

SENATE, No. 1323

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Revises various requirements of New Jersey Aspire Program and establishes Redevelopment Project Bridge Financing Program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the New Jersey Aspire Program, amending
2 various parts of the statutory law, and supplementing P.L.2020,
3 c.156.
4

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

7
8 1. Section 55 of P.L.2020, c.156 (C.34:1B-323) is amended to read
9 as follows:

10 55. As used in sections 54 through 67 of P.L.2020, c.156 (C.34:1B-
11 322 through 34:1B-335):

12 "Agency" means the New Jersey Housing and Mortgage Finance
13 Agency established pursuant to P.L.1983, c.530 (C.55:14K-1 et seq.).

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

16 "Aviation district" means all areas within the boundaries of the
17 Atlantic City International Airport, established pursuant to section 24 of
18 P.L.1991, c.252 (C.27:25A-24), and the Federal Aviation
19 Administration William J. Hughes Technical Center and the area within
20 a one-mile radius of the outermost boundary of the Atlantic City
21 International Airport and the Federal Aviation Administration William
22 J. Hughes Technical Center.

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

26 "Building services" means any cleaning or routine building
27 maintenance work, including but not limited to sweeping, vacuuming,
28 floor cleaning, cleaning of rest rooms, collecting refuse or trash,
29 window cleaning, securing, patrolling, or other work in connection with
30 the care or securing of an existing building, including services typically
31 provided by a door-attendant or concierge. "Building services" shall not
32 include any skilled maintenance work, professional services, or other
33 public work for which a contractor is required to pay the "prevailing
34 wage" as defined in section 2 of P.L.1963, c.150 (C.34:11-56.26).

35 "Cash flow" means the profit or loss that an investment property
36 earns from rent, deposits, and other fees after financial obligations, such
37 as debt, maintenance, government payments, and other expenses, have
38 been paid.

39 "Collaborative workspace" means coworking, accelerator,
40 incubator, or other shared working environments that promote
41 collaboration, interaction, socialization, and coordination among
42 tenants through the clustering of multiple businesses or individuals. For
43 this purpose, the collaborative workspace shall be the greater of: 2,500
44 of dedicated square feet or 10 percent of the total property on which the
45 redevelopment project is situated. The collaborative workspace shall

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.

S1323 POU

1 include a community manager, be focused on collaboration among the
2 community members, and include regularly scheduled education events
3 for the community members. The collaborative workspace shall also
4 include a physical open space that supports the engagement of its
5 community members.

6 "Commercial project" means a redevelopment project, which is
7 predominantly commercial and, if located in a government-restricted
8 municipality, contains 25,000 or more square feet, or if located in any
9 other municipality, contains 50,000 or more square feet of office and
10 retail space, industrial space including, but not limited to, any industrial
11 space that is predominantly used for warehouse distribution or
12 fulfillment centers and has at least \$10 million in environmental
13 remediation costs, or film studios, professional stages, television
14 studios, recording studios, screening rooms, or other infrastructure for
15 film production, and may include a parking component. The term
16 "commercial project" includes a redevelopment project comprised
17 solely of a health care or health services center, which contains not less
18 than 10,000 square feet devoted to health care or health services, and
19 which may include a parking component.

20 "Developer" means a person who enters or proposes to enter into an
21 incentive award agreement pursuant to the provisions of section 60 of
22 P.L.2020, c.156 (C.34:1B-328), including, but not limited, to a lender
23 that completes a redevelopment project, operates a redevelopment
24 project, or completes and operates a redevelopment project.

25 "Director" means the Director of the Division of Taxation in the
26 Department of the Treasury.

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

36 "Economic development incentive" means a financial incentive,
37 awarded by the authority, or agreed to between the authority and a
38 business or person, for the purpose of stimulating economic
39 development or redevelopment in New Jersey, including, but not limited
40 to, a bond, grant, loan, loan guarantee, matching fund, tax credit, or
41 other tax expenditure.

42 "Eligibility period" means the period not to exceed 15 years for a
43 commercial or mixed-use project or the period not to exceed 10 years
44 for a residential project specified in an incentive award agreement
45 during which a developer may claim a tax credit under the program, as
46 such period shall be determined by the authority pursuant to subsection
47 b. of section 60 of P.L.2020, c.156 (C.34:1B-328).

1 "Enhanced area" means (1) a municipality that contains an urban
2 transit hub, as defined in section 2 of P.L.2007, c.346 (C.34:1B-208);
3 (2) the five municipalities with the highest poverty rates according to
4 the 2017 Municipal Revitalization Index; and (3) the three
5 municipalities with the highest percentage of SNAP recipients
6 according to the 2017 Municipal Revitalization Index.

7 "Environmental remediation costs" means any costs incurred by a
8 developer in the completion of any actions necessary to investigate,
9 clean up, or respond to a known, suspected, or threatened discharge of
10 contaminants, including, as necessary, the preliminary assessment, site
11 investigation, remedial investigation, and remedial action, pursuant to
12 sections 23 through 43 and section 45 of P.L.1993, c.139 (C.58:10B-1
13 et seq.).

14 "Food delivery source" means access to nutritious foods, such as
15 fresh fruits and vegetables, through grocery operators, including, but not
16 limited to a full-service supermarket or grocery store, and other healthy
17 food retailers of at least 16,000 square feet, including, but not limited
18 to, a prepared food establishment selling primarily nutritious ready-to-
19 serve meals.

