

ASSEMBLY, No. 1315

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman CHRISTOPHER P. DEPHILLIPS

District 40 (Bergen, Essex and Passaic)

Assemblywoman AURA K. DUNN

District 25 (Morris and Passaic)

SYNOPSIS

Provides assistance to business accelerators and incubators and startup businesses located within those business accelerators and incubators.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning assistance to business accelerators and
 2 incubators and to startup businesses located within those
 3 business accelerators and incubators, supplementing P.L.1974,
 4 c.80 (C.34:1B-1 et seq.), Title 54 of the Revised Statutes, Title
 5 54A of the New Jersey Statutes, and amending P.L.1997, c.349.

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

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

12 “Accelerator business” means a corporation, partnership, limited
 13 liability company, or sole proprietorship, located within the
 14 confines of a business accelerator, that is supported by private
 15 sources of capital, including, but not limited to, private equity,
 16 angel investment, or venture capital that:

- 17 a. is in the earliest formative stage of development;
 18 b. is engaged in the design, development, and introduction of
 19 new biotechnology, information technology, logistics technology,
 20 re-manufacturing, advanced materials, processing engineering or
 21 electronic device technology products, or innovative manufacturing
 22 processes; and
 23 c. meets any other requirements for an accelerator business as
 24 the authority shall develop as determined by the authority.

25 “Advanced computing,” “advanced materials,” “information
 26 technology,” and “life sciences” shall have the same meaning as
 27 provided in section 2 of P.L.1997, c.349 (C.54:10A-5.29).

28 “Advanced technology center” means programs or departments
 29 at the State’s public and private institutions of higher education
 30 which are provided financial support from those institutions of
 31 higher education to promote innovative technology research
 32 including those established pursuant to law, including, but not
 33 limited to, P.L.1985, c.102 (C.52:9X-1 et seq.), P.L.1985, c.103
 34 (C.18A:64J-1 et seq.), P.L.1985, c.104 (C.18A:64J-8 et seq.),
 35 P.L.1985, c.105 (C.18A:64J-15 et seq.), and P.L.1985, c.106
 36 (C.18A:64J-22 et seq.).

37 “Angel investment” means the non-refundable transfer of cash to
 38 an incubator business by an established business that is not a related
 39 person of the incubator business, the transfer of which is in
 40 connection with either:

- 41 a. a transaction in exchange for stock, interests in partnerships
 42 or joint ventures, exclusive or non-exclusive licenses, rights to use
 43 technology, marketing rights, warrants, options, or any items
 44 similar to those included herein, including but not limited to options
 45 or rights to acquire any of the items included herein; 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.

1 b. a purchase, production, or research agreement.

2 “Authority” means the New Jersey Economic Development
3 Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

4 “Big data” shall have the same meaning as provided in section 1
5 of P.L.2014, c.33 (C.52:17C-3.4).

6 “Biotechnology,” “environmental technology,” “electronic
7 device technology,” and “medical device technology,” shall have
8 the same meaning as provided in section 2 of P.L.1996, c.26
9 (C.34:1B-125).

10 “Business accelerator” means a business development facility
11 that is located within an urban transit hub or within one mile of a
12 campus of a research institution that provides low-cost space and
13 technical assistance, for short-term occupancy, to an accelerator
14 business for a term of not more than six months. A “business
15 accelerator” may include, but shall not be limited to, an advanced
16 technology center or a technology extension service.

17 “Business incubator” means a business development facility that
18 is located within an urban transit hub or within one mile of a
19 campus of a research institution that provides low-cost space and
20 technical assistance, for short-term occupancy, to an incubator
21 business. A “business incubator” may include, but shall not be
22 limited to, an advanced technology center or a technology extension
23 service.

24 “Development program” means the “Startup Businesses in
25 Business Incubators Development Program” established pursuant to
26 section 2 of P.L. , c. (C.) (pending before the Legislature
27 as this bill).

