25 (2) the heightened risk of loss from transactions under
26 subsection e. of this section;

27 (3) that some risk of loss as a pro-rata creditor exists as the
28 result of custody as a fungible asset or custody under paragraph (2)
29 of subsection d. of this section;

30 (4) that custody under paragraph (2) of subsection d. of this
31 section may not result in the digital assets of the customer being
32 strictly segregated from other customer assets; and

33 (5) that the '[bank] qualifying financial institution'¹ is not liable
34 for losses suffered under subsection e. of this section, except for
35 liability consistent with fiduciary and trust powers as a custodian
36 under this section.

37 h. A '[bank] qualifying financial institution'¹ and a customer
38 shall agree in writing to a time period within which the '[bank]
39 qualifying financial institution'¹ shall return a digital asset held in
40 custody under this section. If a customer makes an election under
41 paragraph (2) of subsection d. of this section, then the '[bank]
42 qualifying financial institution'¹ and the customer may also agree in
43 writing to the form in which the digital asset shall be returned.

44 i. All ancillary or subsidiary proceeds relating to digital assets
45 held in custody under this section shall accrue to the benefit of the
46 customer, except as specified by a written agreement with the
47 customer. The '[bank] qualifying financial institution'¹ shall not

1 collect ancillary or subsidiary proceeds, unless the collection is
2 disclosed in writing. A customer who makes an election under
3 paragraph (1) of subsection d. of this section may withdraw the
4 digital asset in a form that permits the collection of the ancillary or
5 subsidiary proceeds.

6 j. A ¹**["bank"] qualifying financial institution¹** shall not
7 authorize or permit rehypothecation of digital assets under this
8 section. The ¹**["bank"] qualifying financial institution¹** shall not
9 engage in any activity to use or exercise discretionary authority
10 relating to a digital asset except based on customer instructions.

11 k. A ¹**["bank"] qualifying financial institution¹** shall not take any
12 action under this section which would likely impair the solvency or
13 the safety and soundness of the ¹**["bank"] qualifying financial**
14 **institution¹**, as determined by the commissioner after considering
15 the nature of custodial services customary in the banking industry.

16 l. As used in this section:

17 ¹**["Bank"** shall have the same meaning as provided in **]**
18 **"Qualifying financial institution"** means a "bank," as defined
19 pursuant to section 1 of ¹P.L.1948, c.67 (C.17:9A-1)¹, or a "credit
20 union," as defined pursuant to section 2 of P.L.1984, c.171
21 (C.17:13-80).¹

22 "Custodial services" means the safekeeping and management of
23 customer currency and digital assets through the exercise of
24 fiduciary and trust powers under this section as a custodian, and
25 includes fund administration and the execution of customer
26 instructions.

27
28 7. Section 2 of P.L.1998, c.14 (C.17:15C-2) is amended to read
29 as follows:

30 2. As used in **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.):

31 "Applicant" means a person filing an application for a license
32 under **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.).

33 "Authorized delegate" means an entity authorized by the licensee
34 pursuant to the provisions of section 17 of **[this act]** P.L.1998, c.14
35 (C.17:15C-17) to sell or issue payment instruments or engage in the
36 business of transmitting money on behalf of a licensee.

37 "Commissioner" means the Commissioner of Banking and
38 Insurance.

39 "Control" means ownership of, or the power to vote, 25 percent
40 or more of the outstanding voting securities of a licensee or
41 controlling person. For purposes of determining the percentage of a
42 licensee controlled by any person, there shall be aggregated with
43 the person's interest the interest of any other person controlled by
44 that person or by any spouse, parent, or child of that person.

45 "Controlling person" means any person in control of a licensee.

46 "Department" means the Department of Banking and Insurance.

1 "Executive officer" means the licensee's president, chairman of
2 the executive committee, senior officer responsible for the
3 licensee's business in this State, chief financial officer and any other
4 person who performs similar functions.

5 "Foreign money transmitter" means a person who engages, in
6 this State, only in the business of the receipt of money for
7 transmission or transmitting money to locations outside of the
8 United States by any and all means, including but not limited to
9 payment instrument, wire, facsimile, electronic transfer, or
10 otherwise for a fee, commission or other benefit.

11 "Key shareholder" means any person, or group of persons acting
12 in concert, who is the owner of 25 percent or more of any voting
13 class of an applicant's stock.

14 "Licensee" means a person licensed under **[this act]** P.L.1998,
15 c.14 (C.17:15C-1 et seq.).

16 "Location" means a place of business at which activities
17 regulated by **[this act]** P.L.1998, c.14 (C.17:15C-1 et seq.) occur.

18 "Material litigation" means any litigation that, according to
19 generally accepted accounting principles, is deemed significant to
20 any applicant's or licensee's financial health and would be required
21 to be referenced in that entity's annual audited financial statements,
22 report to shareholders or similar documents.

23 "Money" means a medium of exchange authorized or adopted by
24 the United States or a foreign government as a part of its currency
25 and that is customarily used and accepted as a medium of exchange
26 in the country of issuance.

27 "Money transmitter" means a person who engages in this State in
28 the business of:

29 (1) the sale or issuance of payment instruments for a fee,
30 commission, or other benefit;

31 (2) the receipt of money for transmission or transmitting money
32 within the United States or to locations abroad by any and all
33 means, including but not limited to payment instrument, wire,
34 facsimile, electronic transfer, or otherwise for a fee, commission or
35 other benefit; or

36 (3) the receipt of money for obligors for the purpose of paying
37 obligors' bills, invoices, or accounts for a fee, commission, or other
38 benefit paid by the obligor.

39 "Outstanding payment instrument" means any payment
40 instrument issued by the licensee which has been sold in the United
41 States directly by the licensee or any payment instrument issued by
42 the licensee which has been sold by an authorized delegate of the
43 licensee in the United States, which has been reported to the
44 licensee as having been sold, and which has not yet been paid by or
45 for the licensee.

46 "Payment instrument" means any check, draft, money order,
47 travelers check, or other instrument or written order for the
48 transmission or payment of money, sold, or issued to one or more

1 persons, whether or not the instrument is negotiable. The term
2 "payment instrument" does not include any credit card voucher, any
3 letter of credit, or any instrument which is redeemable by the issuer
4 in goods or services.

5 "Permissible investments" means:

6 (1) cash;

7 (2) certificates of deposit or other debt obligations of a bank,
8 savings bank, savings and loan association, or credit union, either
9 domestic or foreign;

10 (3) bills of exchange or time drafts drawn on and accepted by a
11 commercial bank, otherwise known as bankers' acceptances, which
12 are eligible for purchase by member banks of the Federal Reserve
13 System;

14 (4) any investment which is rated in one of the three highest
15 rating categories by a nationally recognized statistical rating
16 organization;

17 (5) investment securities that are obligations of the United
18 States, its agencies or instrumentalities, or obligations that are
19 guaranteed fully as to principal and interest by the United States, or
20 any obligations of any state, municipality, or any political
21 subdivision thereof which is rated in one of the three highest rating
22 categories by a nationally recognized statistical rating organization;

23 (6) shares in a money market mutual fund, interest-bearing bills,
24 notes or bonds, debentures or stock traded on any national securities
25 exchange or on a national over-the-counter market, or mutual funds
26 primarily composed of those securities or a fund composed of one
27 or more permissible investments as set forth in this section;

28 (7) demand borrowing agreements made to a corporation or a
29 subsidiary of a corporation whose capital stock is listed on a
30 national exchange;

31 (8) receivables which are due to a licensee from its authorized
32 delegates pursuant to a contract described in section 17 of **[this act]**
33 P.L.1998, c.14 (C.17:15C-17), which are not past due or doubtful of
34 collection; or

35 (9) any other investments or security device which the
36 commissioner may authorize by rule.

37 "Virtual currency" means any type of digital representation that:

38 (1) is used as a medium of exchange, unit of account, or store of
39 value; and

40 (2) is not recognized as legal tender by the United States
41 government.