20 "Food desert community" means a physically contiguous area in the
21 State in which residents have limited access to nutritious foods, such as
22 fresh fruits and vegetables, and that has been designated as a food desert
23 community pursuant to subsection b. of section 38 of P.L.2020, c.156
24 (C.34:1B-306).

25 "Government-restricted municipality" means a municipality in this
26 State with a municipal revitalization index distress score of at least 75,
27 that met the criteria for designation as an urban aid municipality in the
28 2019 State fiscal year, and that, on the effective date of P.L.2020, c.156
29 (C.34:1B-269 et al.), is subject to financial restrictions imposed
30 pursuant to the "Municipal Stabilization and Recovery Act," P.L.2016,
31 c.4 (C.52:27BBBB-1 et seq.), or is restricted in its ability to levy
32 property taxes on property in that municipality as a result of the State of
33 New Jersey owning or controlling property representing at least 25
34 percent of the total land area of the municipality or as a result of the
35 federal government of the United States owning or controlling at least
36 50 acres of the total land area of the municipality, which is dedicated as
37 a national natural landmark.

38 "Health care or health services center" means an establishment that
39 consists of not less than 10,000 square feet devoted to health care or
40 health services, where patients are admitted for or seek examination and
41 treatment by one or more physicians, dentists, psychologists, or other
42 medical practitioners, and which is located in a municipality with a
43 Municipal Revitalization Index distress score of at least 50, a distressed
44 municipality, or a qualified incentive tract.

45 "Hospitality establishment" means a hotel, motel, or any business,
46 however organized, that sells food, beverages, or both for consumption
47 by patrons on the premises.

1 "Incentive area" means an aviation district; a port district; an area
2 designated pursuant to the "State Planning Act," P.L.1985, c.398
3 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan), Planning
4 Area 2 (Suburban), **[or]** a Designated Center, **[provided an area**
5 **designated as Planning Area 2 (Suburban) or a Designated Center shall**
6 **be located within a one-half mile radius of the mid-point, with bicycle**
7 **and pedestrian connectivity, of a New Jersey Transit Corporation, Port**
8 **Authority Transit Corporation, or Port Authority Trans-Hudson**
9 **Corporation rail, bus, or ferry station, including all light rail stations, or**
10 **a high-frequency bus stop as certified by the New Jersey Transit**
11 **Corporation]** or an Endorsed Plan; an area designated as a brownfield
12 site pursuant to the "Brownfield and Contaminated Site Remediation
13 Act," sections 23 through 43 and section 45 of P.L.1993, c.139
14 (C.58:10B-1 et seq.); and an area of not less than 100 acres for which a
15 licensed site remediation professional has certified environmental
16 remediation costs, as defined in this section and in accordance with the
17 "Site Remediation Reform Act," sections 1 through 29 of P.L.2009, c.60
18 (C.58:10C-1 et seq.), in an amount not less than \$10,000,000, provided
19 that any portion of such area is located in an area that otherwise qualifies
20 as an incentive area.

21 "Incentive award" means an award of tax credits to reimburse a
22 developer for all or a portion of the project financing gap of a
23 redevelopment project pursuant to the provisions of sections 54 through
24 67 of P.L.2020, c.156 (C.34:1B-322 through 34:1B-335).

25 "Incentive award agreement" means the contract executed between
26 a developer and the authority pursuant to section 60 of P.L.2020, c.156
27 (C.34:1B-328), which sets forth the terms and conditions under which
28 the developer may receive the incentive awards authorized pursuant to
29 the provisions of sections 54 through 67 of P.L.2020, c.156 (C.34:1B-
30 322 through 34:1B-335).

31 "Incubator facility" means a commercial property, which contains
32 5,000 or more square feet of office, laboratory, or industrial space,
33 which is located near, and presents opportunities for collaboration with,
34 a research institution, teaching hospital, college, or university, and
35 within which at least 75 percent of the gross leasable area is restricted
36 for use by one or more technology startup companies.

37 "Individuals with special needs" means individuals with mental
38 illness, individuals with physical or developmental disabilities, and
39 individuals in other emerging special needs groups identified by the
40 authority, based on guidelines established for the administration of the
41 Special Needs Housing Trust Fund established pursuant to section 1 of
42 P.L.2005, c.163 (C.34:1B-21.25a) or developed in consultation with
43 other State agencies.

44 "Labor harmony agreement" means an agreement between a
45 business that serves as the owner or operator of a retail establishment,
46 hospitality establishment, or distribution center and one or more labor
47 organizations, which requires, for the duration of the agreement: that
48 any participating labor organization and its members agree to refrain

1 from picketing, work stoppages, boycotts, or other economic
2 interference against the business; and that the business agrees to
3 maintain a neutral posture with respect to efforts of any participating
4 labor organization to represent employees at an establishment or other
5 unit in the retail establishment, hospitality establishment, or distribution
6 center, agrees to permit the labor organization to have access to the
7 employees, and agrees to guarantee to the labor organization the right
8 to obtain recognition as the exclusive collective bargaining
9 representatives of the employees in an establishment or unit at the retail
10 establishment, hospitality establishment, or distribution center by
11 demonstrating to the New Jersey State Board of Mediation, Division of
12 Private Employment Dispute Settlement, or a mutually agreed-upon,
13 neutral, third party that a majority of workers in the unit have shown
14 their preference for the labor organization to be their representative by
15 signing authorization cards indicating that preference. The labor
16 organization or organizations shall be from a list of labor organizations
17 which have requested to be on the list and which the Commissioner of
18 Labor and Workforce Development has determined represent
19 substantial numbers of retail establishment, hospitality establishment,
20 or distribution center employees in the State.