28 “Eligible incubator business student hire” means an individual
29 employed by the taxpayer for consideration whose wages are
30 subject to withholding as provided in the "New Jersey Gross
31 Income Tax Act," N.J.S.54A:1-1 et seq., and who is enrolled full-
32 time in a science or technology business-related course of study at a
33 research institution or has successfully completed a science or
34 technology business-related course of study at a research institution
35 not more than 360 days prior to the date the individual is employed
36 by the taxpayer.

37 “Grant program” means the means the “Business Accelerator and
38 Business Incubator Network Grant Program” established pursuant
39 to section 5 of P.L. , c. (C.) (pending before the Legislature
40 as this bill).

41 “Incubator business” means a corporation, partnership, limited
42 liability company, or sole proprietorship, located within the
43 confines of a business incubator, that is supported by private
44 sources of capital, including, but not limited to, private equity,
45 angel investment, or venture capital that:

46 a. is in a formative stage of development or has transferred
47 directly from a business accelerator;

1 b. is engaged in the design, development, and introduction of
2 new biotechnology, information technology, logistics technology,
3 re-manufacturing, advanced materials, processing engineering or
4 electronic device technology products, or innovative manufacturing
5 processes; and

6 c. meets any other requirements for an incubator business as
7 the authority shall develop as determined by the authority.

8 "New Jersey emerging technology business" shall have the same
9 meaning as provided in section 2 of P.L.1997, c.349 (C.54:10A-
10 5.29).

11 "Research institution" means an institution of higher education,
12 as that term is defined in section 2 of P.L.1977, c.123 (C.18A:68-
13 11.2), a research hospital, or any combination thereof.

14 "Secretary" means the Secretary of Higher Education appointed
15 pursuant to section 2 of P.L.2009, c.208 (C.18A:3B-47).

16 "Support services" means the provision of publicly or privately-
17 supported, low-cost, short-term occupancy, rental space and
18 technology extension services wherein financial and other types of
19 business or technical assistance is provided to an accelerator
20 business or incubator business by a business accelerator or
21 incubator.

22 "Technology extension service" means a program to accelerate
23 the application and transfer of technological innovation by the
24 research institutions to an accelerator business or incubator
25 business, specifically to work with the State's accelerator businesses
26 or incubator businesses to adapt these innovations to the
27 requirements of individual business operations.

28 "Urban transit hub" shall have the same meaning as provided in
29 section 2 of P.L.2007, c.346 (C.34:1B-208).

30
31 2. (New section) a. The authority, in consultation with the
32 Secretary of Higher Education, shall establish and administer the
33 "Startup Businesses in Business Incubators Development Program"
34 for the purpose of providing financial assistance and support
35 services, directly and through public-private partnerships with
36 business accelerators and business incubators, to:

37 (1) an accelerator business located within a business accelerator
38 that provides support services, mentoring, and physical space to the
39 accelerator business; or

40 (2) an incubator business located within a business incubator
41 that provides support services, guidance, physical space, access to
42 capital, and collaborative programming with a research institution,
43 including collaborations to accommodate eligible incubator
44 business student hires, to the incubator business.

45 b. The authority shall provide financial assistance to a business
46 accelerator or a business incubator in an amount that matches 20
47 percent of the amount of financial assistance and support services
48 provided by a research institution, up to a total of \$200,000, which

1 may be applied to any aspect of an accelerator business or an
2 incubator business operating within the business accelerator or
3 business incubator.

4 c. In order to be eligible for financial assistance from the
5 authority, in accordance with subsection b. of this section, a
6 business accelerator or a business incubator, at the time of jointly
7 submitting an application for development program eligibility, shall
8 provide proof that it provides business development facilities and
9 business development assistance to an accelerator business or an
10 incubator business operating in one of the following fields:

- 11 (1) clean energy or environmental technology;
- 12 (2) life sciences, biotechnology, or medical device technology;
- 13 (3) advanced materials, engineering, or manufacturing;
- 14 (4) supply chain, transportation, or logistics;
- 15 (5) big data, advanced computing, or digital technology;
- 16 (6) defense or homeland security; or
- 17 (7) food and agriculture.

