

[Second 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 Appropriations Committee on October 20, 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 include²:**

38 (1)² securities, whether in digital form or otherwise, as defined
39 pursuant to subsection m. of section 2 of P.L.1967, c.93 (C.49:3-
40 49), or as defined pursuant to paragraph (1) of subsection (a) of
41 section 2 of the federal "Securities Act of 1933," 15 U.S.C.
42 s.77b(a)(1), or paragraph (10) of subsection (a) of section 3 of the
43 federal "Securities Exchange Act of 1934," 15 U.S.C. s.78c(a)(10)²;

44 (2) game-related digital content; or

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.

²Assembly AAP committee amendments adopted October 20, 2022.

1 (3) loyalty or gift cards^{2, 1}

2 "Digital consumer asset" means a digital asset that is used or
3 bought primarily for consumptive, personal, or household purposes
4 and includes:

5 (1) an open blockchain token constituting intangible personal
6 property as otherwise provided by law; and

7 (2) any other digital asset which is not virtual currency or a
8 digital security.

9 ²"Digital consumer asset" does not include:

10 (1) game-related digital content; or

11 (2) a loyalty or gift card.²

12 "Digital security" means a digital asset which constitutes a
13 security, as defined in P.L.1967, c.93 (C.49:3-49), but shall exclude
14 digital consumer assets and virtual currency.

15 "Facilitator" means a person who, as a business, makes open
16 blockchain tokens pursuant to subsection a. of section 3 of
17 P.L. , c. (C.)(pending before the Legislature as this bill)
18 available for resale to the public after a token has been purchased
19 by an initial buyer.

20 "Financial investment" means a contract, transaction or
21 arrangement where a person invests money in a common enterprise
22 and is led to expect profits solely from the efforts of a promoter or a
23 third party.

24 ²"Game-related digital content" means digital content that exists
25 only in an electronic game or game platform and that, under
26 applicable legal terms, cannot be redeemed outside of that
27 environment for money or for goods or services that have more than
28 minimal value.²

29 "Open blockchain token" means a digital unit that is:

30 (1) created:

31 (a) in response to the verification or collection of a specified
32 number of transactions relating to a digital ledger or database;

33 (b) by deploying computer code to a digital ledger or database,
34 which may include a blockchain, that allows for the creation of
35 digital tokens or other units; or

36 (c) using a combination of the methods specified in paragraphs
37 (a) and (b) of this paragraph.

38 (2) recorded to a digital ledger or database, which may include a
39 blockchain; and

40 (3) capable of being traded or transferred between persons
41 without an intermediary or custodian of value.

42 "Open blockchain token" shall not include virtual currency or
43 digital security as those terms are defined in this section.

44 "Person" means any individual, partnership, corporation,
45 association, trust, or other business combination or entity, however
46 organized.

47 "Seller" means a person who makes an open blockchain token
48 available for purchase to an initial buyer.

1 ²“Stablecoin” means a digital currency that is tied to a reserve
2 asset that includes, but is not limited to, the United States dollar and
3 gold.²

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

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

7 (2) not recognized as legal tender by the United States
8 government.

9 ²“Virtual currency” shall include a digital asset that is a
10 stablecoin. “Virtual currency” shall not include:

11 (1) game-related digital content; or

12 (2) a loyalty or gift card.²

13

14 3. (New section) a. An open blockchain token shall be
15 intangible personal property if it meets the following
16 characteristics:

17 (1) the predominant purpose of the token is consumptive;

18 (2) the developer or seller did not market the token to the initial
19 buyer as a financial investment; and

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

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

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

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

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

32 b. Before making an open blockchain token available for sale,
33 the developer or seller of a token, or the registered agent of the
34 developer or seller, shall electronically file a notice of intent with
35 the Department of the Banking and Insurance and pay a filing fee of
36 \$1,000. The notice of intent shall contain the name of the person
37 acting as a developer or seller, the contact information of the
38 person, or the registered agent of the person and comprehensive
39 details, to be determined by the Commissioner of Banking and
40 Insurance, on the open blockchain token made available for sale. A
41 form shall be made available by the department for this purpose,
42 which shall include a secure electronic form conspicuously posted
43 on the department’s Internet website. A developer, seller, and the
44 registered agent of these persons, if applicable, shall have a
45 continuing duty to update the contact information provided on a
46 notice of intent as long as the open blockchain token associated
47 with the notice is actively being sold.

48 c. A facilitator shall:

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

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

7 (3) take reasonably prompt action to terminate the resale of a
8 token that does not conform to the requirements of subsection a. of
9 this section.

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

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

21 (1) suspected violations of this section; and

22 (2) the developer, seller, or facilitator of either an open
23 blockchain token which conforms to the requirements of this
24 section or another digital asset which substantially resembles an
25 open blockchain token, but which, in the determination of the
26 commissioner, is being sold for financial investment or fraudulent
27 purposes.

28

29 4. (New section) a. Digital assets shall be classified in the
30 following manner:

31 (1) digital consumer assets are intangible personal property and
32 shall be considered general intangibles, as defined in N.J.S.12A:9-
33 102;

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

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

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

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

1 5. (New section) a. Notwithstanding the financing statement
2 requirement specified by N.J.S.12A:9-310, perfection of a security
3 interest in a digital asset may be achieved through control, as
4 defined in subsection e. of this section. A security interest held by a
5 secured party having control of a digital asset has priority over a
6 security interest held by a secured party that does not have control
7 of the asset.

8 b. Before a secured party may take control of a digital asset
9 under this section, the secured party shall enter into a control
10 agreement with the debtor. A control agreement may also set forth
11 the terms under which a secured party may pledge its security
12 interest in the digital asset as collateral for another transaction.

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

17 d. Notwithstanding any law, rule, or regulation to the contrary,
18 a transferee shall take a digital asset free of any security interest
19 two years after the transferee takes the asset for value and does not
20 have actual notice of an adverse claim. This subsection shall only
21 apply to a security interest perfected by a method other than control.

22 e. Perfection by control creates a possessory security interest in
23 a digital asset and shall not require physical possession. For
24 purposes of this section, a digital asset is located within the State if
25 the asset is held by a custodian, debtor, or secured party that is
26 physically located within the State.

27 f. As used in this section:

28 "Control" means:

29 (1) a secured party, or an agent, custodian, fiduciary or trustee
30 of the party, has the exclusive legal authority to conduct a
31 transaction relating to a digital asset, including by means of a
32 private key or the use of a multi signature arrangement authorized
33 by the secured party; or

34 (2) a smart contract created by a secured party which has the
35 exclusive legal authority to conduct a transaction relating to a
36 digital asset.

37 "Multi signature arrangement" means a system of access control
38 relating to a digital asset for the purposes of preventing
39 unauthorized transactions relating to the asset, in which two or
40 more private keys are required to conduct a transaction, or any
41 substantially similar analogue.

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

44 (1) held by a person;

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

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

1 “Smart contract” means:

2 (1) an automated transaction conducted or performed, in whole
3 or in part, by electronic means or electronic records, in which the
4 acts or records of one or both parties are not reviewed by an
5 individual in the ordinary course in forming a contract, performing
6 under an existing contract or fulfilling an obligation required by the
7 transaction; or

8 (2) any substantially similar analogue, which is comprised of
9 code, script, or programming language that executes the terms of an
10 agreement, and which may include taking custody of and
11 transferring an asset, or issuing executable instructions for these
12 actions, based on the occurrence or nonoccurrence of specified
13 conditions.

14

15 6. (New section) a. A ¹**[bank] qualifying financial institution**¹
16 may provide custodial services consistent with this section upon
17 providing 60 days written notice to the Commissioner of the
18 Department of Banking and Insurance. The provisions of this
19 section are cumulative and not exclusive as an optional framework
20 for enhanced supervision of digital asset custody. If a ¹**[bank]**
21 qualifying financial institution¹ elects to provide custodial services
22 under this section, it shall comply with all provisions of this
23 section.

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

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

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

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

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

41 c. A ¹**[bank] qualifying financial institution**¹ providing
42 custodial services shall enter into an agreement with an independent
43 public accountant to conduct an examination conforming to the
44 requirements of 17 C.F.R. s.275.206(4) 2(a)(4) and (6), at the cost
45 of the ¹**[bank] qualifying financial institution**¹. The accountant
46 shall transmit the results of the examination to the commissioner
47 within 120 days of the examination and may file the results with the

1 federal Securities and Exchange Commission as its rules may
2 provide. Material discrepancies in an examination shall be reported
3 to the commissioner within one business day. The commissioner
4 shall review examination results upon receipt within a reasonable
5 time and during any regular examination conducted pursuant to
6 P.L.1948, c.67 (C.17:9A-260).