21 "Low-income housing" means housing affordable according to
22 federal Department of Housing and Urban Development or other
23 recognized standards for home ownership and rental costs and occupied
24 or reserved for occupancy by households with a gross household income
25 equal to 50 percent or less of the median gross household income for
26 households of the same size within the housing region in which the
27 housing is located.

28 "Major cultural institution" means a public or nonprofit institution,
29 not including an institution of higher education, within this State that
30 engages in the cultural, intellectual, scientific, environmental,
31 educational, or artistic enrichment of the people of this State, and which
32 institution is designated by the board as a major cultural institution.

33 "Major rail station" means a railroad station that is located within a
34 qualified incentive area and that provides to the public access to a
35 minimum of six rail passenger service lines operated by the New Jersey
36 Transit Corporation.

37 "Minimum environmental and sustainability standards" means
38 standards established by the authority in accordance with the green
39 building manual prepared by the Commissioner of Community Affairs
40 pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6), regarding
41 the use of renewable energy, energy-efficient technology, and non-
42 renewable resources to reduce environmental degradation and
43 encourage long-term cost reduction.

44 "Mixed-use project" means a redevelopment project that includes
45 both a residential component and a nonresidential component.

46 "Moderate-income housing" means housing affordable according to
47 federal Department of Housing and Urban Development or other
48 recognized standards for home ownership and rental costs and occupied

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

5 "Municipal Revitalization Index" means the index by the
6 Department of Community Affairs ranking New Jersey's municipalities
7 according to eight separate indicators that measure diverse aspects of
8 social, economic, physical, and fiscal conditions in each locality.

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

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

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

19 "Program" means the New Jersey Aspire Program established by
20 section 56 of P.L.2020, c.156 (C.34:1B-324).

21 "Project cost" or "total project cost" means the costs incurred in
22 connection with a redevelopment project by a developer until the
23 issuance of a permanent certificate of occupancy, or until such other
24 time specified by the authority, for a specific investment or
25 improvement, including the costs relating to lands, except the cost of
26 acquiring such lands, buildings, improvements, real or personal
27 property, or any interest therein, including leases discounted to present
28 value, including lands under water, riparian rights, space rights, and air
29 rights acquired, owned, developed or redeveloped, constructed,
30 reconstructed, rehabilitated, or improved, any environmental
31 remediation costs, plus costs not directly related to construction,
32 including capitalized interest paid to third parties, of an amount not to
33 exceed 20 percent of the total costs and the cost of infrastructure
34 improvements, including ancillary infrastructure projects. When 100
35 percent of the residential units constructed in a residential project are
36 reserved for occupancy by low- and moderate-income households, the
37 term "project cost" shall also include the developer fees paid before
38 acquiring permanent financing, as well as the deferred developer fees
39 approved pursuant to the rules established by the agency. In addition to
40 the foregoing, the term "project cost" shall include the following costs
41 when incurred by a developer for a redevelopment project located in a
42 government restricted municipality: any development, redevelopment,
43 and relocation costs, including, but not limited to, land and building
44 acquisition costs; any soft costs, including engineering, legal,
45 accounting, and other professional services required for the completion
46 of the project; any environmental remediation costs; and any
47 infrastructure improvement for the project area, including, but not
48 limited to, costs of on- and off-site utility, road, pier, wharf, bulkhead,

1 or sidewalk construction or repair. The fees associated with the
2 application or administration of a grant under sections 54 through 67 of
3 P.L.2020, c.156 (C.34:1B-322 through 34:1B-335) shall not constitute
4 a project cost, regardless of the location of the redevelopment project.

5 "Project financing gap" means the part of the total project cost,
6 including reasonable and appropriate return on investment, that remains
7 to be financed after all other sources of capital have been accounted for,
8 including, but not limited to developer contributed capital, which shall
9 not be less than 20 percent of the total project cost, and investor or
10 financial entity capital or loans for which the developer, after making
11 all good faith efforts to raise additional capital, certifies that additional
12 capital cannot be raised from other sources on a non-recourse basis;
13 provided, however, that for a redevelopment project located in a
14 government-restricted municipality, the developer contributed capital
15 shall not be less than 10 percent of the total project cost. Developer
16 contributed capital may consist of cash, deferred development fees,
17 costs for project feasibility incurred within the 12 months prior to
18 application, property value less any mortgages when the developer owns
19 the project site, and any other investment by the developer in the project
20 deemed acceptable by the authority, as provided by regulations
21 promulgated by the authority. Property value shall be valued at the
22 lesser of: (i) the purchase price, provided the property was purchased
23 pursuant to an arm's length transaction within 12 months of application;
24 or (ii) the value as determined by a current appraisal.