18 d. (1) The authority and the secretary shall, as they deem
19 appropriate, promote and facilitate public-private partnerships
20 between accelerator and incubator businesses, business accelerators
21 and incubators, and research institutions.

22 (2) The authority and the secretary shall adopt rules and
23 regulations to promote and facilitate public-private partnerships and
24 to establish the parameters of public-private partnership agreements
25 necessary for an accelerator business or an incubator business to
26 qualify for tax credits pursuant to sections 7 or 8 of
27 P.L. , c. (C.) (pending before the Legislature as this bill).

28 (3) The rules and regulations shall include, but not be limited to,
29 the following elements of public-private partnership agreements:

30 (a) requirements and guidelines for use of the expertise and
31 research capabilities of research institutions by an accelerator
32 business or an incubator business;

33 (b) requirements and guidelines for licensing rights authorizing
34 a research institution to use research and technology produced by an
35 accelerator business or an incubator business under a public-private
36 partnership agreement;

37 (c) requirements and guidelines for incubator business
38 employment opportunities for students enrolled in science and
39 technology business programs at research institutions and eligible
40 incubator business student hires; and

41 (d) requirements and guidelines for incubator business
42 internships for students enrolled in science and technology business
43 programs at research institutions and eligible incubator business
44 student hires.

45 e. An accelerator business or an incubator business shall not
46 qualify for tax credits pursuant to sections 7 or 8 of
47 P.L. , c. (C.) (pending before the Legislature as this bill)

1 unless the agreement complies with the requirements and guidelines
2 of paragraph (3) of subsection d. of this section.

3
4 3. (New section) a. An accelerator business or an incubator
5 business seeking to participate in the development program shall,
6 jointly with a business accelerator or a business incubator, submit
7 an application in a form and manner as the authority shall require.
8 The application shall include information the authority determines
9 is necessary to administer the development program. An
10 accelerator business or an incubator business seeking to participate
11 in the development program shall, jointly with the hosting business
12 accelerator or business incubator, submit to the authority
13 documentation stating that participation in the development
14 program will be a contributing factor towards the financial success
15 of the accelerator business or incubator business.

16 b. The authority shall review and may approve an application
17 for the development program. The authority shall approve an
18 application for development program eligibility pursuant to an
19 agreement with an accelerator business or an incubator business and
20 the business accelerator or business incubator hosting the
21 accelerator business or incubator business subject to the submission
22 of proof by an approved development program applicant of the
23 expenditures contributing to the success of an accelerator business
24 or incubator business assisted by the business accelerator or
25 incubator. An applicant who fails to comply with an agreement, as
26 a condition of receiving financial assistance, shall repay any
27 financial assistance received and, if so determined by the authority,
28 shall pay a penalty not in excess of 10 percent of the amount of
29 financial assistance.

30
31 4. (New section) a. The authority shall establish and maintain
32 the “Startup Businesses in Business Incubators Development
33 Program” established pursuant to section 2 of P.L. , c. (C.)
34 (pending before the Legislature as this bill) with monies to be used
35 by the authority for the purposes specified in P.L. , c. (C.)
36 (pending before the Legislature as this bill). Monies to be utilized
37 by the development program shall include, but not be limited to:

38 (1) monies as may be available to the authority from other
39 business development programs administered by the authority or
40 other State agencies or authorities, and which the authority
41 determines to be necessary in light of the volume of applications
42 from accelerator businesses and incubator businesses for eligibility
43 for the development program as necessary to implement the
44 purposes of P.L. , c. (C.) (pending before the Legislature as
45 this bill); and

46 (2) other monies as may be made available to the authority from
47 public or private sources.