42 (cf: P.L.1998, c.14, s.2)

43
44 8. Section 3 of P.L.1998, c.14 (C.17:15C-3) is amended to read
45 as follows:

46 3. a. **[This act]** P.L.1998, c.14 (C.17:15C-1 et seq.) shall not
47 apply to:

- 1 (1) **【The】** the United States or any department, agency, or
 2 instrumentality thereof;
- 3 (2) **【The】** the United States Postal Service;
- 4 (3) **【The】** the State or any political subdivision thereof;
- 5 (4) **【Banks】** banks, bank holding companies, credit unions,
 6 building and loan associations, savings and loan associations,
 7 savings banks, or mutual banks organized under the laws of any
 8 state or the United States, provided that they do not issue or sell
 9 payment instruments through authorized delegates who are not
 10 banks, bank holding companies, credit unions, building and loan
 11 associations, savings and loan associations, savings banks, or
 12 mutual banks;
- 13 (5) **【The】** the provision of electronic transfer of government
 14 benefits for any federal, state or county agency as defined in
 15 Regulation E, 12 C.F.R. s.205.1 et seq., by a contractor for and on
 16 behalf of the United States or any department, agency, or
 17 instrumentality thereof, or any state or political subdivision thereof;
 18 **【and】**
- 19 (6) **【A】** a person licensed to conduct business as a debt adjuster
 20 pursuant to P.L.1979, c.16 (C.17:16G-1 et seq.), when acting within
 21 the scope of activities regulated by that license; and
- 22 (7) buying, selling, issuing, or taking custody of payment
 23 instruments or stored value in the form of virtual currency or
 24 receiving virtual currency for transmission to a location within or
 25 outside the United States.
- 26 b. Authorized delegates of a licensee, acting within the scope
 27 of authority conferred by a written contract as described in section
 28 17 of **【this act】** P.L.1998, c.14 (C.17:15C-17) shall not be required
 29 to obtain a license pursuant to **【this act】** P.L.1998, c.14 (C.17:15C-
 30 1 et seq.).
 31 (cf: P.L.1998, c.14, s.3)
- 32
- 33 9. (New section) As used in sections 9 ¹**【thought】** through¹ 21
 34 of P.L. , c. (C.)(pending before the Legislature as this bill):
- 35 "Blockchain" means a digital ledger or database which is
 36 chronological, consensus-based, decentralized and mathematically
 37 verified in nature.
- 38 "Decentralized autonomous organization" means a limited
 39 liability company organized under P.L. , c. (C.)(pending
 40 before the Legislature as this bill).
- 41 "Digital asset" means a representation of economic, proprietary
 42 or access rights that is stored in a ¹**【computer】** machine¹ readable
 43 format ¹has a transaction history that is recorded in a distributed,
 44 digital ledger or digital data structure in which consensus is
 45 achieved through a mathematically verifiable process.¹ and is either
 46 a digital consumer assets¹**【, digital securities】**¹ and virtual
 47 currency. ¹"Digital asset" shall not include securities, whether in

1 digital form or otherwise, as defined pursuant to subsection m. of
 2 section 2 of P.L.1967, c.93 (C.49:3-49), or as defined pursuant to
 3 paragraph (1) of subsection (a) of section 2 of the federal
 4 “Securities Act of 1933,” 15 U.S.C. s.77b(a)(1), or paragraph (10)
 5 of subsection (a) of section 3 of the federal “Securities Exchange
 6 Act of 1934,” 15 U.S.C. s.78c(a)(10).¹

7 "Limited liability autonomous organization" or "LAO" means a
 8 decentralized autonomous organization.

9 "Majority of the members" means the approval of more than 50
 10 percent of participating membership interests in a vote for which a
 11 quorum of members is participating. A person dissociated as a
 12 member as set forth in section 46 of P.L.2012, c.50 (C.42:2C-46)
 13 shall not be included for the purposes of calculating the majority of
 14 the members.

15 "Membership interest" means a member's ownership share in a
 16 member managed decentralized autonomous organization, which
 17 may be defined in the entity's articles of organization, smart
 18 contract or operating agreement. A membership interest may also be
 19 characterized as ¹["either a digital security or"]¹ a digital consumer
 20 asset, if designated as such in the organization's articles of
 21 organization or operating agreement.

22 "Open blockchain" means a blockchain that is publicly
 23 accessible and its ledger of transactions is transparent.

24 "Quorum" means a minimum requirement on the sum of
 25 membership interests participating in a vote for that vote to be
 26 valid.

27 “Smart contract” means:

28 (1) an automated transaction conducted or performed, in whole
 29 or in part, by electronic means or electronic records, in which the
 30 acts or records of one or both parties are not reviewed by an
 31 individual in the ordinary course in forming a contract, performing
 32 under an existing contract, or fulfilling an obligation required by the
 33 transaction; or

34 (2) any substantially similar analogue, which is comprised of
 35 code, script, or programming language that executes the terms of an
 36 agreement, and which may include taking custody of and
 37 transferring an asset, or issuing executable instructions for these
 38 actions, based on the occurrence or nonoccurrence of specified
 39 conditions.

40
 41 10. (New section) a. The "Revised Uniform Limited Liability
 42 Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.) shall apply to
 43 decentralized autonomous organizations to the extent not
 44 inconsistent with the provisions of P.L. , c. (C.)(pending
 45 before the Legislature as this bill).

46 b. P.L. , c. (C.)(pending before the Legislature as this
 47 bill) shall not repeal or modify any statute or rule of law that applies
 48 to a limited liability company that is organized under P.L.2012, c.50

(C.42:2C-1 et seq.) that does not elect to become a decentralized autonomous organization.

11. (New section) a. A decentralized autonomous organization is a limited liability company if the articles of organization contain a statement that the company is a decentralized autonomous organization as described in subsection c. of this section.

b. A limited liability company formed under P.L.2012, c.50 (C.42:2C-1 et seq.) may convert to a decentralized autonomous organization by amending its articles of organization to include the statement required by subsections a. and c. of this section and section 13 of P.L. , c. (C.)(pending before the Legislature as this bill).

c. A statement in substantially the following form shall appear conspicuously in the articles of organization or operating agreement, if applicable, in a decentralized autonomous organization:

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. New Jersey's decentralized autonomous organization law, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization.

d. The registered name for a decentralized autonomous organization shall include wording or abbreviation to denote its status as a decentralized autonomous organization, specifically "DAO," "LAO," or "DAO LLC."

e. A statement in the articles of organization may define the decentralized autonomous organization as either a member managed decentralized autonomous organization or an algorithmically managed decentralized autonomous organization. If the type of decentralized autonomous organization is not otherwise provided for, the limited liability company will be presumed to be a member managed decentralized autonomous organization.

12. (New section) a. Any person may form a decentralized autonomous organization, which shall have one or more members, by signing and delivering one original and one exact or conformed copy of the articles of organization to the filing office for filing. The person forming the decentralized autonomous organization need not be a member of the organization.

b. A decentralized autonomous organization shall have and continuously maintain in this State a registered agent as provided in section 14 of P.L.2012, c.50 (C.42:2C-14).

c. A decentralized autonomous organization may form and operate for any lawful purpose, regardless of whether for profit.

d. An algorithmically managed decentralized autonomous organization may only form under P.L. , c. (C.)(pending before the Legislature as this bill) if the underlying smart contracts are able to be updated, modified, or otherwise upgraded.

13. (New section) a. The articles of organization of a decentralized autonomous organization shall include a statement that the organization is a decentralized autonomous organization, pursuant to section 11 of P.L. , c. (C.)(pending before the Legislature as this bill) and section 18 of P.L.2012, c.50 (C.42:2C-18).

b. In addition to the requirements of subsection a. of this section the articles of organization shall include a publicly available identifier of any smart contract directly used to manage, facilitate, or operate the decentralized autonomous organization.

c. Except as otherwise provided in P.L. , c. (C.)(pending before the Legislature as this bill), the articles of organization and the smart contracts for a decentralized autonomous organization shall govern all of the following:

(1) relations among the members and between the members and the decentralized autonomous organization;

(2) rights and duties under P.L. , c. (C.)(pending before the Legislature as this bill) of a person in the person's capacity as a member;

(3) activities of the decentralized autonomous organization and the conduct of those activities;

(4) means and conditions for amending the operating agreement;

(5) rights and voting rights of members;

(6) transferability of membership interests;

(7) withdrawal of membership;

(8) distributions to members prior to dissolution;

(9) amendment of the articles of organization;

(10) procedures for amending, updating, editing or changing applicable smart contracts; and

(11) all other aspects of the decentralized autonomous organization.

d. Articles of organization shall be amended when:

(1) there is a change in the name of the decentralized autonomous organization;

(2) there is a false or erroneous statement in the articles of organization; or

(3) the decentralized autonomous organization's smart contracts have been updated or changed.

1 14. (New section) To the extent the articles of organization or
2 smart contract do not otherwise provide for a matter described in
3 section 13 of P.L. , c. (C.)(pending before the Legislature as
4 this bill), the operation of a decentralized autonomous organization
5 may be supplemented by an operating agreement.
6

7 15. (New section) Management of a decentralized autonomous
8 organization shall be vested in its members, if member managed, or
9 the smart contract, if algorithmically managed, unless otherwise
10 provided in the articles of organization or operating agreement.
11

12 16. (New section) Unless otherwise provided for in the articles
13 of organization or operating agreement, no member of a
14 decentralized autonomous organization shall have any fiduciary
15 duty to the organization or any member except that the members
16 shall be subject to the implied contractual covenant of good faith
17 and fair dealing.
18

19 17. (New section) a. For purposes of this section and section 18
20 of P.L. , c. (C.)(pending before the Legislature as this bill)
21 and unless otherwise provided for in the articles of organization,
22 smart contract, or operating agreement:

23 (1) membership interests in a member managed decentralized
24 autonomous organization shall be calculated by dividing a member's
25 contribution of digital assets to the organization divided by the total
26 amount of digital assets contributed to the organization at the time
27 of a vote;

28 (2) if members do not contribute digital assets to an organization
29 as a prerequisite to becoming a member, each member shall possess
30 one membership interest and be entitled to one vote; and

31 (3) a quorum shall require not less than a majority of
32 membership interests entitled to vote.