7 d. Digital assets held in custody pursuant to this section shall
8 not be depository liabilities or assets of the ¹**【bank】** qualifying
9 financial institution¹. A ¹**【bank】** qualifying financial institution¹, or
10 a subsidiary, may register as an investment adviser, investment
11 company, or broker dealer as necessary. A ¹**【bank】** qualifying
12 financial institution¹ shall maintain control over a digital asset
13 while in custody. A customer shall elect, pursuant to a written
14 agreement with the ¹**【bank】** qualifying financial institution¹, one of
15 the following relationships for each digital asset held in custody:

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

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

21 e. If a customer makes an election under subsection d. of this
22 section, the ¹**【bank】** qualifying financial institution¹ may, based
23 only on customer instructions, undertake transactions with the
24 digital asset. A ¹**【bank】** qualifying financial institution¹ maintains
25 control pursuant to subsection d. of this section by entering into an
26 agreement with the counterparty to a transaction which contains a
27 time for return of the asset. The ¹**【bank】** qualifying financial
28 institution¹ shall not be liable for any loss suffered with respect to a
29 transaction under this subsection, except for liability consistent with
30 fiduciary and trust powers as a custodian under this section.

31 f. A ¹**【bank】** qualifying financial institution¹ and a customer
32 shall agree in writing regarding the source code version the ¹**【bank】**
33 qualifying financial institution¹ will use for each digital asset, and
34 the treatment of each asset under chapter 8 of Title 12A of the New
35 Jersey Statutes. Any ambiguity under this subsection shall be
36 resolved in favor of the customer.

37 g. A ¹**【bank】** qualifying financial institution¹ shall provide
38 clear, written notice to each customer, and require written
39 acknowledgement, of the following:

40 (1) prior to the implementation of any updates²**【.】** which impact
41 the rules that govern digital assets or² material source code updates
42 ²which impact the rules that govern digital assets² relating to digital
43 assets held in custody, except in emergencies which may include
44 security vulnerabilities;

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

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

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

7 (5) that the **1**["bank"] qualifying financial institution**1** is not liable
8 for losses suffered under subsection e. of this section, except for
9 liability consistent with fiduciary and trust powers as a custodian
10 under this section.

11 h. A **1**["bank"] qualifying financial institution**1** and a customer
12 shall agree in writing to a time period within which the **1**["bank"]
13 qualifying financial institution**1** shall return a digital asset held in
14 custody under this section. If a customer makes an election under
15 paragraph (2) of subsection d. of this section, then the **1**["bank"]
16 qualifying financial institution**1** and the customer may also agree in
17 writing to the form in which the digital asset shall be returned.

18 i. All ancillary or subsidiary proceeds relating to digital assets
19 held in custody under this section shall accrue to the benefit of the
20 customer, except as specified by a written agreement with the
21 customer. The **1**["bank"] qualifying financial institution**1** shall not
22 collect ancillary or subsidiary proceeds, unless the collection is
23 disclosed in writing. A customer who makes an election under
24 paragraph (1) of subsection d. of this section may withdraw the
25 digital asset in a form that permits the collection of the ancillary or
26 subsidiary proceeds.

27 j. A **1**["bank"] qualifying financial institution**1** shall not
28 authorize or permit rehypothecation of digital assets under this
29 section. The **1**["bank"] qualifying financial institution**1** shall not
30 engage in any activity to use or exercise discretionary authority
31 relating to a digital asset except based on customer instructions.

32 k. A **1**["bank"] qualifying financial institution**1** shall not take any
33 action under this section which would likely impair the solvency or
34 the safety and soundness of the **1**["bank"] qualifying financial
35 institution**1**, as determined by the commissioner after considering
36 the nature of custodial services customary in the banking industry.

37 l. As used in this section:

38 **1**["Bank"] shall have the same meaning as provided in
39 "Qualifying financial institution" means a "bank," as defined
40 pursuant to section 1 of**1** P.L.1948, c.67 (C.17:9A-1)**1**, or a "credit
41 union," as defined pursuant to section 2 of P.L.1984, c.171
42 (C.17:13-80)**1**.

43 "Custodial services" means the safekeeping and management of
44 customer currency and digital assets through the exercise of
45 fiduciary and trust powers under this section as a custodian, and
46 includes fund administration and the execution of customer
47 instructions.

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

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

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

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

10 "Commissioner" means the Commissioner of Banking and
11 Insurance.

12 "Control" means ownership of, or the power to vote, 25 percent
13 or more of the outstanding voting securities of a licensee or
14 controlling person. For purposes of determining the percentage of a
15 licensee controlled by any person, there shall be aggregated with
16 the person's interest the interest of any other person controlled by
17 that person or by any spouse, parent, or child of that person.

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

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

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

24 "Foreign money transmitter" means a person who engages, in
25 this State, only in the business of the receipt of money for
26 transmission or transmitting money to locations outside of the
27 United States by any and all means, including but not limited to
28 payment instrument, wire, facsimile, electronic transfer, or
29 otherwise for a fee, commission or other benefit.

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

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

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

37 "Material litigation" means any litigation that, according to
38 generally accepted accounting principles, is deemed significant to
39 any applicant's or licensee's financial health and would be required
40 to be referenced in that entity's annual audited financial statements,
41 report to shareholders or similar documents.

42 "Money" means a medium of exchange authorized or adopted by
43 the United States or a foreign government as a part of its currency
44 and that is customarily used and accepted as a medium of exchange
45 in the country of issuance.

46 "Money transmitter" means a person who engages in this State in
47 the business of:

- 1 (1) the sale or issuance of payment instruments for a fee,
2 commission, or other benefit;
- 3 (2) the receipt of money for transmission or transmitting money
4 within the United States or to locations abroad by any and all
5 means, including but not limited to payment instrument, wire,
6 facsimile, electronic transfer, or otherwise for a fee, commission or
7 other benefit; or
- 8 (3) the receipt of money for obligors for the purpose of paying
9 obligors' bills, invoices, or accounts for a fee, commission, or other
10 benefit paid by the obligor.
- 11 "Outstanding payment instrument" means any payment
12 instrument issued by the licensee which has been sold in the United
13 States directly by the licensee or any payment instrument issued by
14 the licensee which has been sold by an authorized delegate of the
15 licensee in the United States, which has been reported to the
16 licensee as having been sold, and which has not yet been paid by or
17 for the licensee.
- 18 "Payment instrument" means any check, draft, money order,
19 travelers check, or other instrument or written order for the
20 transmission or payment of money, sold, or issued to one or more
21 persons, whether or not the instrument is negotiable. The term
22 "payment instrument" does not include any credit card voucher, any
23 letter of credit, or any instrument which is redeemable by the issuer
24 in goods or services.
- 25 "Permissible investments" means:
- 26 (1) cash;
- 27 (2) certificates of deposit or other debt obligations of a bank,
28 savings bank, savings and loan association, or credit union, either
29 domestic or foreign;
- 30 (3) bills of exchange or time drafts drawn on and accepted by a
31 commercial bank, otherwise known as bankers' acceptances, which
32 are eligible for purchase by member banks of the Federal Reserve
33 System;
- 34 (4) any investment which is rated in one of the three highest
35 rating categories by a nationally recognized statistical rating
36 organization;
- 37 (5) investment securities that are obligations of the United
38 States, its agencies or instrumentalities, or obligations that are
39 guaranteed fully as to principal and interest by the United States, or
40 any obligations of any state, municipality, or any political
41 subdivision thereof which is rated in one of the three highest rating
42 categories by a nationally recognized statistical rating organization;
- 43 (6) shares in a money market mutual fund, interest-bearing bills,
44 notes or bonds, debentures or stock traded on any national securities
45 exchange or on a national over-the-counter market, or mutual funds
46 primarily composed of those securities or a fund composed of one
47 or more permissible investments as set forth in this section;