1 b. Monies in the development program which are not allocated
2 for current responsibilities of the development program may be
3 invested by the authority in any direct obligations as to which
4 principal and interest are guaranteed by the United States of
5 America or any other obligation deemed appropriate by the
6 authority.

7
8 5. (New section) a. The authority shall establish and administer
9 the “Business Accelerator and Business Incubator Network Grant
10 Program” for the purpose of awarding grants to business
11 accelerators or business incubators, based upon a competitive
12 application and evaluation process.

13 b. In addition to the financial assistance provided pursuant to
14 subsection b. of section 2 of P.L. , c. (C.) (pending before
15 the Legislature as this bill), the authority shall annually,
16 commencing with the calendar year next beginning after the
17 effective date of P.L. , c. (C.) (pending before the
18 Legislature as this bill), and for the six subsequent calendar years
19 provide 10 business accelerator and business incubator network
20 grants, equaling \$100,000 each, to business accelerators or business
21 incubators, which may be applied to:

22 (1) any aspect of the business accelerator or business incubator
23 that provides support to incubator businesses in the business
24 accelerator or business incubator as determined by the authority; or

25 (2) any aspect of an accelerator business or incubator business
26 operating within the business accelerator or business incubator.

27 c. In order to be eligible for a grant, a business accelerator or
28 business incubator at the time of application for program eligibility,
29 must qualify to receive financial assistance provided pursuant to
30 section subsection b. of section 2 of P.L. , c. (C.)
31 (pending before the Legislature as this bill)

32 d. A business accelerator or business incubator seeking to
33 participate in the grant program shall submit an application in a
34 form and manner as the authority shall require. The application
35 shall include information that the authority determines to be
36 necessary to evaluate applications and administer the grant
37 program.

38 e. The authority shall annually review and evaluate
39 applications for the grant program, and make award decisions upon
40 evaluating the:

41 (1) strength of a business accelerator’s or business incubator’s
42 partnerships with, and ability to foster, innovative accelerator
43 businesses or incubator businesses;

44 (2) strength of a business accelerator’s or business incubator’s
45 partnerships with a research institution;

46 (3) comprehensiveness of the a business accelerator’s or
47 business incubator’s support services and technology extension
48 services; and

1 (4) strength of the business accelerator's or business incubator's
2 partnerships with minority businesses and women's businesses, as
3 those terms are defined in section 2 of P.L.1986, c.195 (52:27H-
4 21.18).

5 f. The authority shall issue payment of the grant amounts
6 pursuant to a grant agreement with a business accelerator or
7 business incubator as the authority may determine and shall subject
8 the approval of the agreement to the submission of proof by an
9 applicant of the expenditures contributing to the success of an
10 accelerator business or an incubator business assisted by the
11 business accelerator or business incubator. A grantee who fails to
12 comply with a grant agreement made as a condition of a grant
13 award shall repay any grant amount received and, if so determined
14 by the authority, shall pay a penalty not in excess of 10 percent of
15 the grant amount.

16 g. (1) The authority shall establish and maintain the grant
17 program with monies to be used by the authority for the purposes
18 specified in this section. Monies to be utilized by the development
19 program shall include, but not be limited to:

20 (a) monies as may be available to the authority from other
21 business development programs administered by the authority or
22 other State agencies or authorities, and which the authority
23 determines to be necessary in light of the volume of applications
24 from accelerator businesses and incubator businesses for eligibility
25 for the development program as necessary to implement the
26 purposes of P.L. , c. (C.) (pending before the Legislature as
27 this bill); and

28 (b) other monies as may be made available to the authority from
29 public or private sources.

30 (2) Monies in the grant program which are not allocated for
31 current responsibilities of the development program may be
32 invested by the authority in any direct obligations as to which
33 principal and interest are guaranteed by the United States of
34 America or any other obligation deemed appropriate by the
35 authority.

