LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5470

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Provides allowances for certain redevelopment projects undertaken by institutions of higher education under New Jersey Aspire Program.

Type of Impact: Multi-year decrease in State revenues.

Agencies Affected: New Jersey Economic Development Authority.

Office of Legislative Services Estimate

Fiscal Impact	Multi-Year Lifespan of Tax Credit Awards
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate multi-year decrease in State revenues.

- By allowing developers to receive tax credits for certain redevelopment projects undertaken by institutions of higher education, the bill may result in a State revenue loss because it allows the Economic Development Authority to award tax credits to developers for costs associated with these institutional projects.

- Using information available through the authority, the OLS estimates that there were approximately $1.6 billion in uncommitted tax credits available for award through the New Jersey Aspire and Emerge Programs as of December 15, 2025. Of that amount, approximately $1.4 billion in tax credits may be awarded to non-transformative projects and $200.0 million may be awarded to transformative projects.

BILL DESCRIPTION

This bill modifies certain provisions of current law to allow certain redevelopment projects undertaken by institutions of higher education to qualify for tax credits under the New Jersey Aspire Program.

The bill defines an "institutional project" as a redevelopment project that is developed by, or in affiliation with, an institution of higher education with a research activity designation of Research 1 (R1) or Research 2 (R2) from the Carnegie Classification of Institutions of Higher Education, and for which at least 51 percent of the square footage of the project is dedicated for the use of qualified research and development. The bill provides that no more than five percent of the square footage of an institutional project be leased or subleased to any entity other than the institution of higher education occupying the redevelopment project.

To qualify for an incentive award under the Aspire Program, the bill provides that the developer of an institutional project is required to contribute capital of at least 20 percent of the total project cost or $30.0 million, whichever is greater, regardless of the overall cost of the project, except when the project is located in a government-restricted municipality. The bill permits the developer of an institutional project to elect an eligibility period not to exceed five years, with an additional period of continued compliance for five years, rather than require an eligibility period not to exceed 10 years for such a project. The eligibility period is the period during which a developer may claim a tax credit.

The bill also provides that institutional projects are not subject to the net benefit analysis that is required for certain other redevelopment projects. Under current law, an exemption from the net benefit analysis is provided for investments in residential projects, food delivery sources, and health care or health services centers. An institutional project is eligible for an incentive award equal to 80 percent of project costs, limited to a maximum value of $90.0 million for each institutional project or phase thereof. The bill prohibits the approval of total tax credits of greater than $90 million for all institutional projects under the New Jersey Aspire Program.

The bill provides similar changes for institutional projects that qualify as transformative projects under the New Jersey Aspire Program. Specifically, the bill provides that an institutional project is eligible for an incentive award equal to 80 percent of project costs. In both instances, the incentive award is capped at $400.0 million or the amount of the project financing gap. The bill also exempts institutional projects from the net benefit analysis requirement for transformative projects.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate multi-year decrease in State revenues. By allowing developers to receive tax credits for certain redevelopment projects undertaken by certain institutions of higher education, the bill may result in a State revenue loss because it allows the authority to award tax credits to developers for costs associated with institutional projects. Current law does not allow the authority to authorize tax credit awards under the New Jersey Aspire Program for institutional projects. The OLS cannot precisely quantify the direct revenue loss due to insufficient information regarding institutional projects that may qualify for tax credits under the bill.

The OLS notes that the bill reserves for institutional projects up to $90 million in tax credits authorized to be issued under the New Jersey Aspire Program under current law. The bill does not

increase the $6.6 billion cap in tax credit awards through the New Jersey Aspire Program and the Emerge Program combined through FY 2029, with no tax credits authorized beyond FY 2029.

According to the Carnegie Classification of Institutions of Higher Education, the New Jersey Institute of Technology, Princeton University, and Rutgers University-New Brunswick have a research activity designation of Research 1 (R1), while Kean University, Montclair State University, Rowan University, Rutgers University-Camden, Rutgers University-Newark, Seton Hall University, and Stevens Institute of Technology have a research activity designation of Research 2 (R2).

Using information available through the authority, the OLS estimates that there were approximately $1.6 billion in uncommitted tax credits available for award through the New Jersey Aspire and Emerge Programs as of December 15, 2025. Of that amount, approximately $1.4 billion in tax credits may be awarded to non-transformative projects and $200.0 million may be awarded to transformative projects. Current law allows New Jersey Aspire Program tax credits allocated for non-transformative projects to be transferred to support transformative projects if the amount of tax credits otherwise available for transformative projects is less than $1.0 billion and the authority's board determines that the transfer is warranted based on such criteria as the authority deems appropriate.

Section:	*Revenue, Finance, and Appropriations*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).