25 "Project labor agreement" means a form of pre-hire collective
26 bargaining agreement covering terms and conditions of a specific
27 project that satisfies the requirements set forth in section 5 of P.L.2002,
28 c.44 (C.52:38-5).

29 "Qualified incentive tract" means (i) a population census tract
30 having a poverty rate of 20 percent or more; or (ii) a census tract in
31 which the median family income for the census tract does not exceed 80
32 percent of the greater of the Statewide median family income or the
33 median family income of the metropolitan statistical area in which the
34 census tract is situated.

35 "Quality childcare facility" is a child care center licensed by the
36 Department of Children and Families or a registered family child care
37 home with the Department of Human Services, operating continuously,
38 which has not been subject to an enforcement action, and which has and
39 maintains a licensed capacity for children age 13 years or younger who
40 attend for less than 24 hours a day.

41 "Reasonable and appropriate return on investment" means the
42 discount rate at which the present value of the future cash flows of an
43 investment equals the cost of the investment. In determining the
44 "reasonable and appropriate return on investment," an investment shall
45 not include any federal, State, or local tax credits. For a residential
46 project that utilizes federal low-income housing tax credits awarded by
47 the agency, the "reasonable and appropriate return on investment" shall
48 be based on the approval of deferred developer fees pursuant to the rules

1 established by the agency. In the event that a residential project, which
2 utilizes federal low-income housing tax credits awarded by the agency,
3 generates returns on equity other than federal or local grants or proceeds
4 from the sale of federal or local tax credits, the "reasonable and
5 appropriate return on investment" shall be based on both the discount
6 rate at which the present value of the future cash flows of an investment
7 equal the cost of the investment for the entire project, and when
8 evaluating only the units financed with federal low-income housing tax
9 credits awarded by the agency, the approval of deferred developer fees
10 pursuant to the rules established by the agency.

11 "Redevelopment project" means a specific construction project or
12 improvement or phase of a project or improvement undertaken by a
13 developer, owner or tenant, or both, and any ancillary infrastructure
14 project. A redevelopment project may involve construction or
15 improvement upon lands, buildings, improvements, or real and personal
16 property, or any interest therein, including lands under water, riparian
17 rights, space rights, and air rights, acquired, owned, developed or
18 redeveloped, constructed, reconstructed, rehabilitated, or improved.

19 "Residential project" means a redevelopment project that is
20 predominantly residential, intended for multi-family residency, and may
21 include a parking component.

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

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

26 "Stranded asset" means any building previously used for
27 commercial, retail, office space, manufacturing, or industrial purposes,
28 which building is no longer used for such purposes, and which has been
29 abandoned, experienced significant vacancies for at least two
30 consecutive years, or has fallen into such disrepair as to be untenable.

31 "Technology startup company" means a for-profit business that has
32 been in operation fewer than seven years at the time that it initially
33 occupies or expands in a qualified business facility and is developing or
34 possesses a proprietary technology or business method of a high
35 technology or life science-related product, process, or service, which
36 proprietary technology or business method the business intends to move
37 to commercialization. The business shall be deemed to have begun
38 operation on the date that the business first hired at least one employee
39 in a full-time position.

40 "Total **[project]** development cost" or "total redevelopment cost"
41 means the costs incurred in connection with the redevelopment project
42 by the developer until the issuance of a permanent certificate of
43 occupancy, or upon such other event evidencing project completion as
44 set forth in the incentive grant agreement, for a specific investment or
45 improvement.

46 "Tourism destination project" means a non-gaming business facility
47 that will be among the most visited privately owned or operated tourism
48 or recreation sites in the State, and which has been determined by the

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

5 "Transit hub" means an urban transit hub, as defined in section 2 of
6 P.L.2007, c.346 (C.34:1B-208), that is located within an eligible
7 municipality, as defined in section 2 of P.L.2007, c.346 (C.34:1B-208)
8 and is located within a qualified incentive area.

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

17 "Transit Village" means a municipality that has been designated as
18 a transit village by the Commissioner of Transportation and the Transit
19 Village Task Force established pursuant to P.L.1985, c.398 (C.27:1A-
20 5).

21 (cf: P.L.2023, c.98, s.1)

22

23 2. Section 56 of P.L.2020, c.156 (C.34:1B-324) is amended to
24 read as follows:

25 56. a. (1) The New Jersey Aspire Program is hereby established
26 as a program under the jurisdiction of the New Jersey Economic
27 Development Authority. The authority shall administer the program
28 to encourage redevelopment projects through the provision of
29 incentive awards to reimburse developers for certain project
30 financing gap costs. The board may approve the award of an
31 incentive award to a developer upon application to the authority
32 pursuant to sections 58 and 59 of P.L.2020, c.156 (C.34:1B-326 and
33 C.34:1B-327). The value of all tax credits approved by the authority
34 pursuant to sections 54 through 67 of P.L.2020, c.156 (C.34:1B-322
35 through 34:1B-335) shall be subject to the limitations set forth in
36 section 98 of P.L.2020, c.156 (C.34:1B-362).