33 b. Members shall have no right to separately inspect or copy
34 records of a decentralized autonomous organization and the
35 organization shall have no obligation to furnish any information
36 concerning the organization's activities, financial condition, or
37 other circumstances to the extent the information is available on an
38 open blockchain.
39

40 18. (New section) a. A member may only withdraw from a
41 decentralized autonomous organization in accordance with the
42 terms set forth in the articles of organization, the smart contracts or,
43 if applicable, the operating agreement.

44 b. A member of a decentralized autonomous organization shall
45 not have the organization dissolved for a failure to return the
46 members' contribution to capital.

47 c. Unless the organization's articles of organization, smart
48 contracts or operating agreement provide otherwise, a withdrawn

1 member forfeits all membership interests in the decentralized
2 autonomous organization, including any governance or economic
3 rights.

4
5 19. (New section) a. A decentralized autonomous organization
6 organized under P.L. , c. (C.)(pending before the Legislature
7 as this bill) shall be dissolved upon the occurrence of any of the
8 following events:

9 (1) the period fixed for the duration of the organization expires;

10 (2) by vote of the majority of members of a member managed
11 decentralized autonomous organization;

12 (3) at the time or upon the occurrence of events specified in the
13 underlying smart contracts or as specified in the articles of
14 organization or operating agreement;

15 (4) the decentralized autonomous organization has failed to
16 approve any proposals or take any actions for a period of one year;
17 or

18 (5) by order of the Division of Revenue and Enterprise Services
19 if the decentralized autonomous organization is deemed to no
20 longer perform a lawful purpose.

21 b. As soon as possible following the occurrence of any of the
22 events specified in subsection a. of this section causing the
23 dissolution of a decentralized autonomous organization, the
24 organization shall execute a statement of intent to dissolve in the
25 form prescribed by the Division of Revenue and Enterprise
26 Services.

27
28 20. (New section) The articles of organization and the operating
29 agreement of a decentralized autonomous organization are effective
30 as statements of authority. Where the underlying articles of
31 organization and operating agreement are in conflict, the articles of
32 organization shall preempt any conflicting provisions. Where the
33 underlying articles of organization and smart contract are in
34 conflict, the smart contract shall preempt any conflicting provisions
35 of the articles of organization, except as it relates to section 11 of
36 P.L. , c. (C.)(pending before the Legislature as this bill) and
37 subsections a. and b. of section 13 of P.L. , c. (C.)(pending
38 before the Legislature as this bill).

39
40 21. (New section) The Division of Revenue and Enterprise
41 Services shall not issue a certificate of authority for a foreign
42 decentralized autonomous organization.

43
44 22. (New section) a. Not later than December 31, 2022, the
45 Division of Revenue and Enterprise Services shall develop and
46 implement a filing system through which all required filings may be
47 submitted. The division shall endeavor to use blockchain
48 technology and include an application programming interface as

1 components of the filing system, as well as robust security measures
2 and other components determined by the division to be best
3 practices or which are likely to increase the effective and efficient
4 administration of the laws of this State. The division may create a
5 blockchain for the purposes of this section or contract for the use of
6 a privately created blockchain.

7 b. The division may:

8 (1) consult with all interested parties before developing the
9 filing system specified in this section, including businesses,
10 registered agents, attorneys, law enforcement, and other interested
11 persons; and

12 (2) if possible, partner with technology innovators and private
13 companies to develop necessary components of the system.

14 c. The division shall promulgate such rules and regulations as
15 the division determines are necessary to effectuate the provisions of
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17 d. As used in this section:

18 “Application programming interface” means a computer software
19 intermediary which allows two distinct software applications to
20 interact.

21 “Blockchain” means a digital ledger or database which is
22 chronological, consensus-based, decentralized, and mathematically-
23 verified in nature.

24 “Division” means the Division of Revenue and Enterprise
25 Services in the New Jersey Department of the Treasury.

26 “Required filings” means all documents, reports, data, and other
27 information required by law to be filed with the division.

28
29 23. (New section) a. The articles of incorporation or bylaws of
30 a corporation may specify that all or a portion of the shares of the
31 corporation may be represented by share certificates in the form of
32 certificate tokens. The electronic message, command, or
33 transaction that transmits the certificate tokens to the data address
34 to which a certificate token was issued shall be authorized at the
35 time of issuance by one or more messages, commands, or
36 transactions signed with the network signatures of two officers
37 designated in the bylaws or by the board of directors of the
38 corporation.

39 b. Notwithstanding any law, rule, or regulation to the contrary,
40 as used in chapter 7 of Title 14A of the New Jersey Statutes, any
41 reference to share certificate, share, stock, or words of similar
42 import shall be construed to include a certificate token.

43 c. Notwithstanding any law, rule, or regulation to the contrary,
44 the information required by subsection a. of this section shall satisfy
45 any other requirement of chapter 7 of Title 14A of the New Jersey
46 Statutes to include information on a share certificate.

47 d. Notwithstanding any law, rule, or regulation to the contrary,
48 as used in chapter 7 of Title 14A of the New Jersey Statutes, any

1 reference to certificated shares or words of similar import shall be
2 construed to include shares represented by certificate tokens, and
3 any reference to the delivery or deposit of these shares to the
4 corporation shall be construed to refer to any method of granting
5 control of the tokens to the corporation.

6 e. Notwithstanding any law, rule, or regulation to the contrary,
7 as used in chapter 7 of Title 14A of the New Jersey Statutes, any
8 reference to a certificate being duly endorsed or words of similar
9 import shall be construed to mean that the transaction authorizing
10 transfer of control of the certificate token was signed by the lawful
11 holder of the token with the network signature corresponding to the
12 lawful holder's data address to which the certificate token was
13 issued or last lawfully transferred.

14 f. As used in this section:

15 "Blockchain" means a digital ledger or database which is
16 chronological, consensus based, decentralized and mathematically
17 verified in nature;

18 "Certificate token" means a representation of shares that is stored
19 in an electronic format that contains information pursuant to
20 N.J.S.14A:7-11, and this information is:

21 (1) entered into a blockchain or other secure auditable database;

22 (2) linked to or associated with the certificate token; and

23 (3) able to be transmitted electronically to the issuing
24 corporation, the person to whom the certificate token was issued,
25 and any transferee.

26 "Network signature" means a string of alphanumeric characters
27 that, when broadcast by a person to the data address's corresponding
28 distributed or other electronic network or database, provides
29 reasonable assurances to a recipient that the broadcasting person
30 has knowledge or possession of the private key uniquely associated
31 with the data address.

32
33 24. N.J.S.14A:7-11 is amended to read as follows:

34 14A:7-11. (1) The shares of a corporation shall be represented
35 by certificates or, in accordance with subsection 14A:7-11(6), shall
36 be uncertificated shares. Certificates shall be signed by, or in the
37 name of the corporation by, the chairman or vice-chairman of the
38 board, or the president or a vice-president, and may be
39 countersigned by the treasurer or an assistant treasurer, or the
40 secretary or an assistant secretary of the corporation and may be
41 sealed with the seal of the corporation or a facsimile thereof. Any
42 or all signatures upon a certificate may be a facsimile. In case any
43 officer, transfer agent or registrar who has signed or whose
44 facsimile signature has been placed upon such certificate, shall have
45 ceased to be such officer, transfer agent, or registrar before such
46 certificate is issued, it may be issued by the corporation with the
47 same effect as if he were such officer, transfer agent, or registrar at
48 the date of its issue.

1 (2) Every share certificate delivered after the effective date of
2 this act by a corporation which is authorized to issue shares of more
3 than one class shall set forth upon the face or back of the certificate,
4 a full statement;

5 (a) **【Of】** of the designations, relative rights, preferences and
6 limitations of the shares of each class and series authorized to be
7 issued, so far as the same have been determined; and

8 (b) **【Of】** of the authority of the board to divide the shares into
9 classes or series and to determine and change the relative rights,
10 preferences and limitations of any class or series, or shall set forth
11 that the corporation will furnish to any shareholder, upon request
12 and without charge, such a full statement.

13 (3) Each certificate representing shares shall state upon the face
14 thereof;

15 (a) **【That】** that the corporation is organized under the laws of
16 this State;

17 (b) **【The】** the name of the person to whom issued; **【and】**

18 (c) **【The】** the number and class of shares, and the designation of
19 the series, if any, which such certificate represents ; and

20 (d) In the case of a certificate token pursuant to section 23 of
21 P.L. , c. (C.) (pending before the Legislature as this bill),
22 the data address to whom which the token was issued .

23 (4) No certificate shall be issued for any share until such share is
24 fully paid.

25 (5) A card which is punched, magnetically coded, or otherwise
26 treated so as to facilitate machine or automatic processing, may be
27 used as a share certificate if it otherwise complies with the
28 provisions of this section.