36
37 6. (New section) a. Within one year after the effective date of
38 P.L. , c. (C.) (pending before the Legislature as this bill) and
39 annually thereafter, the authority shall prepare a report on the
40 "Startup Businesses in Business Incubators Development Program"
41 and the "Business Accelerator and Business Incubator Network
42 Grant Program," and deliver the report to the Governor and,
43 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
44 Legislature, and make the report available to the public on the
45 authority's Internet site. The report shall include the number,
46 names, and types of accelerator businesses and incubator businesses
47 and the names of the business accelerators and incubators
48 participating in the development program and the grant program,

1 the total amount of financial assistance provided to business
2 accelerator and business incubator, the amount of financial
3 assistance received per accelerator business or incubator business,
4 the cumulative total value of tax credits provided to taxpayers for
5 qualified investments in New Jersey emerging technology
6 businesses under section 3 of P.L.1997, c.349 (C.54:10A-5.30) that
7 are located in a business accelerator or a business incubator, and
8 any other information as the authority determines is necessary to
9 evaluate the progress of the development program.

10 b. In the sixth annual report submitted by the authority
11 pursuant to this section, the authority shall include a
12 recommendation to the Governor and the Legislature on whether to
13 renew or discontinue:

14 (1) the grant program enacted pursuant to section 5 of
15 P.L. , c. (C.) (pending before the Legislature as this bill);
16 and

17 (2) the tax credits enacted pursuant to sections 7 and 8 of
18 P.L. , c. (C.) (pending before the Legislature as this bill).

19

20 7. (New section) a. For the privilege period next beginning
21 after the effective date of P.L. , c. (C.) (pending before the
22 Legislature as this bill), and for the six subsequent privilege
23 periods, a taxpayer that is an accelerator business or incubator
24 business, as defined pursuant to section 1 of P.L. , c. (C.)
25 (pending before the Legislature as this bill), shall be allowed a
26 credit for the privilege period against the tax imposed pursuant to
27 section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to 15
28 percent of the taxpayer's business operating expenses during the
29 taxpayer's participation in the "Startup Businesses in Business
30 Incubators Development Program," as determined by the authority,
31 pursuant to P.L. , c. (C.) (pending before the Legislature as
32 this bill), that is allowed for the privilege period. A taxpayer may
33 carry forward an unused credit for use in the six privilege periods
34 following the privilege period for which the credit is allowed, if
35 necessary.

36 b. The order of priority of the application of the credit allowed
37 pursuant to this section and any other credits allowed by law shall
38 be prescribed by the director. The amount of the credit applied
39 under this section against the tax imposed pursuant to section 5 of
40 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
41 any other credits allowed by law, shall not exceed 50 percent of the
42 tax liability otherwise due and shall not reduce the tax liability to an
43 amount less than the statutory minimum provided in subsection (e)
44 of section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of
45 expense claimed as a credit pursuant to this section shall not be
46 allowed as an amount calculated or claimed pursuant to any other
47 credit against the tax imposed pursuant to section 5 of P.L.1945,
48 c.162 (C.54:10A-5).

1 c. If the amount of credit allowed pursuant to subsection a. of
2 this section for a privilege period, together with any other payments
3 or credits against the tax, reduces the tax liability otherwise due for
4 the privilege period to zero, the taxpayer may elect to claim the
5 total amount of the credit remaining as an overpayment for the
6 purposes of R.S.54:49-15 to be paid as a refund in an amount equal
7 to 50 percent of the total amount claimed, provided, however, that
8 section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not apply.

9
10 8. (New section) a. For the taxable year next beginning after
11 the effective date of P.L. , c. (C.) (pending before the
12 Legislature as this bill), and for the six subsequent taxable years, a
13 taxpayer that is an accelerator business or incubator business, as
14 defined pursuant to section 1 of P.L. , c. (C.) (pending
15 before the Legislature as this bill), shall be allowed a credit for the
16 taxable year against the tax otherwise due for the taxable year
17 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
18 et seq., in an amount equal to 15 percent of the taxpayer's business
19 operating expenses during the taxpayer's participation in the
20 "Startup Businesses in Business Incubators Development Program,"
21 as determined by the authority, pursuant to P.L. , c. (C.)
22 (pending before the Legislature as this bill), that is allowed for the
23 taxable year. A taxpayer may, if necessary, carry forward an
24 unused credit for use in the six taxable years following the taxable
25 year for which the credit is allowed.