- 1 (7) demand borrowing agreements made to a corporation or a
2 subsidiary of a corporation whose capital stock is listed on a
3 national exchange;
- 4 (8) receivables which are due to a licensee from its authorized
5 delegates pursuant to a contract described in section 17 of **[this act]**
6 P.L.1998, c.14 (C.17:15C-17), which are not past due or doubtful of
7 collection; or
- 8 (9) any other investments or security device which the
9 commissioner may authorize by rule.
- 10 “Virtual currency” means any type of digital representation²,
11 including any stablecoins,² that:
- 12 (1) is used as a medium of exchange, unit of account, or store of
13 value; and
- 14 (2) is not recognized as legal tender by the United States
15 government.
16 (cf: P.L.1998, c.14, s.2)
- 17
- 18 8. Section 3 of P.L.1998, c.14 (C.17:15C-3) is amended to read
19 as follows:
- 20 3. a. **[This act]** P.L.1998, c.14 (C.17:15C-1 et seq.) shall not
21 apply to:
- 22 (1) **[The]** the United States or any department, agency, or
23 instrumentality thereof;
- 24 (2) **[The]** the United States Postal Service;
- 25 (3) **[The]** the State or any political subdivision thereof;
- 26 (4) **[Banks]** banks, bank holding companies, credit unions,
27 building and loan associations, savings and loan associations,
28 savings banks, or mutual banks organized under the laws of any
29 state or the United States, provided that they do not issue or sell
30 payment instruments through authorized delegates who are not
31 banks, bank holding companies, credit unions, building and loan
32 associations, savings and loan associations, savings banks, or
33 mutual banks;
- 34 (5) **[The]** the provision of electronic transfer of government
35 benefits for any federal, state or county agency as defined in
36 Regulation E, 12 C.F.R. s.205.1 et seq., by a contractor for and on
37 behalf of the United States or any department, agency, or
38 instrumentality thereof, or any state or political subdivision thereof;
39 **[and]**
- 40 (6) **[A]** a person licensed to conduct business as a debt adjuster
41 pursuant to P.L.1979, c.16 (C.17:16G-1 et seq.), when acting within
42 the scope of activities regulated by that license; and
- 43 (7) buying, selling, issuing, or taking custody of payment
44 instruments or stored value in the form of virtual currency or
45 receiving virtual currency for transmission to a location within or
46 outside the United States.

1 b. Authorized delegates of a licensee, acting within the scope
2 of authority conferred by a written contract as described in section
3 17 of **[this act]** P.L.1998, c.14 (C.17:15C-17) shall not be required
4 to obtain a license pursuant to **[this act]** P.L.1998, c.14 (C.17:15C-
5 1 et seq.).

6 (cf: P.L.1998, c.14, s.3)

7
8 9. (New section) As used in sections 9 ¹**[thought]** through¹ 21
9 of P.L. , c. (C.)(pending before the Legislature as this bill):

10 "Blockchain" means a digital ledger or database which is
11 chronological, consensus-based, decentralized and mathematically
12 verified in nature.

13 "Decentralized autonomous organization" means a limited
14 liability company organized under P.L. , c. (C.)(pending
15 before the Legislature as this bill).

16 "Digital asset" means a representation of economic, proprietary
17 or access rights that is stored in a ¹**[computer]** machine¹ readable
18 format ¹has a transaction history that is recorded in a distributed,
19 digital ledger or digital data structure in which consensus is
20 achieved through a mathematically verifiable process,¹ and is either
21 a digital consumer assets¹**[**, digital securities¹**]** and virtual
22 currency. ¹"Digital asset" shall not include securities, whether in
23 digital form or otherwise, as defined pursuant to subsection m. of
24 section 2 of P.L.1967, c.93 (C.49:3-49), or as defined pursuant to
25 paragraph (1) of subsection (a) of section 2 of the federal
26 "Securities Act of 1933," 15 U.S.C. s.77b(a)(1), or paragraph (10)
27 of subsection (a) of section 3 of the federal "Securities Exchange
28 Act of 1934," 15 U.S.C. s.78c(a)(10).¹

29 "Limited liability autonomous organization" or "LAO" means a
30 decentralized autonomous organization.

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

37 "Membership interest" means a member's ownership share in a
38 member managed decentralized autonomous organization, which
39 may be defined in the entity's articles of organization, smart
40 contract or operating agreement. A membership interest may also be
41 characterized as ¹**[either a digital security or]**¹ a digital consumer
42 asset, if designated as such in the organization's articles of
43 organization or operating agreement.

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

1 "Quorum" means a minimum requirement on the sum of
2 membership interests participating in a vote for that vote to be
3 valid.

4 "Smart contract" means:

5 (1) an automated transaction conducted or performed, in whole
6 or in part, by electronic means or electronic records, in which the
7 acts or records of one or both parties are not reviewed by an
8 individual in the ordinary course in forming a contract, performing
9 under an existing contract, or fulfilling an obligation required by the
10 transaction; or

11 (2) any substantially similar analogue, which is comprised of
12 code, script, or programming language that executes the terms of an
13 agreement, and which may include taking custody of and
14 transferring an asset, or issuing executable instructions for these
15 actions, based on the occurrence or nonoccurrence of specified
16 conditions.

17
18 10. (New section) a. The "Revised Uniform Limited Liability
19 Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.) shall apply to
20 decentralized autonomous organizations to the extent not
21 inconsistent with the provisions of P.L. , c. (C.)(pending
22 before the Legislature as this bill).

23 b. P.L. , c. (C.)(pending before the Legislature as this
24 bill) shall not repeal or modify any statute or rule of law that applies
25 to a limited liability company that is organized under P.L.2012, c.50
26 (C.42:2C-1 et seq.) that does not elect to become a decentralized
27 autonomous organization.

28
29 11. (New section) a. A decentralized autonomous organization
30 is a limited liability company if the articles of organization contain
31 a statement that the company is a decentralized autonomous
32 organization as described in subsection c. of this section.

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

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

43
44 **NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS**

45
46 The rights of members in a decentralized autonomous organization
47 may differ materially from the rights of members in other limited
48 liability companies. New Jersey's decentralized autonomous

1 organization law, underlying smart contracts, articles of
2 organization and operating agreement, if applicable, of a
3 decentralized autonomous organization may define, reduce or
4 eliminate fiduciary duties and may restrict transfer of ownership
5 interests, withdrawal or resignation from the decentralized
6 autonomous organization, return of capital contributions and
7 dissolution of the decentralized autonomous organization.

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

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

19

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

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

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

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

35

36 13. (New section) a. The articles of organization of a
37 decentralized autonomous organization shall include a statement
38 that the organization is a decentralized autonomous organization,
39 pursuant to section 11 of P.L. , c. (C.)(pending before the
40 Legislature as this bill) and section 18 of P.L.2012, c.50 (C.42:2C-
41 18).

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

46 c. Except as otherwise provided in P.L. ,
47 c. (C.)(pending before the Legislature as this bill), the articles

1 of organization and the smart contracts for a decentralized
2 autonomous organization shall govern all of the following:

- 3 (1) relations among the members and between the members and
4 the decentralized autonomous organization;
- 5 (2) rights and duties under P.L. , c. (C.)(pending before
6 the Legislature as this bill) of a person in the person's capacity as a
7 member;
- 8 (3) activities of the decentralized autonomous organization and
9 the conduct of those activities;
- 10 (4) means and conditions for amending the operating agreement;
- 11 (5) rights and voting rights of members;
- 12 (6) transferability of membership interests;
- 13 (7) withdrawal of membership;
- 14 (8) distributions to members prior to dissolution;
- 15 (9) amendment of the articles of organization;
- 16 (10) procedures for amending, updating, editing or changing
17 applicable smart contracts; and
- 18 (11) all other aspects of the decentralized autonomous
19 organization.

20 d. Articles of organization shall be amended when:

- 21 (1) there is a change in the name of the decentralized
22 autonomous organization;
- 23 (2) there is a false or erroneous statement in the articles of
24 organization; or
- 25 (3) the decentralized autonomous organization's smart contracts
26 have been updated or changed.

27
28 14. (New section) To the extent the articles of organization or
29 smart contract do not otherwise provide for a matter described in
30 section 13 of P.L. , c. (C.)(pending before the Legislature as
31 this bill), the operation of a decentralized autonomous organization
32 may be supplemented by an operating agreement.
33

34 15. (New section) Management of a decentralized autonomous
35 organization shall be vested in its members, if member managed, or
36 the smart contract, if algorithmically managed, unless otherwise
37 provided in the articles of organization or operating agreement.
38

39 16. (New section) Unless otherwise provided for in the articles
40 of organization or operating agreement, no member of a
41 decentralized autonomous organization shall have any fiduciary
42 duty to the organization or any member except that the members
43 shall be subject to the implied contractual covenant of good faith
44 and fair dealing.
45

46 17. (New section) a. For purposes of this section and section 18
47 of P.L. , c. (C.)(pending before the Legislature as this bill)

1 and unless otherwise provided for in the articles of organization,
2 smart contract, or operating agreement:

3 (1) membership interests in a member managed decentralized
4 autonomous organization shall be calculated by dividing a member's
5 contribution of digital assets to the organization divided by the total
6 amount of digital assets contributed to the organization at the time
7 of a vote;

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

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

13 b. Members shall have no right to separately inspect or copy
14 records of a decentralized autonomous organization and the
15 organization shall have no obligation to furnish any information
16 concerning the organization's activities, financial condition, or
17 other circumstances to the extent the information is available on an
18 open blockchain.