29 (6) The board may provide that some or all of the shares of any
30 class or series shall be represented by uncertificated shares. Within
31 a reasonable time after the issuance or transfer of uncertificated
32 shares, the corporation shall send to the registered owner thereof a
33 written notice containing the information required to be set forth or
34 stated on certificates by subsections 14A:7-11(2) and 14A:7-11(3),
35 and if required, 14A:7-12(2). Except as otherwise expressly
36 provided by law, the rights and obligations of the holders of
37 uncertificated shares and the rights and obligations of the holders of
38 certificates representing shares of the same class and series shall be
39 identical.

40 (cf: P.L.1988, c.94, s.42)

41
42 25. (New section) a. Receipts from retail sales of energy and
43 utility service to a virtual currency servicer for use or consumption
44 directly and primarily in the creation of virtual currency, including
45 mining, shall be exempt from the tax imposed under the "Sales and
46 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

47 b. A virtual currency servicer may file an application for a
48 sales and use tax exemption with the Director of the Division of

1 Taxation in the Department of the Treasury. The director shall
2 process the application within 20 business days of receipt thereof.

3 ¹A successful application for a sales and use tax exemption
4 pursuant to this subsection shall include a plan, written by the
5 virtual currency servicer, designed to mitigate or offset any carbon
6 emissions produced by the virtual currency.¹An exemption for a
7 virtual currency servicer shall commence upon notice of approval of
8 its application. Upon approval of its application, the director shall
9 provide prompt notice to a business.

10 c. For the purposes of this section:

11 "Virtual currency" means a digital asset that is:

12 (1) used as a medium of exchange, unit of account or store of
13 value; and

14 (2) not recognized as legal tender by the United States
15 government.

16 "Virtual currency servicer" means any person:

17 (1) who, as its primary business, engages in virtual currency
18 creation, including mining;

19 (2) who, as its primary business, engages in the provision of a
20 distributed digital verification system; or

21 (3) licensed pursuant to P.L. , c. (C.) (pending before
22 the Legislature as Assembly Bill No.2371).

23
24 26. Section 2 of P.L.2011, c.149 (C.34:1B-243) is amended to
25 read as follows:

26 2. As used in P.L.2011, c.149 (C.34:1B-242 et seq.):

27 "Affiliate" means an entity that directly or indirectly controls, is
28 under common control with, or is controlled by the business.
29 Control exists in all cases in which the entity is a member of a
30 controlled group of corporations as defined pursuant to section 1563
31 of the Internal Revenue Code of 1986 (26 U.S.C. s.1563) or the
32 entity is an organization in a group of organizations under common
33 control as defined pursuant to subsection (b) or (c) of section 414 of
34 the Internal Revenue Code of 1986 (26 U.S.C. s.414). A taxpayer
35 may establish by clear and convincing evidence, as determined by
36 the Director of the Division of Taxation in the Department of the
37 Treasury, that control exists in situations involving lesser
38 percentages of ownership than required by those statutes. An
39 affiliate of a business may contribute to meeting either the qualified
40 investment or full-time employee requirements of a business that
41 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
42 209).

43 "Authority" means the New Jersey Economic Development
44 Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

45 "Aviation district" means all areas within the boundaries of the
46 "Atlantic City International Airport," established pursuant to section
47 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
48 Administration William J. Hughes Technical Center and the area

1 within a one-mile radius of the outermost boundary of the "Atlantic
2 City International Airport" and the Federal Aviation Administration
3 William J. Hughes Technical Center.

4 "Business" means an applicant proposing to own or lease
5 premises in a qualified business facility that is:

6 a corporation that is subject to the tax imposed pursuant to
7 section 5 of P.L.1945, c.162 (C.54:10A-5);

8 a corporation that is subject to the tax imposed pursuant to
9 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3),
10 section 1 of P.L.1950, c.231 (C.17:32-15) or N.J.S.17B:23-5;

11 a partnership;

12 an S corporation;

13 a limited liability company; or

14 a non-profit corporation.

15 If the business or tenant is a cooperative or part of a cooperative,
16 then the cooperative may qualify for credits by counting the full-
17 time employees and capital investments of its member
18 organizations, and the cooperative may distribute credits to its
19 member organizations. If the business or tenant is a cooperative
20 that leases to its member organizations, the lease shall be treated as
21 a lease to an affiliate or affiliates.

22 A business shall include an affiliate of the business if that
23 business applies for a credit based upon any capital investment
24 made by or full-time employees of an affiliate.

25 "Capital investment" in a qualified business facility means
26 expenses by a business or any affiliate of the business incurred after
27 application for:

28 a. site preparation and construction, repair, renovation,
29 improvement, equipping, or furnishing on real property or of a
30 building, structure, facility, or improvement to real property;

31 b. obtaining and installing furnishings and machinery,
32 apparatus, or equipment, including but not limited to material goods
33 subject to bonus depreciation under sections 168 and 179 of the
34 federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the
35 operation of a business on real property or in a building, structure,
36 facility, or improvement to real property;

37 c. receiving Highlands Development Credits under the
38 Highlands Transfer Development Rights Program authorized
39 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13); or

40 d. any of the foregoing.

41 In addition to the foregoing, in a Garden State Growth Zone, the
42 following qualify as a capital investment: any development,
43 redevelopment, and relocation costs, including, but not limited to,
44 site acquisition if made within 24 months of application to the
45 authority, engineering, legal, accounting, and other professional
46 services required; and relocation, environmental remediation, and
47 infrastructure improvements for the project area, including, but not

1 limited to, on- and off-site utility, road, pier, wharf, bulkhead, or
2 sidewalk construction or repair.

3 In addition to the foregoing, if a business acquires or leases a
4 qualified business facility, the capital investment made or acquired
5 by the seller or owner, as the case may be, if pertaining primarily to
6 the premises of the qualified business facility, shall be considered a
7 capital investment by the business and, if pertaining generally to the
8 qualified business facility being acquired or leased, shall be
9 allocated to the premises of the qualified business facility on the
10 basis of the gross leasable area of the premises in relation to the
11 total gross leasable area in the qualified business facility. The
12 capital investment described herein may include any capital
13 investment made or acquired within 24 months prior to the date of
14 application so long as the amount of capital investment made or
15 acquired by the business, any affiliate of the business, or any owner
16 after the date of application equals at least 50 percent of the amount
17 of capital investment, allocated to the premises of the qualified
18 business facility being acquired or leased on the basis of the gross
19 leasable area of the premises in relation to the total gross leasable
20 area in the qualified business facility made or acquired prior to the
21 date of application.

22 "College or university" means a county college, an independent
23 institution of higher education, a public research university, or a
24 State college.

25 "Commitment period" means the period of time that is 1.5 times
26 the eligibility period.

27 "County college" means an educational institution established by
28 one or more counties, pursuant to chapter 64A of Title 18A of the
29 New Jersey Statutes.

30 "Deep poverty pocket" means a population census tract having a
31 poverty level of 20 percent or more, and which is located within the
32 qualified incentive area and has been determined by the authority to
33 be an area appropriate for development and in need of economic
34 development incentive assistance.

35 "Disaster recovery project" means a project located on property
36 that has been wholly or substantially damaged or destroyed as a
37 result of a federally-declared disaster which, after utilizing all
38 disaster funds available from federal, State, county, and local
39 funding sources, demonstrates to the satisfaction of the authority
40 that access to additional funding authorized pursuant to the "New
41 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
42 (C.52:27D-489p et al.), is necessary to complete the redevelopment
43 project, and which is located within the qualified incentive area and
44 has been determined by the authority to be in an area appropriate
45 for development and in need of economic development incentive
46 assistance.

47 "Distressed municipality" means a municipality that is qualified
48 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a

1 municipality under the supervision of the Local Finance Board
2 pursuant to the provisions of the "Local Government Supervision
3 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality
4 identified by the Director of the Division of Local Government
5 Services in the Department of Community Affairs to be facing
6 serious fiscal distress, a SDA municipality, or a municipality in
7 which a major rail station is located.

8 "Doctoral university" means a university located within New
9 Jersey that is classified as a doctoral university under the Carnegie
10 Classification of Institutions of Higher Education's Basic
11 Classification methodology on the effective date of P.L.2017, c.221.

12 "Eligibility period" means the period in which a business may
13 claim a tax credit under the Grow New Jersey Assistance Program,
14 beginning with the tax period in which the authority accepts
15 certification of the business that it has met the capital investment
16 and employment requirements of the Grow New Jersey Assistance
17 Program and extending thereafter for a term of not more than 10
18 years, with the term to be determined solely at the discretion of the
19 applicant.

20 "Eligible position" or "full-time job" means a full-time position
21 in a business in this State, which position the business has filled
22 with a full-time employee, who shall have their primary office at
23 the qualified business facility and spend at least 60 percent of their
24 time at the qualified business facility. This requirement shall
25 supersede any law, regulation, or incentive agreement that imposes
26 a requirement that the employee be present at the qualified business
27 facility for a specified percentage of time greater than 60 percent.
28 This amendment shall not alter or terminate any waiver of the
29 requirement that an employee spend time at the qualified business
30 facility implemented by the authority due to COVID-19 public
31 health emergency and state of emergency.