26 b. The order of priority of the application of the credit allowed
27 pursuant to this section and any other credits allowed by law shall
28 be prescribed by the director. The amount of the credit applied
29 under this section against the tax imposed pursuant to "New Jersey
30 Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year
31 together with any other credits allowed by law, shall not exceed 50
32 percent of the tax liability otherwise due. An amount of expense
33 claimed as a credit pursuant to this section shall not be allowed as
34 an amount calculated or claimed pursuant to any other credit against
35 the tax imposed pursuant to "New Jersey Gross Income Tax Act,"
36 N.J.S.54A:1-1 et seq.

37 A business entity classified as a partnership for federal income
38 tax purposes shall not be allowed a credit directly under the gross
39 income tax, but the amount of the credit of a taxpayer in respect of
40 a distributive share of partnership income shall be determined by
41 allocating to the taxpayer that proportion of the credit acquired by
42 the partnership that is equal to the taxpayer's share, whether or not
43 distributed, of the total distributive income or gain of the
44 partnership for its taxable year ending within or with the taxpayer's
45 taxable year.

46 A New Jersey S Corporation shall not be allowed a credit
47 directly under the gross income tax, but the amount of the credit of
48 a taxpayer in respect of a pro rata share of S Corporation income

1 shall be determined by allocating to the taxpayer that proportion of
2 the credit acquired by the New Jersey S Corporation that is equal to
3 the taxpayer's share, whether or not distributed, of the total pro rata
4 share of S Corporation income of the New Jersey S Corporation for
5 its privilege period ending within or with the taxpayer's taxable
6 year.

7 c. If the amount of credit allowed pursuant to subsection a. of
8 this section for a taxable year, together with any other payments or
9 credits against the tax, reduces the tax liability otherwise due for the
10 taxable year to zero, the taxpayer may elect to claim the total
11 amount of the credit remaining as an overpayment of tax pursuant
12 to N.J.S.54A:9-7 to be paid as a refund in an amount equal to 50
13 percent of the total amount claimed; provided, however, that
14 subsection (f) of that section, concerning the allowance of interest,
15 shall not apply.

16
17 9. Section 3 of P.L.1997, c.349 (54:10A-5.30) is amended to
18 read as follows

19 3. a. A taxpayer, upon approval of the taxpayer's application
20 therefor by the New Jersey Economic Development Authority and
21 in consultation with the director, shall be allowed a credit against
22 the tax imposed pursuant to section 5 of P.L.1945, c.162
23 (C.54:10A-5), in an amount equal to 10 percent of the qualified
24 investment made by the taxpayer in a New Jersey emerging
25 technology business, or in a New Jersey emerging technology
26 business holding company that makes a verified transfer of funds to
27 a New Jersey emerging technology business, up to a maximum
28 allowed credit of \$500,000 for the tax year for each qualified
29 investment made by the taxpayer.

30 b. A credit shall not be allowed pursuant to section 1 of
31 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for
32 which a credit is allowed, or which are includable in the calculation
33 of a credit allowed, under this section.

34 Notwithstanding any other provision of law, the order of priority
35 in which the credit allowed by this section and any other credits
36 allowed by law may be taken shall be as prescribed by the director.

37 c. Except as provided in subsection d. of this section, the
38 amount of tax year credit otherwise allowable under this section
39 which cannot be applied for the tax year against tax liability
40 otherwise due for that tax year may either be carried over, if
41 necessary, to the 15 tax years following the tax year for which the
42 credit was allowed or, at the election of the taxpayer, be claimed as
43 and treated as an overpayment for the purposes of R.S.54:49-15,
44 provided, however, that section 7 of P.L.1992, c.175 (C.54:49-15.1)
45 shall not apply.