19

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

24 b. A member of a decentralized autonomous organization shall
25 not have the organization dissolved for a failure to return the
26 members' contribution to capital.

27 c. Unless the organization's articles of organization, smart
28 contracts or operating agreement provide otherwise, a withdrawn
29 member forfeits all membership interests in the decentralized
30 autonomous organization, including any governance or economic
31 rights.

32

33 19. (New section) a. A decentralized autonomous organization
34 organized under P.L. , c. (C.)(pending before the Legislature
35 as this bill) shall be dissolved upon the occurrence of any of the
36 following events:

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

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

40 (3) at the time or upon the occurrence of events specified in the
41 underlying smart contracts or as specified in the articles of
42 organization or operating agreement;

43 (4) the decentralized autonomous organization has failed to
44 approve any proposals or take any actions for a period of one year;
45 or

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

1 b. As soon as possible following the occurrence of any of the
2 events specified in subsection a. of this section causing the
3 dissolution of a decentralized autonomous organization, the
4 organization shall execute a statement of intent to dissolve in the
5 form prescribed by the Division of Revenue and Enterprise
6 Services.

7
8 20. (New section) The articles of organization and the operating
9 agreement of a decentralized autonomous organization are effective
10 as statements of authority. Where the underlying articles of
11 organization and operating agreement are in conflict, the articles of
12 organization shall preempt any conflicting provisions. Where the
13 underlying articles of organization and smart contract are in
14 conflict, the smart contract shall preempt any conflicting provisions
15 of the articles of organization, except as it relates to section 11 of
16 P.L. , c. (C.)(pending before the Legislature as this bill) and
17 subsections a. and b. of section 13 of P.L. , c. (C.)(pending
18 before the Legislature as this bill).

19
20 21. (New section) The Division of Revenue and Enterprise
21 Services shall not issue a certificate of authority for a foreign
22 decentralized autonomous organization.

23
24 22. (New section) a. Not later than December 31, 2022, the
25 Division of Revenue and Enterprise Services shall develop and
26 implement a filing system through which all required filings may be
27 submitted. The division shall endeavor to use blockchain
28 technology and include an application programming interface as
29 components of the filing system, as well as robust security measures
30 and other components determined by the division to be best
31 practices or which are likely to increase the effective and efficient
32 administration of the laws of this State. The division may create a
33 blockchain for the purposes of this section or contract for the use of
34 a privately created blockchain.

35 b. The division may:

36 (1) consult with all interested parties before developing the
37 filing system specified in this section, including businesses,
38 registered agents, attorneys, law enforcement, and other interested
39 persons; and

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

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

45 d. As used in this section:

46 “Application programming interface” means a computer software
47 intermediary which allows two distinct software applications to
48 interact.

1 "Blockchain" means a digital ledger or database which is
2 chronological, consensus-based, decentralized, and mathematically-
3 verified in nature.

4 "Division" means the Division of Revenue and Enterprise
5 Services in the New Jersey Department of the Treasury.

6 "Required filings" means all documents, reports, data, and other
7 information required by law to be filed with the division.

8
9 23. (New section) a. The articles of incorporation or bylaws of
10 a corporation may specify that all or a portion of the shares of the
11 corporation may be represented by share certificates in the form of
12 certificate tokens. The electronic message, command, or
13 transaction that transmits the certificate tokens to the data address
14 to which a certificate token was issued shall be authorized at the
15 time of issuance by one or more messages, commands, or
16 transactions signed with the network signatures of two officers
17 designated in the bylaws or by the board of directors of the
18 corporation.

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

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

27 d. Notwithstanding any law, rule, or regulation to the contrary,
28 as used in chapter 7 of Title 14A of the New Jersey Statutes, any
29 reference to certificated shares or words of similar import shall be
30 construed to include shares represented by certificate tokens, and
31 any reference to the delivery or deposit of these shares to the
32 corporation shall be construed to refer to any method of granting
33 control of the tokens to the corporation.

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

42 f. As used in this section:

43 "Blockchain" means a digital ledger or database which is
44 chronological, consensus based, decentralized and mathematically
45 verified in nature;

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

- 1 (1) entered into a blockchain or other secure auditable database;
- 2 (2) linked to or associated with the certificate token; and
- 3 (3) able to be transmitted electronically to the issuing
- 4 corporation, the person to whom the certificate token was issued,
- 5 and any transferee.

6 "Network signature" means a string of alphanumeric characters
7 that, when broadcast by a person to the data address's corresponding
8 distributed or other electronic network or database, provides
9 reasonable assurances to a recipient that the broadcasting person
10 has knowledge or possession of the private key uniquely associated
11 with the data address.

12

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

14 14A:7-11. (1) The shares of a corporation shall be represented
15 by certificates or, in accordance with subsection 14A:7-11(6), shall
16 be uncertificated shares. Certificates shall be signed by, or in the
17 name of the corporation by, the chairman or vice-chairman of the
18 board, or the president or a vice-president, and may be
19 countersigned by the treasurer or an assistant treasurer, or the
20 secretary or an assistant secretary of the corporation and may be
21 sealed with the seal of the corporation or a facsimile thereof. Any
22 or all signatures upon a certificate may be a facsimile. In case any
23 officer, transfer agent or registrar who has signed or whose
24 facsimile signature has been placed upon such certificate, shall have
25 ceased to be such officer, transfer agent, or registrar before such
26 certificate is issued, it may be issued by the corporation with the
27 same effect as if he were such officer, transfer agent, or registrar at
28 the date of its issue.

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

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

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

41 (3) Each certificate representing shares shall state upon the face
42 thereof:

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

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

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

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

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

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

10 (6) The board may provide that some or all of the shares of any
11 class or series shall be represented by uncertificated shares. Within
12 a reasonable time after the issuance or transfer of uncertificated
13 shares, the corporation shall send to the registered owner thereof a
14 written notice containing the information required to be set forth or
15 stated on certificates by subsections 14A:7-11(2) and 14A:7-11(3),
16 and if required, 14A:7-12(2). Except as otherwise expressly
17 provided by law, the rights and obligations of the holders of
18 uncertificated shares and the rights and obligations of the holders of
19 certificates representing shares of the same class and series shall be
20 identical.

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

22
23 25. (New section) a. Receipts from retail sales of energy and
24 utility service to a virtual currency servicer for use or consumption
25 directly and primarily in the creation of virtual currency, including
26 mining, shall be exempt from the tax imposed under the "Sales and
27 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

28 b. A virtual currency servicer may file an application for a
29 sales and use tax exemption with the Director of the Division of
30 Taxation in the Department of the Treasury. The director shall
31 process the application within 20 business days of receipt thereof.

32 ¹A successful application for a sales and use tax exemption
33 pursuant to this subsection shall include a plan, written by the
34 virtual currency servicer, designed to mitigate or offset any carbon
35 emissions produced by the virtual currency.¹An exemption for a
36 virtual currency servicer shall commence upon notice of approval of
37 its application. Upon approval of its application, the director shall
38 provide prompt notice to a business.

39 c. For the purposes of this section:

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 ²"Virtual currency" shall include a digital asset that is a stable
46 coin.²

47 "Virtual currency servicer" means any person:

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

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

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

7

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

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

11 "Affiliate" means an entity that directly or indirectly controls, is
12 under common control with, or is controlled by the business.
13 Control exists in all cases in which the entity is a member of a
14 controlled group of corporations as defined pursuant to section 1563
15 of the Internal Revenue Code of 1986 (26 U.S.C. s.1563) or the
16 entity is an organization in a group of organizations under common
17 control as defined pursuant to subsection (b) or (c) of section 414 of
18 the Internal Revenue Code of 1986 (26 U.S.C. s.414). A taxpayer
19 may establish by clear and convincing evidence, as determined by
20 the Director of the Division of Taxation in the Department of the
21 Treasury, that control exists in situations involving lesser
22 percentages of ownership than required by those statutes. An
23 affiliate of a business may contribute to meeting either the qualified
24 investment or full-time employee requirements of a business that
25 applies for a credit under section 3 of P.L.2007, c.346 (C.34:1B-
26 209).

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

29 "Aviation district" means all areas within the boundaries of the
30 "Atlantic City International Airport," established pursuant to section
31 24 of P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
32 Administration William J. Hughes Technical Center and the area
33 within a one-mile radius of the outermost boundary of the "Atlantic
34 City International Airport" and the Federal Aviation Administration
35 William J. Hughes Technical Center.