37 (2) The authority, in consultation with the agency, shall adopt
38 rules and regulations, pursuant to subsection b. of section 67 of
39 P.L.2020, c.156 (C.34:1B-335), concerning the establishment and
40 administration of the affordability controls that shall apply to the
41 residential units constructed for occupancy by low- and moderate-
42 income households under the program, including, but not limited to,
43 residential units within residential projects that utilize federal low-
44 income housing tax credits awarded by the agency. Notwithstanding
45 any provision of law or regulation to the contrary, the affordability
46 controls shall, at a minimum, be consistent with the affordability
47 controls established in the rules and regulations adopted pursuant to
48 the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et al.), as in

1 effect immediately prior to the effective date of P.L.2023, c.98
2 (C.34:1B-335.1 et al.), including, but not limited to, any requirements
3 concerning the **【bedroom distributions,】** affordability averages,
4 affirmative marketing, and long-term deed restrictions of residential
5 units constructed for occupancy by low- and moderate-income
6 households, except not including the bedroom distribution
7 requirements for three-bedroom housing units.

8 b. The chief executive officer of the authority shall designate
9 one staff member per government-restricted municipality in order to
10 keep the municipality informed on activities within the municipality
11 and to coordinate economic development initiatives.
12 (cf: P.L.2023, c.98, s.2)

13
14 3. Section 57 of P.L.2020, c.156 (C.34:1B-325) is amended to read
15 as follows:

16 57. a. Prior to March 1, 2029, a developer shall be eligible to receive
17 an incentive award for a redevelopment project only if the developer
18 demonstrates to the authority at the time of application that:

19 (1) without the incentive award, the redevelopment project is not
20 economically feasible;

21 (2) a project financing gap exists, or the authority determines that
22 the redevelopment project will generate a below market rate of return;

23 (3) the redevelopment project, except a film studio, professional
24 stage, television studio, recording studio, screening room, or other
25 infrastructure used for film production, is located in the incentive area;

26 (4) (a) except for demolition and site remediation activities, the
27 developer has not commenced any construction at the site of the
28 redevelopment project prior to submitting an application, unless the
29 authority determines that the redevelopment project would not be
30 completed otherwise or, in the event the redevelopment project is to be
31 undertaken in phases, the requested incentive award is limited to only
32 phases for which construction has not yet commenced;

33 (b) if the developer has commenced demolition and site remediation
34 activities at the site of the redevelopment project prior to submitting an
35 application, all construction workers employed to undertake demolition
36 and site remediation activities at the site were paid not less than the
37 prevailing wage rate for the worker's craft or trade, as determined by
38 the Commissioner of Labor and Workforce Development pursuant to
39 P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379 (C.34:11-
40 56.58 et seq.);

41 (5) the redevelopment project shall comply with minimum
42 environmental and sustainability standards;

43 (6) the redevelopment project shall comply with the authority's
44 affirmative action requirements, adopted pursuant to section 4 of
45 P.L.1979, c.303 (C.34:1B-5.4);

46 (7) (a) during the eligibility period, each worker employed to
47 perform construction work at the redevelopment project shall be paid
48 not less than the prevailing wage rate for the worker's craft or trade, as

1 determined by the Commissioner of Labor and Workforce Development
2 pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
3 (C.34:11-56.58 et seq.);

4 (b) during the eligibility period, each worker employed to perform
5 building services work at the redevelopment project, whether pursuant
6 to contract by the developer or a commercial tenant, commercial
7 subtenant, or other commercial occupant, shall be paid not less than the
8 prevailing wage rate for the worker's craft or trade, as determined by the
9 Commissioner of Labor and Workforce Development pursuant to
10 P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379 (C.34:11-
11 56.58 et seq.), except that this requirement shall not apply to workers
12 employed to perform building services work by **[a]** any residential
13 tenant or any commercial tenant, commercial subtenant, or other
14 commercial occupant that has a leasehold interest or other occupancy
15 right in a redevelopment project, which leasehold interest or other
16 occupancy right encompasses less than 5,000 square feet of space within
17 the project. The developer shall include in all commercial leases or
18 other commercial occupancy agreements, and shall require that all
19 subleases or other commercial occupancy agreements applicable to the
20 redevelopment project include, a provision setting forth the
21 requirements of this subparagraph, which provision shall be in a form
22 acceptable to the authority. Notwithstanding any provisions of law to
23 the contrary, if a commercial tenant, commercial subtenant, or other
24 commercial occupant violates this provision due to the underpayment
25 of the required prevailing wage rate, then the issuance of tax credits to
26 the developer and any co-applicant shall be delayed until such time as
27 documentation demonstrating compliance has been provided to the
28 Commissioner of Labor and Workforce Development, subsequently
29 reviewed and approved by the Commissioner of Labor and Workforce
30 Development, and verified by the authority, which reviews and
31 verification shall be completed. If a violation is not cured, or is not
32 capable of being cured, within one year of receipt of notice of the
33 violation, then the developer and any co-applicant shall forfeit 50
34 percent of the tax credits otherwise authorized for the tax period in
35 which the notice of violation was issued. If the violation is not cured on
36 or before the conclusion of that tax period, the developer and any co-
37 applicant shall forfeit up to 100 percent of the tax credits otherwise
38 authorized, as determined by the authority, in each subsequent tax
39 period until the first tax period for which documentation demonstrating
40 compliance has been provided to the Commissioner of Labor and
41 Workforce Development, subsequently reviewed and approved by the
42 Commissioner of Labor and Workforce Development, and verified by
43 the authority, which reviews and verifications shall be completed. In
44 this event, the developer and any co-applicant shall be allowed the full
45 tax credit amount beginning in the tax period in which documentation
46 of compliance was reviewed and approved by the Commissioner of
47 Labor and Workforce Development and verified by the authority,