32 "Full-time employee" means a person:

33 a. who is employed by a business for consideration for at least
34 35 hours a week, or who renders any other standard of service
35 generally accepted by custom or practice as full-time employment;
36 or

37 b. who is employed by a professional employer organization
38 pursuant to an employee leasing agreement between the business
39 and the professional employer organization, in accordance with
40 P.L.2001, c.260 (C.34:8-67 et seq.) for at least 35 hours a week, or
41 who renders any other standard of service generally accepted by
42 custom or practice as full-time employment, and whose wages are
43 subject to withholding as provided in the "New Jersey Gross
44 Income Tax Act," N.J.S.54A:1-1 et seq.; or

45 c. who is a resident of another State but whose income is not
46 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
47 et seq. or who is a partner of a business who works for the
48 partnership for at least 35 hours a week, or who renders any other

1 standard of service generally accepted by custom or practice as full-
2 time employment, and whose distributive share of income, gain,
3 loss, or deduction, or whose guaranteed payments, or any
4 combination thereof, is subject to the payment of estimated taxes, as
5 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
6 et seq.; and

7 d. who, except for purposes of the Statewide workforce, is
8 provided, by the business, with employee health benefits under a
9 health benefits plan authorized pursuant to State or federal law.

10 With respect to a logistics, manufacturing, energy, defense,
11 aviation, or maritime business, excluding primarily warehouse or
12 distribution operations, located in a port district having a container
13 terminal:

14 the requirement that employee health benefits are to be provided
15 shall be deemed to be satisfied if the benefits are provided in
16 accordance with industry practice by a third party obligated to
17 provide such benefits pursuant to a collective bargaining agreement;

18 full-time employment shall include, but not be limited to,
19 employees that have been hired by way of a labor union hiring hall
20 or its equivalent;

21 35 hours of employment per week at a qualified business facility
22 shall constitute one "full-time employee," regardless of whether or
23 not the hours of work were performed by one or more persons.

24 For any project located in a Garden State Growth Zone which
25 qualifies under the "Municipal Rehabilitation and Economic
26 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or any
27 project located in the Atlantic City Tourism District as established
28 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
29 by the Casino Reinvestment Development Authority, and which
30 will include a retail facility of at least 150,000 square feet, of which
31 at least 50 percent will be occupied by either a full-service
32 supermarket or grocery store, 30 hours of employment per week at a
33 qualified business facility shall constitute one "full-time employee,"
34 regardless of whether the hours of work were performed by one or
35 more persons, and the requirement that employee health benefits are
36 to be provided shall be deemed to be satisfied if the employees of
37 the business are covered by a collective bargaining agreement.

38 "Full-time employee" shall not include any person who works as
39 an independent contractor or on a consulting basis for the business.

40 Full-time employee shall also not include any person who at the
41 time of project application works in New Jersey for consideration
42 for at least 35 hours per week, or who renders any other standard of
43 service generally accepted by custom or practice as full-time
44 employment but who prior to project application was not provided,
45 by the business, with employee health benefits under a health
46 benefits plan authorized pursuant to State or federal law.

47 "Garden State Create Zone" means the campus of a doctoral
48 university, and the area within a three-mile radius of the outermost

1 boundary of the campus of a doctoral university, according to a map
2 appearing in the doctoral university's official catalog or other
3 official publication on the effective date of P.L.2017, c.221.

4 "Garden State Growth Zone" or "growth zone" means the four
5 New Jersey cities with the lowest median family income based on
6 the 2009 American Community Survey from the US Census, (Table
7 708. Household, Family, and Per Capita Income and Individuals,
8 and Families Below Poverty Level by City: 2009); a municipality
9 which contains a Tourism District as established pursuant to section
10 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
11 Reinvestment Development Authority; or an aviation district.

12 "Highlands development credit receiving area or redevelopment
13 area" means an area located within a qualified incentive area and
14 designated by the Highlands Water Protection and Planning Council
15 for the receipt of Highlands Development Credits under the
16 Highlands Transfer Development Rights Program authorized
17 pursuant to section 13 of P.L.2004, c.120 (C.13:20-13).

18 "Incentive agreement" means the contract between the business
19 and the authority, which sets forth the terms and conditions under
20 which the business shall be eligible to receive the incentives
21 authorized pursuant to the program.

22 "Incentive effective date" means the date a business submits the
23 documentation required pursuant to paragraph (1) of subsection b.
24 of section 6 of P.L.2011, c.149 (C.34:1B-247) in a form satisfactory
25 to the authority.

26 "Independent institution of higher education" means a college or
27 university incorporated and located in New Jersey, which by virtue
28 of law or character or license is a nonprofit educational institution
29 authorized to grant academic degrees and which provides a level of
30 education which is equivalent to the education provided by the
31 State's public institutions of higher education, as attested by the
32 receipt of and continuation of regional accreditation by the Middle
33 States Association of Colleges and Schools, and which is eligible to
34 receive State aid under the provisions of the Constitution of the
35 United States and the Constitution of the State of New Jersey, but
36 does not include any educational institution dedicated primarily to
37 the education or training of ministers, priests, rabbis or other
38 professional persons in the field of religion.

39 "Major rail station" means a railroad station located within a
40 qualified incentive area which provides access to the public to a
41 minimum of six rail passenger service lines operated by the New
42 Jersey Transit Corporation.

43 "Mega project" means:

44 a. a qualified business facility located in a port district housing
45 a business in the logistics, manufacturing, energy, defense, or
46 maritime industries, either:

1 (1) having a capital investment in excess of \$20,000,000, and at
2 which more than 250 full-time employees of the business are
3 created or retained; or
4 (2) at which more than 1,000 full-time employees of the
5 business are created or retained;
6 b. a qualified business facility located in an aviation district
7 housing a business in the aviation industry, in a Garden State
8 Growth Zone, or in a priority area housing the United States
9 headquarters and related facilities of an automobile manufacturer,
10 either:
11 (1) having a capital investment in excess of \$20,000,000, and at
12 which more than 250 full-time employees of the business are
13 created or retained, or
14 (2) at which more than 1,000 full-time employees of the
15 business are created or retained;
16 c. a qualified business facility located in an urban transit hub
17 housing a business of any kind, having a capital investment in
18 excess of \$50,000,000, and at which more than 250 full-time
19 employees of the business are created or retained;
20 d. a project located in an area designated in need of
21 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
22 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
23 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
24 Ocean, or Salem counties having a capital investment in excess of
25 \$20,000,000, and at which more than 150 full-time employees of
26 the business are created or retained; or
27 e. a qualified business facility primarily used by a business
28 principally engaged in research, development, or manufacture of a
29 drug or device, as defined in R.S.24:1-1, or primarily used by a
30 business licensed to conduct a clinical laboratory and business
31 facility pursuant to the "New Jersey Clinical Laboratory
32 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:
33 (1) having a capital investment in excess of \$20,000,000, and at
34 which more than 250 full-time employees of the business are
35 created or retained, or
36 (2) at which more than 1,000 full-time employees of the
37 business are created or retained.
38 "Minimum environmental and sustainability standards" means
39 standards established by the authority in accordance with the green
40 building manual prepared by the Commissioner of Community
41 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
42 regarding the use of renewable energy, energy-efficient technology,
43 and non-renewable resources in order to reduce environmental
44 degradation and encourage long-term cost reduction.
45 "Moderate-income housing" means housing affordable,
46 according to United States Department of Housing and Urban
47 Development or other recognized standards for home ownership
48 and rental costs, and occupied or reserved for occupancy by

1 households with a gross household income equal to more than 50
2 percent but less than 80 percent of the median gross household
3 income for households of the same size within the housing region in
4 which the housing is located.

5 "Municipal Revitalization Index" means the 2007 index by the
6 Office for Planning Advocacy within the Department of State
7 measuring or ranking municipal distress.

8 "New full-time job" means an eligible position created by the
9 business at the qualified business facility that did not previously
10 exist in this State. For the purposes of determining a number of
11 new full-time jobs, the eligible positions of an affiliate shall be
12 considered eligible positions of the business.

13 "Other eligible area" means the portions of the qualified
14 incentive area that are not located within a distressed municipality,
15 or the priority area.

16 "Partnership" means an entity classified as a partnership for
17 federal income tax purposes .

18 "Port district" means the portions of a qualified incentive area
19 that are located within:

20 a. the "Port of New York District" of the Port Authority of
21 New York and New Jersey, as defined in Article II of the Compact
22 Between the States of New York and New Jersey of 1921; or

23 b. a 15-mile radius of the outermost boundary of each marine
24 terminal facility established, acquired, constructed, rehabilitated, or
25 improved by the South Jersey Port District established pursuant to
26 "The South Jersey Port Corporation Act," P.L.1968, c.60
27 (C.12:11A-1 et seq.).