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

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

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

43 a partnership;

44 an S corporation;

45 a limited liability company; or

46 a non-profit corporation.

47 If the business or tenant is a cooperative or part of a cooperative,
48 then the cooperative may qualify for credits by counting the full-

1 time employees and capital investments of its member
2 organizations, and the cooperative may distribute credits to its
3 member organizations. If the business or tenant is a cooperative
4 that leases to its member organizations, the lease shall be treated as
5 a lease to an affiliate or affiliates.

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

9 "Capital investment" in a qualified business facility means
10 expenses by a business or any affiliate of the business incurred after
11 application for:

12 a. site preparation and construction, repair, renovation,
13 improvement, equipping, or furnishing on real property or of a
14 building, structure, facility, or improvement to real property;

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

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

24 d. any of the foregoing.

25 In addition to the foregoing, in a Garden State Growth Zone, the
26 following qualify as a capital investment: any development,
27 redevelopment, and relocation costs, including, but not limited to,
28 site acquisition if made within 24 months of application to the
29 authority, engineering, legal, accounting, and other professional
30 services required; and relocation, environmental remediation, and
31 infrastructure improvements for the project area, including, but not
32 limited to, on- and off-site utility, road, pier, wharf, bulkhead, or
33 sidewalk construction or repair.

34 In addition to the foregoing, if a business acquires or leases a
35 qualified business facility, the capital investment made or acquired
36 by the seller or owner, as the case may be, if pertaining primarily to
37 the premises of the qualified business facility, shall be considered a
38 capital investment by the business and, if pertaining generally to the
39 qualified business facility being acquired or leased, shall be
40 allocated to the premises of the qualified business facility on the
41 basis of the gross leasable area of the premises in relation to the
42 total gross leasable area in the qualified business facility. The
43 capital investment described herein may include any capital
44 investment made or acquired within 24 months prior to the date of
45 application so long as the amount of capital investment made or
46 acquired by the business, any affiliate of the business, or any owner
47 after the date of application equals at least 50 percent of the amount
48 of capital investment, allocated to the premises of the qualified

1 business facility being acquired or leased on the basis of the gross
2 leasable area of the premises in relation to the total gross leasable
3 area in the qualified business facility made or acquired prior to the
4 date of application.

5 "College or university" means a county college, an independent
6 institution of higher education, a public research university, or a
7 State college.

8 "Commitment period" means the period of time that is 1.5 times
9 the eligibility period.

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

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

18 "Disaster recovery project" means a project located on property
19 that has been wholly or substantially damaged or destroyed as a
20 result of a federally-declared disaster which, after utilizing all
21 disaster funds available from federal, State, county, and local
22 funding sources, demonstrates to the satisfaction of the authority
23 that access to additional funding authorized pursuant to the "New
24 Jersey Economic Opportunity Act of 2013," P.L.2013, c.161
25 (C.52:27D-489p et al.), is necessary to complete the redevelopment
26 project, and which is located within the qualified incentive area and
27 has been determined by the authority to be in an area appropriate
28 for development and in need of economic development incentive
29 assistance.

30 "Distressed municipality" means a municipality that is qualified
31 to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
32 municipality under the supervision of the Local Finance Board
33 pursuant to the provisions of the "Local Government Supervision
34 Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality
35 identified by the Director of the Division of Local Government
36 Services in the Department of Community Affairs to be facing
37 serious fiscal distress, a SDA municipality, or a municipality in
38 which a major rail station is located.

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

43 "Eligibility period" means the period in which a business may
44 claim a tax credit under the ²**【Grow New Jersey Assistance】**
45 Emerge² Program, beginning with the tax period in which the
46 authority accepts certification of the business that it has met the
47 capital investment and employment requirements of the ²**【Grow**
48 **New Jersey】** Emerge² Assistance Program and extending thereafter

1 for a term of not more than ²~~10~~ 20² years, with the term to be
2 determined solely at the discretion of the applicant.

3 "Eligible position" or "full-time job" means a full-time position
4 in a business in this State, which position the business has filled
5 with a full-time employee, who shall have their primary office at
6 the qualified business facility and spend at least 60 percent of their
7 time at the qualified business facility. This requirement shall
8 supersede any law, regulation, or incentive agreement that imposes
9 a requirement that the employee be present at the qualified business
10 facility for a specified percentage of time greater than 60 percent.
11 This amendment shall not alter or terminate any waiver of the
12 requirement that an employee spend time at the qualified business
13 facility implemented by the authority due to COVID-19 public
14 health emergency and state of emergency.

15 "Full-time employee" means a person:

16 a. who is employed by a business for consideration for at least
17 35 hours a week, or who renders any other standard of service
18 generally accepted by custom or practice as full-time employment;
19 or

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

28 c. who is a resident of another State but whose income is not
29 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
30 et seq. or who is a partner of a business who works for the
31 partnership for at least 35 hours a week, or who renders any other
32 standard of service generally accepted by custom or practice as full-
33 time employment, and whose distributive share of income, gain,
34 loss, or deduction, or whose guaranteed payments, or any
35 combination thereof, is subject to the payment of estimated taxes, as
36 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
37 et seq.; and

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

41 With respect to a logistics, manufacturing, energy, defense,
42 aviation, or maritime business, excluding primarily warehouse or
43 distribution operations, located in a port district having a container
44 terminal:

45 the requirement that employee health benefits are to be provided
46 shall be deemed to be satisfied if the benefits are provided in
47 accordance with industry practice by a third party obligated to
48 provide such benefits pursuant to a collective bargaining agreement;

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

4 35 hours of employment per week at a qualified business facility
5 shall constitute one "full-time employee," regardless of whether or
6 not the hours of work were performed by one or more persons.

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

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

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

30 "Garden State Create Zone" means the campus of a doctoral
31 university, and the area within a three-mile radius of the outermost
32 boundary of the campus of a doctoral university, according to a map
33 appearing in the doctoral university's official catalog or other
34 official publication on the effective date of P.L.2017, c.221.

35 "Garden State Growth Zone" or "growth zone" means the four
36 New Jersey cities with the lowest median family income based on
37 the 2009 American Community Survey from the US Census, (Table
38 708. Household, Family, and Per Capita Income and Individuals,
39 and Families Below Poverty Level by City: 2009); a municipality
40 which contains a Tourism District as established pursuant to section
41 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino
42 Reinvestment Development Authority; or an aviation district.

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

1 "Incentive agreement" means the contract between the business
2 and the authority, which sets forth the terms and conditions under
3 which the business shall be eligible to receive the incentives
4 authorized pursuant to the program.

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

9 "Independent institution of higher education" means a college or
10 university incorporated and located in New Jersey, which by virtue
11 of law or character or license is a nonprofit educational institution
12 authorized to grant academic degrees and which provides a level of
13 education which is equivalent to the education provided by the
14 State's public institutions of higher education, as attested by the
15 receipt of and continuation of regional accreditation by the Middle
16 States Association of Colleges and Schools, and which is eligible to
17 receive State aid under the provisions of the Constitution of the
18 United States and the Constitution of the State of New Jersey, but
19 does not include any educational institution dedicated primarily to
20 the education or training of ministers, priests, rabbis or other
21 professional persons in the field of religion.

22 "Major rail station" means a railroad station located within a
23 qualified incentive area which provides access to the public to a
24 minimum of six rail passenger service lines operated by the New
25 Jersey Transit Corporation.

26 "Mega project" means:

27 a. a qualified business facility located in a port district housing
28 a business in the logistics, manufacturing, energy, defense, or
29 maritime industries, either:

30 (1) having a capital investment in excess of \$20,000,000, and at
31 which more than 250 full-time employees of the business are
32 created or retained; or

33 (2) at which more than 1,000 full-time employees of the
34 business are created or retained;

35 b. a qualified business facility located in an aviation district
36 housing a business in the aviation industry, in a Garden State
37 Growth Zone, or in a priority area housing the United States
38 headquarters and related facilities of an automobile manufacturer,
39 either:

40 (1) having a capital investment in excess of \$20,000,000, and at
41 which more than 250 full-time employees of the business are
42 created or retained, or

43 (2) at which more than 1,000 full-time employees of the
44 business are created or retained;

45 c. a qualified business facility located in an urban transit hub
46 housing a business of any kind, having a capital investment in
47 excess of \$50,000,000, and at which more than 250 full-time
48 employees of the business are created or retained;

1 d. a project located in an area designated in need of
2 redevelopment, pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.)
3 prior to the enactment of P.L.2014, c.63 (C.34:1B-251 et al.) within
4 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
5 Ocean, or Salem counties having a capital investment in excess of
6 \$20,000,000, and at which more than 150 full-time employees of
7 the business are created or retained; or

8 e. a qualified business facility primarily used by a business
9 principally engaged in research, development, or manufacture of a
10 drug or device, as defined in R.S.24:1-1, or primarily used by a
11 business licensed to conduct a clinical laboratory and business
12 facility pursuant to the "New Jersey Clinical Laboratory
13 Improvement Act," P.L.1975, c.166 (C.45:9-42.26 et seq.), either:

14 (1) having a capital investment in excess of \$20,000,000, and at
15 which more than 250 full-time employees of the business are
16 created or retained, or

17 (2) at which more than 1,000 full-time employees of the
18 business are created or retained.