1 including each subsequent tax period in which the tax credits are
2 otherwise authorized;

3 (c) in the event a redevelopment project, or any portion thereof, is
4 undertaken by a tenant pursuant to a contract and the tenant has a
5 leasehold of more than 55 percent of space in the building owned or
6 controlled by the developer, the requirement that each worker employed
7 to perform building service work at the building be paid not less than
8 the prevailing wage shall apply to the entire building, except as
9 otherwise provided in subparagraph (b) of this paragraph for all
10 residential tenants and all commercial tenants, commercial subtenants,
11 or other commercial occupants with a leasehold interest or other
12 occupancy right encompassing less than 5,000 square feet;

13 (8) (a) the redevelopment project shall be completed, and the
14 developer shall be issued a certificate of occupancy for the
15 redevelopment project facilities by the applicable enforcing agency,
16 within four years of executing the incentive award agreement, or in the
17 case of a redevelopment project with a project cost in excess of
18 \$50,000,000, the incentive phase agreement corresponding to the
19 redevelopment project; or

20 (b) in the discretion of the authority, a redevelopment project with a
21 project cost in excess of \$50,000,000, and that is authorized to be
22 completed in phases, may be allowed no more than six years from the
23 date on which the incentive award agreement is executed to be issued a
24 certificate of occupancy by the applicable enforcement agency;

25 (9) the developer has complied with all requirements for filing tax
26 and information returns and for paying or remitting required State taxes
27 and fees by submitting, as a part of the application, a tax clearance
28 certificate, as described in section 1 of P.L.2007, c.101 (C.54:50-39);
29 and

30 (10) the developer is not more than 24 months in arrears at the time
31 of application.

32 b. In addition to the requirements set forth in subsection a. of this
33 section, for a commercial project to qualify for an incentive award the
34 developer shall demonstrate that the developer shall contribute capital
35 of at least 20 percent of the total project cost, except that if a
36 redevelopment project is located in a government-restricted
37 municipality, the developer shall contribute capital of at least 10 percent
38 of the total project cost.

39 c. In addition to the requirements set forth in subsection a. of this
40 section, for a residential project or a commercial project comprised
41 solely of a health care or health service center to qualify for an incentive
42 award, the residential project or health care or health service center
43 shall:

44 (1) have a total project cost of at least \$17,500,000, if the project is
45 located in a municipality with a population greater than 200,000
46 according to the latest federal decennial census;

S1323 POU

1 (2) have a total project cost of at least \$10,000,000 if the project is
2 located in a municipality with a population less than 200,000 according
3 to the latest federal decennial census; or

4 (3) have a total project cost of at least \$5,000,000 if the project is in
5 a qualified incentive tract or government-restricted municipality.

6 d. In addition to the requirements set forth in subsections a. and c.
7 of this section, for a residential project consisting of newly-constructed
8 residential units to qualify for an incentive award, the developer shall
9 reserve at least 20 percent of the residential units constructed for
10 occupancy by low- and moderate-income households with affordability
11 controls as adopted by the authority, in consultation with the agency, in
12 accordance with paragraph (2) of subsection a. of section 56 of
13 P.L.2020, c.156 (C.34:1B-324), except that a residential project
14 receiving a federal historic rehabilitation tax credit pursuant to section
15 47 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.47, or a
16 tax credit pursuant to the "Historic Property Reinvestment Act,"
17 sections 2 through 8 of P.L.2020, c.156 (C.34:1B-270 through 34:1B-
18 276), shall be exempt from the affordability controls related to bedroom
19 distribution.

20 e. Prior to the board considering an application submitted by a
21 developer, the authority shall confirm with the Department of Labor and
22 Workforce Development, the Department of Environmental Protection,
23 and the Department of the Treasury whether the developer is in
24 substantial good standing with the respective department, or has entered
25 into an agreement with the respective department that includes a
26 practical corrective action plan for the developer. The developer shall
27 certify that any contractors or subcontractors that will perform work at
28 the redevelopment project: (1) are registered as required by "The Public
29 Works Contractor Registration Act," P.L.1999, c.238 (C.34:11-56.48 et
30 seq.); (2) have not been debarred by the Department of Labor and
31 Workforce Development from engaging in or bidding on Public Works
32 Contracts in the State; and (3) possess a tax clearance certificate issued
33 by the Division of Taxation in the Department of the Treasury. The
34 authority may also contract with an independent third party to perform
35 a background check on the developer.