28 "Priority area" means the portions of the qualified incentive area
29 that are not located within a distressed municipality and which:

30 a. are designated pursuant to the "State Planning Act,"
31 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
32 (Metropolitan), Planning Area 2 (Suburban), a designated center
33 under the State Development and Redevelopment Plan, or a
34 designated growth center in an endorsed plan until June 30, 2013, or
35 until the State Planning Commission revises and readopts New
36 Jersey's State Strategic Plan and adopts regulations to revise this
37 definition;

38 b. intersect with portions of: a deep poverty pocket, a port
39 district, or federally-owned land approved for closure under a
40 federal Commission on Base Realignment and Closure action;

41 c. are the proposed site of a disaster recovery project, a
42 qualified incubator facility, a highlands development credit
43 receiving area or redevelopment area, a tourism destination project,
44 or transit oriented development; or

45 d. contain: a vacant commercial building having over 400,000
46 square feet of office, laboratory, or industrial space available for
47 occupancy for a period of over one year; or a site that has been
48 negatively impacted by the approval of a "qualified business

1 facility," as defined pursuant to section 2 of P.L.2007, c.346
2 (C.34:1B-208).

3 "Professional employer organization" means an employee leasing
4 company registered with the Department of Labor and Workforce
5 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).

6 "Program" means the "Grow New Jersey Assistance Program"
7 established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244).

8 "Public research university" means a public research university
9 as defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).

10 "Qualified business facility" means any building, complex of
11 buildings or structural components of buildings, and all machinery
12 and equipment located within a qualified incentive area, used in
13 connection with the operation of a business that is not engaged in
14 final point of sale retail business at that location unless the building,
15 complex of buildings or structural components of buildings, and all
16 machinery and equipment located within a qualified incentive area,
17 are used in connection with the operation of:

18 a. a final point of sale retail business located in a Garden State
19 Growth Zone that will include a retail facility of at least 150,000
20 square feet, of which at least 50 percent is occupied by either a full-
21 service supermarket or grocery store; or

22 b. a tourism destination project located in the Atlantic City
23 Tourism District as established pursuant to section 5 of P.L.2011,
24 c.18 (C.5:12-219).

25 "Qualified incentive area" means:

26 a. an aviation district;

27 b. a port district;

28 c. a distressed municipality or urban transit hub municipality;

29 d. an area (1) designated pursuant to the "State Planning Act,"
30 P.L.1985, c.398 (C.52:18A-196 et seq.), as:

31 (a) Planning Area 1 (Metropolitan);

32 (b) Planning Area 2 (Suburban); or

33 (c) Planning Area 3 (Fringe Planning Area);

34 (2) located within a smart growth area and planning area
35 designated in a master plan adopted by the New Jersey
36 Meadowlands Commission pursuant to subsection (i) of section 6 of
37 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
38 adopted by the New Jersey Meadowlands Commission pursuant to
39 section 20 of P.L.1968, c.404 (C.13:17-21);

40 (3) located within any land owned by the New Jersey Sports and
41 Exposition Authority, established pursuant to P.L.1971, c.137
42 (C.5:10-1 et seq.), within the boundaries of the Hackensack
43 Meadowlands District as delineated in section 4 of P.L.1968, c.404
44 (C.13:17-4);

45 (4) located within a regional growth area, rural development
46 area zoned for industrial use as of the effective date of P.L.2016,
47 c.75, town, village, or a military and federal installation area
48 designated in the comprehensive management plan prepared and

1 adopted by the Pinelands Commission pursuant to the "Pinelands
2 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);

3 (5) located within the planning area of the Highlands Region as
4 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
5 development credit receiving area or redevelopment area;

6 (6) located within a Garden State Growth Zone;

7 (7) located within land approved for closure under any federal
8 Commission on Base Realignment and Closure action; or

9 (8) located only within the following portions of the areas
10 designated pursuant to the "State Planning Act," P.L.1985, c.398
11 (C.52:18A-196 et seq.), as Planning Area 4A (Rural Planning
12 Area), Planning Area 4B (Rural/Environmentally Sensitive) or
13 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
14 (Rural Planning Area), Planning Area 4B (Rural/Environmentally
15 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
16 located within:

17 (a) a designated center under the State Development and
18 Redevelopment Plan;

19 (b) a designated growth center in an endorsed plan until the
20 State Planning Commission revises and readopts New Jersey's State
21 Strategic Plan and adopts regulations to revise this definition as it
22 pertains to Statewide planning areas;

23 (c) any area determined to be in need of redevelopment pursuant
24 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
25 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
26 P.L.1992, c.79 (C.40A:12A-14);

27 (d) any area on which a structure exists or previously existed
28 including any desired expansion of the footprint of the existing or
29 previously existing structure provided the expansion otherwise
30 complies with all applicable federal, State, county, and local
31 permits and approvals;

32 (e) the planning area of the Highlands Region as defined in
33 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
34 development credit receiving area or redevelopment area; or

35 (f) any area on which an existing tourism destination project is
36 located.

37 "Qualified incentive area" shall not include any property located
38 within the preservation area of the Highlands Region as defined in
39 section 3 of P.L.2004, c.120 (C.13:20-3).

40 "Qualified incubator facility" means a commercial building
41 located within a qualified incentive area: which contains 50,000 or
42 more square feet of office, laboratory, or industrial space; which is
43 located near, and presents opportunities for collaboration with, a
44 research institution, teaching hospital, college, or university; and
45 within which, at least 50 percent of the gross leasable area is
46 restricted for use by one or more technology startup companies
47 during the commitment period.

1 "Retained full-time job" means an eligible position that currently
2 exists in New Jersey and is filled by a full-time employee but
3 which, because of a potential relocation by the business, is at risk of
4 being lost to another state or country, or eliminated. For the
5 purposes of determining a number of retained full-time jobs, the
6 eligible positions of an affiliate shall be considered eligible
7 positions of the business. For the purposes of the certifications and
8 annual reports required in the incentive agreement pursuant to
9 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
10 extent an eligible position that was the basis of the award no longer
11 exists, a business shall include as a retained full-time job a new
12 eligible position that is filled by a full-time employee provided that
13 the position is included in the order of date of hire and is not the
14 basis for any other incentive award. For a project located in a
15 Garden State Growth Zone which qualified for the "Municipal
16 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
17 (C.52:27BBB-1 et al.), retained full-time job shall include any
18 employee previously employed in New Jersey and transferred to the
19 new location in the Garden State Growth Zone which qualified for
20 the "Municipal Rehabilitation and Economic Recovery Act,"
21 P.L.2002, c.43 (C.52:27BBB-1 et al.).

22 "SDA district" means an SDA district as defined in section 3 of
23 P.L.2000, c.72 (C.18A:7G-3).

24 "SDA municipality" means a municipality in which an SDA
25 district is situate.

26 "State college" means a State college or university established
27 pursuant to chapter 64 of Title 18A of the New Jersey Statutes.

28 "Targeted industry" means any industry identified from time to
29 time by the authority which shall initially include advanced
30 transportation and logistics, advanced manufacturing, aviation,
31 autonomous vehicle and zero-emission vehicle research or
32 development, clean energy, life sciences, hemp processing,
33 information and high technology, finance and insurance,
34 professional services, film and digital media, non-retail food and
35 beverage businesses including food innovation, the virtual currency
36 industry, virtual currency servicers, and other innovative industries
37 that disrupt current technologies or business models.

38 "Technology startup company" means a for-profit business that
39 has been in operation fewer than five years and is developing or
40 possesses a proprietary technology or business method of a high-
41 technology or life science-related product, process, or service which
42 the business intends to move to commercialization, and shall
43 include a company that is a virtual currency servicer, regardless of
44 the number of years the business has been in operation.

45 "Tourism destination project" means a qualified non-gaming
46 business facility that will be among the most visited privately
47 owned or operated tourism or recreation sites in the State, and
48 which is located within the qualified incentive area and has been

1 determined by the authority to be in an area appropriate for
 2 development and in need of economic development incentive
 3 assistance, including a non-gaming business within an established
 4 Tourism District with a significant impact on the economic viability
 5 of that District.

6 "Transit oriented development" means a qualified business
 7 facility located within a 1/2-mile radius, or one-mile radius for
 8 projects located in a Garden State Growth Zone, surrounding the
 9 mid-point of a New Jersey Transit Corporation, Port Authority
 10 Transit Corporation, or Port Authority Trans-Hudson Corporation
 11 rail, bus, or ferry station platform area, including all light rail
 12 stations.

13 "Urban transit hub" means an urban transit hub, as defined in
 14 section 2 of P.L.2007, c.346 (C.34:1B-208), that is located within
 15 an eligible municipality, as defined in section 2 of P.L.2007, c.346
 16 (C.34:1B-208) and also located within a qualified incentive area.

17 "Urban transit hub municipality" means a municipality: a. which
 18 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
 19 seq.), or which has continued to be a qualified municipality
 20 thereunder pursuant to P.L.2007, c.111; and b. in which 30 percent
 21 or more of the value of real property was exempt from local
 22 property taxation during tax year 2006. The percentage of exempt
 23 property shall be calculated by dividing the total exempt value by
 24 the sum of the net valuation which is taxable and that which is tax
 25 exempt.

26 "Virtual currency servicer" shall have the same meaning as
 27 provided in section 25 of P.L. , c. (C.) (pending before the
 28 Legislature as this bill).