19 "Minimum environmental and sustainability standards" means
20 standards established by the authority in accordance with the green
21 building manual prepared by the Commissioner of Community
22 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6),
23 regarding the use of renewable energy, energy-efficient technology,
24 and non-renewable resources in order to reduce environmental
25 degradation and encourage long-term cost reduction.

26 "Moderate-income housing" means housing affordable,
27 according to United States Department of Housing and Urban
28 Development or other recognized standards for home ownership
29 and rental costs, and occupied or reserved for occupancy by
30 households with a gross household income equal to more than 50
31 percent but less than 80 percent of the median gross household
32 income for households of the same size within the housing region in
33 which the housing is located.

34 "Municipal Revitalization Index" means the 2007 index by the
35 Office for Planning Advocacy within the Department of State
36 measuring or ranking municipal distress.

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

42 "Other eligible area" means the portions of the qualified
43 incentive area that are not located within a distressed municipality,
44 or the priority area.

45 "Partnership" means an entity classified as a partnership for
46 federal income tax purposes.

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

- 1 a. the "Port of New York District" of the Port Authority of
2 New York and New Jersey, as defined in Article II of the Compact
3 Between the States of New York and New Jersey of 1921; or
4 b. a 15-mile radius of the outermost boundary of each marine
5 terminal facility established, acquired, constructed, rehabilitated, or
6 improved by the South Jersey Port District established pursuant to
7 "The South Jersey Port Corporation Act," P.L.1968, c.60
8 (C.12:11A-1 et seq.).
- 9 "Priority area" means the portions of the qualified incentive area
10 that are not located within a distressed municipality and which:
- 11 a. are designated pursuant to the "State Planning Act,"
12 P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1
13 (Metropolitan), Planning Area 2 (Suburban), a designated center
14 under the State Development and Redevelopment Plan, or a
15 designated growth center in an endorsed plan until June 30, 2013, or
16 until the State Planning Commission revises and readopts New
17 Jersey's State Strategic Plan and adopts regulations to revise this
18 definition;
- 19 b. intersect with portions of: a deep poverty pocket, a port
20 district, or federally-owned land approved for closure under a
21 federal Commission on Base Realignment and Closure action;
- 22 c. are the proposed site of a disaster recovery project, a
23 qualified incubator facility, a highlands development credit
24 receiving area or redevelopment area, a tourism destination project,
25 or transit oriented development; or
- 26 d. contain: a vacant commercial building having over 400,000
27 square feet of office, laboratory, or industrial space available for
28 occupancy for a period of over one year; or a site that has been
29 negatively impacted by the approval of a "qualified business
30 facility," as defined pursuant to section 2 of P.L.2007, c.346
31 (C.34:1B-208).
- 32 "Professional employer organization" means an employee leasing
33 company registered with the Department of Labor and Workforce
34 Development pursuant to P.L.2001, c.260 (C.34:8-67 et seq.).
- 35 "Program" means the "²【Grow New Jersey Assistance】 Emerge²
36 Program" established pursuant to ²【section 3 of P.L.2011, c.149
37 (C.34:1B-244)】 section 70 of P.L.2020, c.156 (C.34:1B-338)².
- 38 "Public research university" means a public research university
39 as defined in section 3 of P.L.1994, c.48 (C.18A:3B-3).
- 40 "Qualified business facility" means any building, complex of
41 buildings or structural components of buildings, and all machinery
42 and equipment located within a qualified incentive area, used in
43 connection with the operation of a business that is not engaged in
44 final point of sale retail business at that location unless the building,
45 complex of buildings or structural components of buildings, and all
46 machinery and equipment located within a qualified incentive area,
47 are used in connection with the operation of:

- 1 a. a final point of sale retail business located in a Garden State
- 2 Growth Zone that will include a retail facility of at least 150,000
- 3 square feet, of which at least 50 percent is occupied by either a full-
- 4 service supermarket or grocery store; or
- 5 b. a tourism destination project located in the Atlantic City
- 6 Tourism District as established pursuant to section 5 of P.L.2011,
- 7 c.18 (C.5:12-219).
- 8 "Qualified incentive area" means:
- 9 a. an aviation district;
- 10 b. a port district;
- 11 c. a distressed municipality or urban transit hub municipality;
- 12 d. an area (1) designated pursuant to the "State Planning Act,"
- 13 P.L.1985, c.398 (C.52:18A-196 et seq.), as:
 - 14 (a) Planning Area 1 (Metropolitan);
 - 15 (b) Planning Area 2 (Suburban); or
 - 16 (c) Planning Area 3 (Fringe Planning Area);
 - 17 (2) located within a smart growth area and planning area
 - 18 designated in a master plan adopted by the New Jersey
 - 19 Meadowlands Commission pursuant to subsection (i) of section 6 of
 - 20 P.L.1968, c.404 (C.13:17-6) or subject to a redevelopment plan
 - 21 adopted by the New Jersey Meadowlands Commission pursuant to
 - 22 section 20 of P.L.1968, c.404 (C.13:17-21);
 - 23 (3) located within any land owned by the New Jersey Sports and
 - 24 Exposition Authority, established pursuant to P.L.1971, c.137
 - 25 (C.5:10-1 et seq.), within the boundaries of the Hackensack
 - 26 Meadowlands District as delineated in section 4 of P.L.1968, c.404
 - 27 (C.13:17-4);
 - 28 (4) located within a regional growth area, rural development
 - 29 area zoned for industrial use as of the effective date of P.L.2016,
 - 30 c.75, town, village, or a military and federal installation area
 - 31 designated in the comprehensive management plan prepared and
 - 32 adopted by the Pinelands Commission pursuant to the "Pinelands
 - 33 Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.);
 - 34 (5) located within the planning area of the Highlands Region as
 - 35 defined in section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
 - 36 development credit receiving area or redevelopment area;
 - 37 (6) located within a Garden State Growth Zone;
 - 38 (7) located within land approved for closure under any federal
 - 39 Commission on Base Realignment and Closure action; or
 - 40 (8) located only within the following portions of the areas
 - 41 designated pursuant to the "State Planning Act," P.L.1985, c.398
 - 42 (C.52:18A-196 et seq.), as Planning Area 4A (Rural Planning
 - 43 Area), Planning Area 4B (Rural/Environmentally Sensitive) or
 - 44 Planning Area 5 (Environmentally Sensitive) if Planning Area 4A
 - 45 (Rural Planning Area), Planning Area 4B (Rural/Environmentally
 - 46 Sensitive) or Planning Area 5 (Environmentally Sensitive) is
 - 47 located within:

- 1 (a) a designated center under the State Development and
2 Redevelopment Plan;
- 3 (b) a designated growth center in an endorsed plan until the
4 State Planning Commission revises and readopts New Jersey's State
5 Strategic Plan and adopts regulations to revise this definition as it
6 pertains to Statewide planning areas;
- 7 (c) any area determined to be in need of redevelopment pursuant
8 to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
9 C.40A:12A-6) or in need of rehabilitation pursuant to section 14 of
10 P.L.1992, c.79 (C.40A:12A-14);
- 11 (d) any area on which a structure exists or previously existed
12 including any desired expansion of the footprint of the existing or
13 previously existing structure provided the expansion otherwise
14 complies with all applicable federal, State, county, and local
15 permits and approvals;
- 16 (e) the planning area of the Highlands Region as defined in
17 section 3 of P.L.2004, c.120 (C.13:20-3) or a highlands
18 development credit receiving area or redevelopment area; or
- 19 (f) any area on which an existing tourism destination project is
20 located.
- 21 "Qualified incentive area" shall not include any property located
22 within the preservation area of the Highlands Region as defined in
23 section 3 of P.L.2004, c.120 (C.13:20-3).
- 24 "Qualified incubator facility" means a commercial building
25 located within a qualified incentive area: which contains 50,000 or
26 more square feet of office, laboratory, or industrial space; which is
27 located near, and presents opportunities for collaboration with, a
28 research institution, teaching hospital, college, or university; and
29 within which, at least 50 percent of the gross leasable area is
30 restricted for use by one or more technology startup companies
31 during the commitment period.
- 32 "Retained full-time job" means an eligible position that currently
33 exists in New Jersey and is filled by a full-time employee but
34 which, because of a potential relocation by the business, is at risk of
35 being lost to another state or country, or eliminated. For the
36 purposes of determining a number of retained full-time jobs, the
37 eligible positions of an affiliate shall be considered eligible
38 positions of the business. For the purposes of the certifications and
39 annual reports required in the incentive agreement pursuant to
40 subsection e. of section 4 of P.L.2011, c.149 (C.34:1B-245), to the
41 extent an eligible position that was the basis of the award no longer
42 exists, a business shall include as a retained full-time job a new
43 eligible position that is filled by a full-time employee provided that
44 the position is included in the order of date of hire and is not the
45 basis for any other incentive award. For a project located in a
46 Garden State Growth Zone which qualified for the "Municipal
47 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
48 (C.52:27BBB-1 et al.), retained full-time job shall include any

1 employee previously employed in New Jersey and transferred to the
2 new location in the Garden State Growth Zone which qualified for
3 the "Municipal Rehabilitation and Economic Recovery Act,"
4 P.L.2002, c.43 (C.52:27BBB-1 et al.).