36 f. Beginning on the third year following the date of issuance of a
37 final certificate of occupancy for a commercial project, and through the
38 conclusion of the eligibility period, if the average occupancy rate of the
39 commercial project is less than 60 percent during any applicable tax
40 period, the developer and co-applicant shall forfeit all credits otherwise
41 allowed for the tax period and for each subsequent tax period until the
42 authority verifies documentation, submitted by the developer or co-
43 applicant, demonstrating that the average occupancy rate has reached or
44 surpassed 60 percent for the tax period. The full amount of credit shall
45 be allowed to a developer and any co-applicant for the tax period in
46 which the average occupancy rate reaches or surpasses 60 percent.
47 Occupancy for the tax period shall be determined by the average of the

1 monthly occupancy for the applicable tax period. The occupancy
2 requirement in this subsection shall not apply to residential projects.
3 (cf: P.L.2023, c.98, s.3)
4

5 4. Section 60 of P.L.2020, c.156 (C.34:1B-328) is amended to read
6 as follows:

7 60. a. (1) Following approval and selection of an application
8 pursuant to sections 58 and 59 of P.L.2020, c.156 (C.34:1B-326 and
9 C.34:1B-327), the authority shall enter into an incentive award
10 agreement with the developer. The chief executive officer of the
11 authority shall negotiate the terms and conditions of the incentive award
12 agreement on behalf of the State.

13 (2) For a phased project, the incentive phase agreement shall set
14 forth, for each phase of the project and for the total project, the capital
15 investment requirements and the time periods in which each phase of
16 the project shall be commenced and completed. The awarding of tax
17 credits shall be conditioned on the developer's compliance with the
18 requirements of the agreement. A redevelopment project may be
19 completed in phases in accordance with rules adopted by the authority
20 if the redevelopment project has a total project cost in excess of
21 \$50,000,000.

22 b. An incentive award agreement shall specify the amount of the
23 incentive award the authority shall award to the developer and the
24 duration of the eligibility period. The duration of the eligibility period
25 **【shall not exceed 15 years for a commercial or mixed-use project and】**
26 **shall not exceed 10 years for a commercial project, mixed-use project,**
27 **or residential project, except that 【to】 the authority shall consider**
28 **reducing the eligibility period if a shorter period would** reduce the total
29 value of tax credits needed to reimburse a developer for all or part of the
30 project financing gap of a redevelopment project, **【the authority may, in**
31 **its discretion, approve a duration for the eligibility period that is shorter**
32 **than the applicable maximum periods】 enhance access to tax credit**
33 **monetization on cost effective terms, or otherwise enhance the**
34 **effectiveness of the program.** The incentive award agreement shall
35 provide an estimated date of completion and include a requirement for
36 periodic progress reports, including the submittal of executed financing
37 commitments and documents that evidence site control; provided
38 however, that the developer may sell one or more buildings during the
39 eligibility period, provided that such sale is: an arms-length transaction
40 to an unrelated party, or for an amount at least equal to fair market value
41 based on an appraisal conducted within one year; and subject to the
42 purchaser's assumption of all obligations relating to the buildings
43 pursuant to sections 54 through 67 of P.L.2020, c.156 (C.34:1B-322
44 through C.34:1B-335). If the authority does not receive periodic
45 progress reports, or if the progress reports demonstrate unsatisfactory
46 progress, then the authority may rescind the incentive award. If the
47 authority rescinds an incentive award in the same calendar year in which
48 the authority approved the incentive award, then the authority may

1 assign the incentive award to another applicant. The incentive award
2 agreement may also provide for a verification of the financing gap at the
3 time the developer provides executed financing commitments to the
4 authority and a verification of the developer's projected cash flow at the
5 time of certification that the project is completed.

6 c. To ensure the protection of taxpayer money, if the authority
7 determines at project certification that the actual capital financing
8 approach utilized by the project has resulted in a financing gap that is
9 smaller than the financing gap determined at board approval, the
10 authority shall reduce the amount of the tax credit or accept payment
11 from the developer on a pro rata basis. If there is no project financing
12 gap due to the actual capital financing approach utilized by the project,
13 then the developer shall forfeit the incentive award. At the end of the
14 seventh year of the eligibility period, the authority shall evaluate the
15 developer's rate of return on investment and compare that rate of return
16 on investment to the reasonable and appropriate rate of return at the time
17 of board approval. If the actual rate of return on investment exceeds the
18 reasonable and appropriate rate of return on investment at the time of
19 board approval by more than 15 percent, the authority shall require the
20 developer to pay up to 20 percent of the amount in excess of the
21 reasonable and appropriate rate of return on investment. The authority
22 shall require an escrow account to be held by the authority until the end
23 of the eligibility period. Following the final year of the eligibility
24 period, the authority shall determine if the developer's rate of return
25 exceeded the reasonable and appropriate rate of return determined at
26 board approval. If the final rate of return does not exceed the reasonable
27 and appropriate rate of return determined at board approval, the
28 authority shall release to the developer the escrowed funds. If the
29 project final rate of return exceeds the reasonable and appropriate rate
30 of return determined at board approval, the authority shall require the
31 developer to pay up to 20 percent of the amount of the excess, which
32 shall include the funds held in escrow, and such funds shall be deposited
33 in the State General Fund.