29 (cf: P.L.2021, c.160, s.61)

30

31 27. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to
 32 read as follows:

33 5. a. The total amount of the tax credit for an eligible business
 34 for each new or retained full-time job shall be as set forth in
 35 subsections b. through f. of this section. The total tax credit amount
 36 shall be calculated and credited to the business annually for each
 37 year of the eligibility period. Notwithstanding any other provisions
 38 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its
 39 ability to apply for the tax credit under this subsection to a non-
 40 profit organization with a mission dedicated to attracting investment
 41 and completing development and redevelopment projects in a
 42 Garden State Growth Zone. The non-profit organization or
 43 organization operating a qualified incubator facility may make an
 44 application on behalf of a business which meets the requirements
 45 for the tax credit, or a group of non-qualifying businesses or
 46 positions, located at a qualified business facility, that shall be
 47 considered a unified project for the purposes of the incentives
 48 provided under this section. For any project located in a Garden

1 State Growth Zone that qualifies under the "Municipal
2 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
3 (C.52:27BBB-1 et al.), or any project located in a Garden State
4 Growth Zone which contains a Tourism District as established
5 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
6 by the Casino Reinvestment Development Authority, and which
7 will include a retail facility of at least 150,000 square feet, of which
8 at least 50 percent will be occupied by either a full-service
9 supermarket or grocery store, a business may assign its ability to
10 apply for the tax credit under this subsection to the developer of the
11 facility. The developer may make an application on behalf of the
12 business which meets the requirements for the tax credit, or a group
13 of non-qualifying businesses located at the business facility, that
14 shall be considered a unified project for the purposes of the
15 incentives provided under this section, and the developer may apply
16 for tax credits available based on the number of jobs provided by
17 the business or businesses and the total capital investment of the
18 business or businesses and the developer.

19 b. The base amount of the tax credit for each new or retained
20 full-time job shall be as follows:

21 (1) (a) for a qualified business facility located within an urban
22 transit hub municipality, located within a Garden State Growth
23 Zone, or which is a mega project, \$5,000 per year;

24 (b) for a qualified business facility located within a Garden State
25 Create Zone and used by an eligible business in a targeted industry
26 to conduct a collaborative research relationship with a doctoral
27 university within the zone, \$5,000 per year;

28 (2) for a qualified business facility located within a distressed
29 municipality but not qualifying under paragraph (1) of this
30 subsection, \$4,000 per year;

31 (3) for a project in a priority area, \$3,000 per year; and

32 (4) for a project in other eligible areas, \$500 per year.

33 c. In addition to the base amount of the tax credit, the amount
34 of the tax credit to be awarded for each new or retained full-time
35 job shall be increased if the qualified business facility meets any of
36 the following priority criteria or other additional or replacement
37 criteria determined by the authority from time to time in response to
38 evolving economic or market conditions:

39 (1) for a qualified business facility located in a deep poverty
40 pocket or in an area that is the subject of a Choice Neighborhoods
41 Transformation Plan funded by the federal Department of Housing
42 and Urban Development, an increase of \$1,500 per year;

43 (2) for a qualified business facility located in a qualified
44 incubator facility, an increase of \$500 per year;

45 (3) for a qualified business facility located in a mixed-use
46 development that incorporates sufficient moderate income housing
47 on site to accommodate a minimum of 20 percent of the full-time
48 employees of the business, an increase of \$500 per year;

- 1 (4) for a qualified business facility located within a transit
2 oriented development, an increase of \$2,000 per year;
- 3 (5) for a qualified business facility, other than a mega project, at
4 which the capital investment in industrial premises for industrial
5 use by the business is in excess of the minimum capital investment
6 required for eligibility pursuant to subsection b. of section 3 of
7 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
8 each additional amount of investment that exceeds the minimum
9 amount required for eligibility by 20 percent, with a maximum
10 increase of \$3,000 per year;
- 11 (6) for a business with new full-time jobs and retained full-time
12 jobs at the project with an average salary in excess of the existing
13 average salary for the county in which the project is located, or, in
14 the case of a project in a Garden State Growth Zone, a business that
15 employs full-time positions at the project with an average salary in
16 excess of the average salary for the Garden State Growth Zone, an
17 increase of \$250 per year during the commitment period for each 35
18 percent by which the project's average salary levels exceeds the
19 county or Garden State Growth Zone average salary, with a
20 maximum increase of \$1,500 per year;
- 21 (7) for a business with large numbers of new full-time jobs and
22 retained full-time jobs during the commitment period, the increases
23 shall be in accordance with the following schedule:
- 24 (a) if the number of new full-time jobs and retained full-time
25 jobs is between 251 and 400, \$500 per year;
- 26 (b) if the number of new full-time jobs and retained full-time
27 jobs is between 401 and 600, \$750 per year;
- 28 (c) if the number of new full-time jobs and retained full-time
29 jobs is between 601 and 800, \$1000 per year;
- 30 (d) if the number of new full-time jobs and retained full-time
31 jobs is between 801 and 1,000, \$1,250 per year;
- 32 (e) if the number of new full-time jobs and retained full-time
33 jobs is in excess of 1,000, \$1,500 per year;
- 34 (8) for a business in a targeted industry, an increase of \$500 per
35 year, except in the case of a business in a targeted industry that is a
36 virtual currency servicer, an increase of \$5,000 per year ¹if the
37 servicer provides a plan designed to mitigate or offset any carbon
38 emissions produced by the virtual currency servicer¹;
- 39 (9) for a qualified business facility exceeding the Leadership in
40 Energy and Environmental Design's "Silver" rating standards or
41 completes substantial environmental remediation, an additional
42 increase of \$250 per year;
- 43 (10) for a mega project or a project located within a Garden State
44 Growth Zone at which the capital investment in industrial premises
45 for industrial use by the business exceeds the minimum capital
46 investment required for eligibility pursuant to subsection b. of
47 section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000
48 per year for each additional amount of investment that exceeds the

- 1 minimum amount by 20 percent, with a maximum increase of
2 \$5,000 per year;
- 3 (11) for a project in which a business retains at least 400 jobs
4 and is located within the municipality in which it was located
5 immediately prior to the filing of the application hereunder and is
6 the United States headquarters of an automobile manufacturer, an
7 increase of \$1,500 per year;
- 8 (12) for a project located in a municipality in Atlantic,
9 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
10 and Salem counties with a 2007 Municipality Revitalization Index
11 greater than 465, an increase of \$1,000 per year;
- 12 (13) for a project located within a half-mile of any light rail
13 station constructed after the effective date of P.L.2013, c.161
14 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 15 (14) for a marine terminal project in a municipality located
16 outside the Garden State Growth Zone, but within the geographical
17 boundaries of the South Jersey Port District, an increase of \$1,500
18 per year;
- 19 (15) for a project located within an area determined to be in need
20 of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
21 (C.40A:12A-5 and C.40A:12A-6), and which is located within a
22 quarter mile of at least one United States Highway and at least two
23 New Jersey State Highways, an increase of \$1,500 per year;
- 24 (16) for a project that generates solar energy on site for use
25 within the project of an amount that equals at least 50 percent of the
26 project's electric supply service needs, an increase of \$250 per year;
- 27 (17) for a qualified business facility that includes a vacant
28 commercial building having over 1,000,000 square feet of office or
29 laboratory space available for occupancy for a period of over one
30 year, an increase of \$1,000 per year; and
- 31 (18) for an eligible business in a targeted industry at a qualified
32 business facility on the campus of a college or university other than
33 a doctoral university, or at a qualified business facility within a
34 three-mile radius of the outermost boundary of the campus of a
35 college or university other than a doctoral university, which facility
36 is used by the business to conduct a collaborative research
37 relationship with the college or university, an increase of \$1,000 per
38 year. The boundary of the campus of a college or university shall
39 be based upon a map appearing in the college's or university's
40 official catalog or other official publication on the effective date of
41 P.L.2017, c.221.
- 42 d. The gross amount of the tax credit for an eligible business
43 for each new or retained full-time job shall be the sum of the base
44 amount as set forth pursuant to subsection b. of this section and the
45 various additional bonus amounts for which the business is eligible
46 pursuant to subsection c. of this section, subject to the following
47 limitations:

1 (1) for a mega project or a project in a Garden State Growth
2 Zone, the gross amount for each new or retained full-time job shall
3 not exceed \$15,000 per year;

4 (2) for a qualified business facility located within an urban
5 transit hub municipality or a Garden State Create Zone, the gross
6 amount for each new or retained full-time job shall not exceed
7 \$12,000 per year;

8 (3) for a qualified business facility in a distressed municipality
9 the gross amount for each new or retained full-time job shall not
10 exceed \$11,000 per year;

11 (4) for a qualified business facility in other priority areas, the
12 gross amount for each new or retained full-time job shall not exceed
13 \$10,500 per year;

14 (5) for a qualified business facility in other eligible areas, the
15 gross amount for each new or retained full-time job shall not exceed
16 \$6,000 per year; and

17 (6) for a disaster recovery project, the gross amount for each
18 new or retained full-time job shall not exceed \$2,000 per year.