46 d. A taxpayer may not carry over any amount of credit allowed
47 under subsection a. of this section to a tax year during which a
48 corporate acquisition with respect to which the taxpayer was a

1 target corporation occurred or during which the taxpayer was a
2 party to a merger or a consolidation, or to any subsequent tax year,
3 if the credit was allowed for a tax year prior to the year of
4 acquisition, merger or consolidation, except that if in the case of a
5 corporate merger or corporate consolidation the taxpayer can
6 demonstrate, through the submission of a copy of the plan of merger
7 or consolidation and such other evidence as may be required by the
8 director, the identity of the constituent corporation which was the
9 acquiring person, a credit allowed to the acquiring person may be
10 carried over by the taxpayer. As used in this subsection, "acquiring
11 person" means the constituent corporation the stockholders of
12 which own the largest proportion of the total voting power in the
13 surviving or consolidated corporation after the merger or
14 consolidation.

15 e. The Executive Director of the New Jersey Economic
16 Development Authority, in consultation with the director, shall
17 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
18 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
19 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
20 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
21 (C.54A:4-13), including, but not limited to: examples of and the
22 determination of qualified investments of which applicants shall
23 provide documentation with their tax credit application; the
24 promulgation of procedures and forms necessary to apply for a
25 credit; and provisions for credit applicants to be charged an initial
26 application fee and ongoing service fees to cover the administrative
27 costs related to the credit.

28 f. The amount of credits approved by the Executive Director of
29 the New Jersey Economic Development Authority, and in
30 consultation with the director, pursuant to subsection a. of this
31 section and pursuant to section 4 of P.L.2013, c.14 (C.54A:4-13),
32 shall not exceed a cumulative total of \$25,000,000 in any calendar
33 year to apply against the tax imposed pursuant to section 5 of
34 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
35 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
36 cumulative amount of credits allowed to taxpayers in a calendar
37 year exceeds the amount of credits available in that year, then
38 taxpayers who have first applied for and have not been allowed a
39 credit amount for that reason shall be allowed, in the order in which
40 they have submitted an application, the amount of the tax credit on
41 the first day of the next succeeding calendar year in which tax
42 credits under this section and section 4 of P.L.2013, c.14 (C.54A:4-
43 13) are not in excess of the amount of credits available.

44 g. The Executive Director shall provide a cumulative total of at
45 least \$5,000,000 in tax credits approved pursuant to subsection f. of
46 this section over a period of five calendar years next following the
47 effective date of P.L. , c. (C.) (pending before the
48 Legislature as this bill), to taxpayers for qualified investments in

1 New Jersey emerging technology businesses that are located in a
2 business accelerator or a business incubator, as those terms are
3 defined in section 1 of P.L. , c. (C.) (pending before the
4 Legislature as this bill).

5 h. The Executive Director shall work with the Business Action
6 Center in the Department of State to encourage qualified
7 investments in New Jersey emerging technology businesses that are
8 located in a business accelerator or a business incubator, as those
9 terms are defined in section 1 of P.L. , c. (C.) (pending
10 before the Legislature as this bill).

11 (cf: P.L.2017, c.40, s.2)

12
13 10. This act shall take effect immediately, but shall remain
14 inoperative for 60 days following the date of enactment. Sections 7
15 and 8 shall apply to privilege periods and taxable years beginning
16 on or after the January 1 next following the date of enactment.