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

7 "SDA municipality" means a municipality in which an SDA
8 district is situate.

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

11 "Targeted industry" means any industry identified from time to
12 time by the authority which shall initially include advanced
13 transportation and logistics, advanced manufacturing, aviation,
14 autonomous vehicle and zero-emission vehicle research or
15 development, clean energy, life sciences, hemp processing,
16 information and high technology, finance and insurance,
17 professional services, film and digital media, non-retail food and
18 beverage businesses including food innovation, the virtual currency
19 industry, virtual currency servicers, and other innovative industries
20 that disrupt current technologies or business models.

21 "Technology startup company" means a for-profit business that
22 has been in operation fewer than five years and is developing or
23 possesses a proprietary technology or business method of a high-
24 technology or life science-related product, process, or service which
25 the business intends to move to commercialization, and shall
26 include a company that is a virtual currency servicer, regardless of
27 the number of years the business has been in operation.

28 "Tourism destination project" means a qualified non-gaming
29 business facility that will be among the most visited privately
30 owned or operated tourism or recreation sites in the State, and
31 which is located within the qualified incentive area and has been
32 determined by the authority to be in an area appropriate for
33 development and in need of economic development incentive
34 assistance, including a non-gaming business within an established
35 Tourism District with a significant impact on the economic viability
36 of that District.

37 "Transit oriented development" means a qualified business
38 facility located within a 1/2-mile radius, or one-mile radius for
39 projects located in a Garden State Growth Zone, surrounding the
40 mid-point of a New Jersey Transit Corporation, Port Authority
41 Transit Corporation, or Port Authority Trans-Hudson Corporation
42 rail, bus, or ferry station platform area, including all light rail
43 stations.

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

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

10 "Virtual currency servicer" shall have the same meaning as
11 provided in section 25 of P.L. , c. (C.) (pending before the
12 Legislature as this bill).
13 (cf: P.L.2021, c.160, s.61)

14
15 27. Section 5 of P.L.2011, c.149 (C.34:1B-246) is amended to
16 read as follows:

17 5. a. The total amount of the tax credit for an eligible business
18 for each new or retained full-time job shall be as set forth in
19 subsections b. through f. of this section. The total tax credit amount
20 shall be calculated and credited to the business annually for each
21 year of the eligibility period. Notwithstanding any other provisions
22 of P.L.2013, c.161 (C.52:27D-489p et al.), a business may assign its
23 ability to apply for the tax credit under this subsection to a non-
24 profit organization with a mission dedicated to attracting investment
25 and completing development and redevelopment projects in a
26 Garden State Growth Zone. The non-profit organization or
27 organization operating a qualified incubator facility may make an
28 application on behalf of a business which meets the requirements
29 for the tax credit, or a group of non-qualifying businesses or
30 positions, located at a qualified business facility, that shall be
31 considered a unified project for the purposes of the incentives
32 provided under this section. For any project located in a Garden
33 State Growth Zone that qualifies under the "Municipal
34 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
35 (C.52:27BBB-1 et al.), or any project located in a Garden State
36 Growth Zone which contains a Tourism District as established
37 pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated
38 by the Casino Reinvestment Development Authority, and which
39 will include a retail facility of at least 150,000 square feet, of which
40 at least 50 percent will be occupied by either a full-service
41 supermarket or grocery store, a business may assign its ability to
42 apply for the tax credit under this subsection to the developer of the
43 facility. The developer may make an application on behalf of the
44 business which meets the requirements for the tax credit, or a group
45 of non-qualifying businesses located at the business facility, that
46 shall be considered a unified project for the purposes of the
47 incentives provided under this section, and the developer may apply
48 for tax credits available based on the number of jobs provided by

1 the business or businesses and the total capital investment of the
2 business or businesses and the developer.

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

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

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

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

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

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

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

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

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

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

33 (4) for a qualified business facility located within a transit
34 oriented development, an increase of \$2,000 per year;

35 (5) for a qualified business facility, other than a mega project, at
36 which the capital investment in industrial premises for industrial
37 use by the business is in excess of the minimum capital investment
38 required for eligibility pursuant to subsection b. of section 3 of
39 P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000 per year for
40 each additional amount of investment that exceeds the minimum
41 amount required for eligibility by 20 percent, with a maximum
42 increase of \$3,000 per year;

43 (6) for a business with new full-time jobs and retained full-time
44 jobs at the project with an average salary in excess of the existing
45 average salary for the county in which the project is located, or, in
46 the case of a project in a Garden State Growth Zone, a business that
47 employs full-time positions at the project with an average salary in
48 excess of the average salary for the Garden State Growth Zone, an

- 1 increase of \$250 per year during the commitment period for each 35
2 percent by which the project's average salary levels exceeds the
3 county or Garden State Growth Zone average salary, with a
4 maximum increase of \$1,500 per year;
- 5 (7) for a business with large numbers of new full-time jobs and
6 retained full-time jobs during the commitment period, the increases
7 shall be in accordance with the following schedule:
- 8 (a) if the number of new full-time jobs and retained full-time
9 jobs is between 251 and 400, \$500 per year;
- 10 (b) if the number of new full-time jobs and retained full-time
11 jobs is between 401 and 600, \$750 per year;
- 12 (c) if the number of new full-time jobs and retained full-time
13 jobs is between 601 and 800, \$1000 per year;
- 14 (d) if the number of new full-time jobs and retained full-time
15 jobs is between 801 and 1,000, \$1,250 per year;
- 16 (e) if the number of new full-time jobs and retained full-time
17 jobs is in excess of 1,000, \$1,500 per year;
- 18 (8) for a business in a targeted industry, an increase of \$500 per
19 year, except in the case of a business in a targeted industry that is a
20 virtual currency servicer, an increase of \$5,000 per year ¹if the
21 servicer provides a plan designed to mitigate or offset any carbon
22 emissions produced by the virtual currency servicer¹;
- 23 (9) for a qualified business facility exceeding the Leadership in
24 Energy and Environmental Design's "Silver" rating standards or
25 completes substantial environmental remediation, an additional
26 increase of \$250 per year;
- 27 (10) for a mega project or a project located within a Garden State
28 Growth Zone at which the capital investment in industrial premises
29 for industrial use by the business exceeds the minimum capital
30 investment required for eligibility pursuant to subsection b. of
31 section 3 of P.L.2011, c.149 (C.34:1B-244), an increase of \$1,000
32 per year for each additional amount of investment that exceeds the
33 minimum amount by 20 percent, with a maximum increase of
34 \$5,000 per year;
- 35 (11) for a project in which a business retains at least 400 jobs
36 and is located within the municipality in which it was located
37 immediately prior to the filing of the application hereunder and is
38 the United States headquarters of an automobile manufacturer, an
39 increase of \$1,500 per year;
- 40 (12) for a project located in a municipality in Atlantic,
41 Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean,
42 and Salem counties with a 2007 Municipality Revitalization Index
43 greater than 465, an increase of \$1,000 per year;
- 44 (13) for a project located within a half-mile of any light rail
45 station constructed after the effective date of P.L.2013, c.161
46 (C.52:27D-489p et al.), an increase of \$1,000 per year;
- 47 (14) for a marine terminal project in a municipality located
48 outside the Garden State Growth Zone, but within the geographical