19 Notwithstanding anything to the contrary set forth herein and in
20 the provisions of subsections a. through f. of this section, but
21 subject to the provisions of paragraph (1) of subsection f. of this
22 section, for a project located within a Garden State Growth Zone
23 which qualifies for the "Municipal Rehabilitation and Economic
24 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), which
25 creates 35 or more full-time jobs new to the municipality, the total
26 tax credit shall be:

27 (a) for a project which creates 35 or more full-time jobs new to
28 the municipality and makes a capital investment of at least
29 \$5,000,000, the total tax credit amount per full-time job shall be the
30 greater of: (i) the total tax credit amount for a qualifying project in
31 a Garden State Growth Zone as calculated pursuant to subsections
32 a. through f. of this section; or (ii) the total capital investment of the
33 project divided by the total number of full-time jobs at that project
34 but not greater than \$2,000,000 per year over the grant term of ten
35 years;

36 (b) for a project which creates 70 or more full-time jobs new to
37 the municipality and makes a capital investment of at least
38 \$10,000,000, the total tax credit amount per full-time job shall be
39 the greater of: (i) the total tax credit amount for a qualifying project
40 in a Garden State Growth Zone as calculated pursuant to
41 subsections a. through f. of this section; or (ii) the total capital
42 investment of the project divided by the total number of full-time
43 jobs at that project but not greater than \$3,000,000 per year over the
44 grant term of ten years;

45 (c) for a project which creates 100 or more full-time jobs new to
46 the municipality and makes a capital investment of at least
47 \$15,000,000, the total tax credit amount per full-time job shall be
48 the greater of: (i) the total tax credit amount for a qualifying project

- 1 in a Garden State Growth Zone as calculated pursuant to
2 subsections a. through f. of this section; or (ii) the total capital
3 investment of the project divided by the total number of full-time
4 jobs at that project but not greater than \$4,000,000 per year over the
5 grant term of ten years;
- 6 (d) for a project which creates 150 or more full-time jobs new to
7 the municipality and makes a capital investment of at least
8 \$20,000,000, the total tax credit amount per full-time job shall be
9 the greater of: (i) the total tax credit amount for a qualifying project
10 in a Garden State Growth Zone as calculated pursuant to
11 subsections a. through f. of this section; or (ii) the total capital
12 investment of the project divided by the total number of full-time
13 jobs at that project but not greater than \$5,000,000 per year over the
14 grant term of ten years; or
- 15 (e) for a project which creates 250 or more full-time jobs new to
16 the municipality and makes a capital investment of at least
17 \$30,000,000, the total tax credit amount per full-time job shall be
18 the greater of: (i) the total tax credit amount for a qualifying project
19 in a Garden State Growth Zone as calculated pursuant to
20 subsections a. through f. of this section; or (ii) the total capital
21 investment of the project divided by the total number of full-time
22 jobs as defined herein at that project divided by the ten-year grant
23 term.
- 24 e. After the determination by the authority of the gross amount
25 of tax credits for which a business is eligible pursuant to subsection
26 d. of this section, the final total tax credit amount shall be
27 calculated as follows: (1) for each new full-time job, the business
28 shall be allowed tax credits equaling 100 percent of the gross
29 amount of tax credits for each new full-time job; and (2) for each
30 retained full-time job, the business shall be allowed tax credits
31 equaling the lesser of 50 percent of the gross amount of tax credits
32 for each retained full-time job, or one-tenth of the capital
33 investment divided by the number of retained and new full-time
34 jobs per year over the grant term of ten years, unless the jobs are
35 part of a mega project which is the United States headquarters of an
36 automobile manufacturer located within a priority area or in a
37 Garden State Growth Zone, in which case the business shall be
38 entitled to tax credits equaling 100 percent of the gross amount of
39 tax credits for each retained full-time job, or unless the new
40 qualified business facility would replace a facility that has been
41 wholly or substantially damaged as a result of a federally-declared
42 disaster, in which case the business shall be entitled to tax credits
43 equaling 100 percent of the gross amount of tax credits for each
44 retained full-time job.
- 45 f. Notwithstanding the provisions of subsections a. through e.
46 of this section, for each application approved by the authority's
47 board, the amount of tax credits available to be applied by the
48 business annually shall not exceed:

1 (1) \$35,000,000 and provides a net benefit to the State as
2 provided herein with respect to a qualified business facility in a
3 Garden State Growth Zone which qualifies under the "Municipal
4 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
5 (C.52:27BBB-1 et al.), or which contains a Tourism District as
6 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
7 regulated by the Casino Reinvestment Development Authority;

8 (2) \$30,000,000 and provides a net benefit to the State as
9 provided herein with respect to a mega project or a qualified
10 business facility in a Garden State Growth Zone;

11 (3) \$10,000,000 and provides a net benefit to the State as
12 provided herein with respect to a qualified business facility in an
13 urban transit hub municipality or a Garden State Create Zone;

14 (4) \$8,000,000 and provides a net benefit to the State as
15 provided herein with respect to a qualified business facility in a
16 distressed municipality;

17 (5) \$4,000,000 and provides a net benefit to the State as
18 provided herein with respect to a qualified business facility in other
19 priority areas, but not more than 90 percent of the withholdings of
20 the business from the qualified business facility; and

21 (6) \$2,500,000 and provides a net benefit to the State as
22 provided herein with respect to a qualified business facility in other
23 eligible areas, but not more than 90 percent of the withholdings of
24 the business from the qualified business facility.

25 Under paragraphs (1) through (6) of this subsection, with the
26 exception of a project located within a Garden State Growth Zone
27 which qualifies for the "Municipal Rehabilitation and Economic
28 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or which
29 contains a Tourism District as established pursuant to section 5 of
30 P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
31 Reinvestment Development Authority, that divides the total capital
32 investment of the project by the total number of full-time jobs at
33 that project, for each application for tax credits in excess of
34 \$4,000,000 annually, the amount of tax credits available to be
35 applied by the business annually shall be the lesser of the maximum
36 amount under the applicable subsection or an amount determined by
37 the authority necessary to complete the project, with such
38 determination made by the authority's utilization of a full economic
39 analysis of all locations under consideration by the business; all
40 lease agreements, ownership documents, or substantially similar
41 documentation for the business's current in-State locations, as
42 applicable; and all lease agreements, ownership documents, or
43 substantially similar documentation for the potential out-of-State
44 location alternatives, to the extent they exist. Based on this
45 information, and any other information deemed relevant by the
46 authority, the authority shall independently verify and confirm the
47 amount necessary to complete the project.

1 28. Section 1 of P.L.1996, c.2 (C.54:48-4.2) is amended to read
2 as follows:

3 1. As used in **【this act】** P.L.1996, c.2 (C.54:48-4.2 et al.):

4 "Cardholder" means the person or organization named on the
5 face of a credit card or debit card to whom or for whose benefit the
6 credit card or debit card is issued by an issuer.

7 "Card payment system" means a technical procedure by which
8 tax obligations owed the State may be paid by credit card or debit
9 card.

10 "Credit card" means any instrument or device linked to an
11 established line of credit, whether known as a credit card, charge
12 card, credit plate, or by any other name, issued with or without fee
13 by an issuer for the use of the cardholder in satisfying outstanding
14 financial obligations, obtaining money, goods, services, or anything
15 else of value on credit.

16 "Debit card" means any instrument or device, whether known as
17 a debit card, automated teller machine card, or by any other name,
18 issued with or without fee by an issuer for the use of the cardholder
19 in obtaining money, goods, services, or anything else of value
20 through the electronic authorization of a financial institution to
21 debit the cardholder's account.

22 "Electronic funds transfer" means any transfer of funds or virtual
23 currency, other than a transaction originated by check, draft, or
24 similar paper instrument, that is initiated through an electronic
25 terminal, telephone, or computer or magnetic tape for the purpose
26 of ordering, instructing, or authorizing a financial institution to
27 debit or credit an account.

28 "Electronic funds transfer system" means a technical procedure
29 by which tax obligations owed the State may be paid by an
30 electronic transaction between the financial institution of the person
31 or organization owing the obligation and the financial institution of
32 the State.

33 "Issuer" means the business organization or financial institution
34 that issues a credit card or debit card, or its duly authorized agent.

35 "Service charge" means a mandatory fee to be charged by the
36 Division of Taxation in excess of the total obligation under **【this**
37 **act】** P.L.1996, c.2 (C.54:48-4.2 et al.) owed by a person or
38 organization to offset processing charges or discount fees for the
39 use of a card payment system or an electronic funds transfer system.

40 "Virtual currency" means a digital asset that is:

41 (1) used as a medium of exchange, unit of account, or store of
42 value; and

43 (2) not recognized as legal tender by the United States
44 government.

45 (cf: P.L.1996, c.2, s.1)

46

47 29. The Commissioner of Banking and Insurance shall adopt,
48 pursuant to the "Administrative Procedure Act," P.L.1968,

1 c.410 (C.52:14B-1 et seq.), rules and regulations the commissioner
2 deems to be necessary to effectuate the purposes of this act.

3

4 30. This act shall take effect on the first day of the fourth month
5 after enactment, except the Commissioner of Banking and Insurance
6 may take such anticipatory action as may be necessary for the
7 implementation of this act.