17 18 19 STATEMENT

20
21 This bill directs the New Jersey Economic Development Authority
22 (EDA), in consultation with the Secretary of Higher Education
23 (secretary), to establish and administer the “Startup Businesses in
24 Business Incubators Development Program” (program) to provide
25 financial assistance and support services to an accelerator business or
26 incubator business located within a business accelerator or incubator.
27 To qualify, a business accelerator or incubator is required to be located
28 within an urban transit hub or within one mile of a research institution
29 campus. The EDA is to provide financial assistance to a business
30 accelerator or incubator in an amount that matches 20 percent of the
31 amount of funding provided by a research institution up to a total of
32 \$200,000, which may be applied to any aspect of an accelerator or
33 incubator business operating within the accelerator or incubator.

34 The bill requires that, in order to be eligible for financial assistance
35 from the EDA, an accelerator or incubator business at the time of
36 jointly submitting an application for program eligibility, operates in
37 one of several specified fields.

38 The bill requires the EDA and the secretary to promote and
39 facilitate public-private partnerships between businesses, accelerators
40 and incubators, and New Jersey research institutions through the
41 adoption of rules and regulations promoting and facilitating public-
42 private partnerships and to establish the parameters of public-private
43 partnership agreements.

44 An accelerator or incubator business seeking to participate in the
45 program is to submit an application jointly with an accelerator or
46 incubator in a form and manner as the EDA requires. The EDA is to

1 provide financial assistance to an accelerator or incubator pursuant to
2 an agreement. An applicant that fails to comply with the agreement
3 made as a condition of receiving financial assistance is to repay any
4 financial assistance received and, if determined by the EDA, is to pay
5 a penalty not in excess of 10 percent of the amount of financial
6 assistance.

7 The EDA is to establish and maintain the program with the
8 following sources of funds: 1) funds as may be available to the EDA
9 from other business development programs administered by the EDA
10 or other State agencies or authorities, and which the EDA determines
11 to be necessary in light of the volume of applications from accelerator
12 and incubator businesses for eligibility under the program as necessary
13 to implement the bill; and 2) other monies as may be made available to
14 the EDA from public or private sources.

15 The bill also requires the EDA to administer and establish a
16 “Business Accelerator and Business Incubator Network Grant
17 Program” to provide 10 grants annually, for seven years, to business
18 accelerators or business incubators, based upon a competitive
19 application and evaluation process. The grants provided under the
20 program are required to equal \$100,000 each. In order to be eligible
21 for a grant, a business accelerator or business incubator is required to
22 qualify to receive financial assistance under the “Startup Businesses in
23 Business Incubators Development Program.” The bill requires the
24 EDA to evaluate applications for the grant program and make award
25 decisions upon evaluating the business accelerator’s or business
26 incubator’s partnerships with innovative businesses, partnerships with
27 a research institution, provision of support services and technology
28 extension services, and partnerships with minority businesses and
29 women’s businesses. The EDA is required to fund the grant program
30 through monies as may be available to the EDA from other business
31 development and from other monies available to the EDA from public
32 or private sources.

33 The bill provides corporation business tax credits and gross income
34 tax credits, for seven tax periods, for accelerator and incubator
35 businesses participating in the development program. The credits are
36 equal to 15 percent of the cost of accelerator or incubator business
37 operating expenses during the business’s participation in the program.
38 The taxpayer may carry unused tax credits forward, if necessary, for
39 seven tax periods or may file a petition for a refund equal to 50 percent
40 of the amount of an unused tax credit.

41 The bill also requires the Executive Director of the EDA to provide
42 at least \$5,000,000 in tax credits available under the “New Jersey
43 Angel Investor Tax Credit Act” to taxpayers for qualified investments
44 in New Jersey emerging technology businesses located in business
45 accelerators and business incubators over the period of the five fiscal
46 years next following the effective date of the bill.

1 The bill requires the EDA to prepare an annual report on the
2 program, deliver the report to the Governor and the Legislature, and
3 make the report available to the public on the authority's website. The
4 sixth annual report is required to recommend to the Governor and the
5 Legislature, whether the grant program, business tax credits, and gross
6 income tax credits should be renewed or discontinued.