- 1 boundaries of the South Jersey Port District, an increase of \$1,500
2 per year;
- 3 (15) for a project located within an area determined to be in need
4 of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
5 (C.40A:12A-5 and C.40A:12A-6), and which is located within a
6 quarter mile of at least one United States Highway and at least two
7 New Jersey State Highways, an increase of \$1,500 per year;
- 8 (16) for a project that generates solar energy on site for use
9 within the project of an amount that equals at least 50 percent of the
10 project's electric supply service needs, an increase of \$250 per year;
- 11 (17) for a qualified business facility that includes a vacant
12 commercial building having over 1,000,000 square feet of office or
13 laboratory space available for occupancy for a period of over one
14 year, an increase of \$1,000 per year; and
- 15 (18) for an eligible business in a targeted industry at a qualified
16 business facility on the campus of a college or university other than
17 a doctoral university, or at a qualified business facility within a
18 three-mile radius of the outermost boundary of the campus of a
19 college or university other than a doctoral university, which facility
20 is used by the business to conduct a collaborative research
21 relationship with the college or university, an increase of \$1,000 per
22 year. The boundary of the campus of a college or university shall
23 be based upon a map appearing in the college's or university's
24 official catalog or other official publication on the effective date of
25 P.L.2017, c.221.
- 26 d. The gross amount of the tax credit for an eligible business
27 for each new or retained full-time job shall be the sum of the base
28 amount as set forth pursuant to subsection b. of this section and the
29 various additional bonus amounts for which the business is eligible
30 pursuant to subsection c. of this section, subject to the following
31 limitations:
- 32 (1) for a mega project or a project in a Garden State Growth
33 Zone, the gross amount for each new or retained full-time job shall
34 not exceed \$15,000 per year;
- 35 (2) for a qualified business facility located within an urban
36 transit hub municipality or a Garden State Create Zone, the gross
37 amount for each new or retained full-time job shall not exceed
38 \$12,000 per year;
- 39 (3) for a qualified business facility in a distressed municipality
40 the gross amount for each new or retained full-time job shall not
41 exceed \$11,000 per year;
- 42 (4) for a qualified business facility in other priority areas, the
43 gross amount for each new or retained full-time job shall not exceed
44 \$10,500 per year;
- 45 (5) for a qualified business facility in other eligible areas, the
46 gross amount for each new or retained full-time job shall not exceed
47 \$6,000 per year; and

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

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

11 (a) for a project which creates 35 or more full-time jobs new to
12 the municipality and makes a capital investment of at least
13 \$5,000,000, the total tax credit amount per full-time job shall be the
14 greater of: (i) the total tax credit amount for a qualifying project in
15 a Garden State Growth Zone as calculated pursuant to subsections
16 a. through f. of this section; or (ii) the total capital investment of the
17 project divided by the total number of full-time jobs at that project
18 but not greater than \$2,000,000 per year over the grant term of ten
19 years;

20 (b) for a project which creates 70 or more full-time jobs new to
21 the municipality and makes a capital investment of at least
22 \$10,000,000, the total tax credit amount per full-time job shall be
23 the greater of: (i) the total tax credit amount for a qualifying project
24 in a Garden State Growth Zone as calculated pursuant to
25 subsections a. through f. of this section; or (ii) the total capital
26 investment of the project divided by the total number of full-time
27 jobs at that project but not greater than \$3,000,000 per year over the
28 grant term of ten years;

29 (c) for a project which creates 100 or more full-time jobs new to
30 the municipality and makes a capital investment of at least
31 \$15,000,000, the total tax credit amount per full-time job shall be
32 the greater of: (i) the total tax credit amount for a qualifying project
33 in a Garden State Growth Zone as calculated pursuant to
34 subsections a. through f. of this section; or (ii) the total capital
35 investment of the project divided by the total number of full-time
36 jobs at that project but not greater than \$4,000,000 per year over the
37 grant term of ten years;

38 (d) for a project which creates 150 or more full-time jobs new to
39 the municipality and makes a capital investment of at least
40 \$20,000,000, the total tax credit amount per full-time job shall be
41 the greater of: (i) the total tax credit amount for a qualifying project
42 in a Garden State Growth Zone as calculated pursuant to
43 subsections a. through f. of this section; or (ii) the total capital
44 investment of the project divided by the total number of full-time
45 jobs at that project but not greater than \$5,000,000 per year over the
46 grant term of ten years; or

47 (e) for a project which creates 250 or more full-time jobs new to
48 the municipality and makes a capital investment of at least

1 \$30,000,000, the total tax credit amount per full-time job shall be
2 the greater of: (i) the total tax credit amount for a qualifying project
3 in a Garden State Growth Zone as calculated pursuant to
4 subsections a. through f. of this section; or (ii) the total capital
5 investment of the project divided by the total number of full-time
6 jobs as defined herein at that project divided by the ten-year grant
7 term.

8 e. After the determination by the authority of the gross amount
9 of tax credits for which a business is eligible pursuant to subsection
10 d. of this section, the final total tax credit amount shall be
11 calculated as follows: (1) for each new full-time job, the business
12 shall be allowed tax credits equaling 100 percent of the gross
13 amount of tax credits for each new full-time job; and (2) for each
14 retained full-time job, the business shall be allowed tax credits
15 equaling the lesser of 50 percent of the gross amount of tax credits
16 for each retained full-time job, or one-tenth of the capital
17 investment divided by the number of retained and new full-time
18 jobs per year over the grant term of ten years, unless the jobs are
19 part of a mega project which is the United States headquarters of an
20 automobile manufacturer located within a priority area or in a
21 Garden State Growth Zone, in which case the business shall be
22 entitled to tax credits equaling 100 percent of the gross amount of
23 tax credits for each retained full-time job, or unless the new
24 qualified business facility would replace a facility that has been
25 wholly or substantially damaged as a result of a federally-declared
26 disaster, in which case the business shall be entitled to tax credits
27 equaling 100 percent of the gross amount of tax credits for each
28 retained full-time job.

29 f. Notwithstanding the provisions of subsections a. through e.
30 of this section, for each application approved by the authority's
31 board, the amount of tax credits available to be applied by the
32 business annually shall not exceed:

33 (1) \$35,000,000 and provides a net benefit to the State as
34 provided herein with respect to a qualified business facility in a
35 Garden State Growth Zone which qualifies under the "Municipal
36 Rehabilitation and Economic Recovery Act," P.L.2002, c.43
37 (C.52:27BBB-1 et al.), or which contains a Tourism District as
38 established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and
39 regulated by the Casino Reinvestment Development Authority;

40 (2) \$30,000,000 and provides a net benefit to the State as
41 provided herein with respect to a mega project or a qualified
42 business facility in a Garden State Growth Zone;

43 (3) \$10,000,000 and provides a net benefit to the State as
44 provided herein with respect to a qualified business facility in an
45 urban transit hub municipality or a Garden State Create Zone;

46 (4) \$8,000,000 and provides a net benefit to the State as
47 provided herein with respect to a qualified business facility in a
48 distressed municipality;

1 (5) \$4,000,000 and provides a net benefit to the State as
2 provided herein with respect to a qualified business facility in other
3 priority areas, but not more than 90 percent of the withholdings of
4 the business from the qualified business facility; and

5 (6) \$2,500,000 and provides a net benefit to the State as
6 provided herein with respect to a qualified business facility in other
7 eligible areas, but not more than 90 percent of the withholdings of
8 the business from the qualified business facility.

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

32
33 ²[28. Section 1 of P.L.1996, c.2 (C.54:48-4.2) is amended to
34 read as follows:

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

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

39 "Card payment system" means a technical procedure by which
40 tax obligations owed the State may be paid by credit card or debit
41 card.

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

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

7 "Electronic funds transfer" means any transfer of funds or virtual
8 currency, other than a transaction originated by check, draft, or
9 similar paper instrument, that is initiated through an electronic
10 terminal, telephone, or computer or magnetic tape for the purpose
11 of ordering, instructing, or authorizing a financial institution to
12 debit or credit an account.

13 "Electronic funds transfer system" means a technical procedure
14 by which tax obligations owed the State may be paid by an
15 electronic transaction between the financial institution of the person
16 or organization owing the obligation and the financial institution of
17 the State.

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

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

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

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

28 (2) not recognized as legal tender by the United States
29 government.

30 (cf: P.L.1996, c.2, s.1)]²

31

32 ²**[29.] 28.**² The Commissioner of Banking and Insurance shall
33 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
34 c.410 (C.52:14B-1 et seq.), rules and regulations the commissioner
35 deems to be necessary to effectuate the purposes of this act.

36

37 ²**[30.] 29.**² This act shall take effect on the first day of the
38 fourth month after enactment, except the Commissioner of Banking
39 and Insurance may take such anticipatory action as may be
40 necessary for the implementation of this act.