34 d. The incentive award agreement shall include a requirement that
35 the authority confirm with the Department of Environmental Protection,
36 the Department of Labor and Workforce Development, and the
37 Department of the Treasury that the developer is in substantial good
38 standing with the respective department, or the developer has entered
39 into an agreement with the respective department that includes a
40 practical corrective action for the developer, and the developer shall
41 confirm that each contractor or subcontractor performing work at the
42 redevelopment project: (1) is registered as required by "The Public
43 Works Contractor Registration Act," P.L.1999, c.238 (C.34:11-56.48 et
44 seq.); (2) has not been debarred, suspended, or disqualified by the
45 Department of Labor and Workforce Development from engaging in or
46 bidding on Public Works Contracts in the State, or been debarred,
47 suspended, or disqualified by a federal agency from engaging in
48 federally-funded construction projects or bidding on federal contracting

1 opportunities; and (3) possesses a tax clearance certificate issued by the
2 Division of Taxation in the Department of the Treasury. The incentive
3 award agreement shall also include a provision that the developer shall
4 forfeit the incentive award in any year in which the developer is neither
5 in substantial good standing with each department nor has entered into
6 a practical corrective action. The incentive award agreement shall also
7 require a developer to engage in on-site consultations with the Division
8 of Workplace Safety and Health in the Department of Health.

9 e. (1) Except as provided in paragraph (2) of this subsection, the
10 authority shall not enter into an incentive award agreement for a
11 redevelopment project that includes at least one retail establishment
12 which will have more than 10 employees, at least one distribution center
13 which will have more than 20 employees, or at least one hospitality
14 establishment which will have more than 10 employees, unless the
15 incentive award agreement includes a precondition that any business
16 that serves as the owner or operator of the retail establishment,
17 distribution center, or hospitality establishment enters into a labor
18 harmony agreement with a labor organization or cooperating labor
19 organizations which represent retail establishment, hospitality
20 establishment, or distribution center employees in the State.

21 (2) A labor harmony agreement shall be required only if the State
22 has a proprietary interest in the redevelopment project and shall remain
23 in effect for as long as the State acts as a market participant in the
24 redevelopment project. The authority may enter into an incentive award
25 agreement with a developer without the labor harmony agreement
26 required under paragraph (1) of this subsection if the authority
27 determines that the redevelopment project would not be able to go
28 forward if a labor harmony agreement is required. The authority shall
29 support the determination by a written finding, which provides the
30 specific basis for the determination.

31 (3) (Deleted by amendment, P.L.2023, c.98)

32 f. (1) Except for a residential project that is located in a government-
33 restricted municipality, and in which 100 percent of the residential units
34 constructed in the residential project are reserved for occupancy by low-
35 and moderate-income households, for a redevelopment project whose
36 total project cost equals or exceeds \$10 million, in addition to the
37 incentive award agreement, a developer shall enter into a community
38 benefits agreement with the authority and the county or municipality in
39 which the redevelopment project is located. The agreement may
40 include, but shall not be limited to, requirements for training,
41 employment, and youth development and free services to underserved
42 communities in and around the community in which the redevelopment
43 project is located. Prior to entering a community benefits agreement,
44 the governing body of the county or municipality in which the
45 redevelopment project is located shall hold at least one public hearing
46 at which the governing body shall hear testimony from residents,
47 community groups, and other stakeholders on the needs of the
48 community that the agreement should address.

1 (2) The community benefits agreement shall provide for the creation
2 of a community advisory committee to oversee the implementation of
3 the agreement, monitor successes, ensure compliance with the terms of
4 the agreement, and produce an annual public report. The community
5 advisory committee created pursuant to this paragraph shall be
6 comprised of representatives of diverse community groups and residents
7 of the county or municipality in which the redevelopment project is
8 located.

9 (3) At the time the developer submits the annual report required
10 pursuant to section 62 of P.L.2020, c.156 (C.34:1B-330) to the
11 authority, the developer shall certify, under the penalty of perjury, that
12 it is in compliance with the terms of the community benefits agreement.
13 If the developer fails to provide the certification required pursuant to
14 this paragraph or the authority determines that the developer is not in
15 compliance with the terms of the community benefits agreement based
16 on the reports submitted by the community advisory committee
17 pursuant to paragraph (2) of this subsection, then the authority may
18 rescind an award or recapture all or part of any tax credits awarded.

19 (4) Notwithstanding any requirement of this subsection to the
20 contrary, a developer shall be considered to have met the requirements
21 of a community benefits agreement **[pursuant to this subsection], and**
22 **the requirements of paragraphs (2) and (3) of this subsection shall not**
23 **apply**, if the developer submits to the authority:

24 (a) a copy of either the developer's approval letter from the authority
25 or a redevelopment agreement applicable to the qualified business
26 facility, provided that the approval letter **is certified by the municipality**
27 **or the redevelopment agreement is [certified] adopted by resolution at**
28 **a public meeting** by the municipality in which the redevelopment project
29 is located, and includes provisions that meet **[or exceed]** the
30 **[standards] community benefit required [for] under** a community
31 benefits agreement in this subsection **[, as determined by the chief**
32 **executive officer pursuant to rules adopted by the authority]**; or

33 (b) a resolution adopted by the governing body of the municipality
34 in which the redevelopment project is located, which resolution shall be
35 adopted after at least one public hearing at which the governing body
36 provides an opportunity for residents, community groups, and other
37 stakeholders to testify, and which resolution shall state that the
38 governing body has determined that the redevelopment project will
39 provide economic and social benefits to the community that fulfill the
40 purposes of this subsection, which benefits render a separate community
41 benefit agreement unnecessary, and explain the reasons supporting the
42 governing body's determination.

43 g. A developer shall submit, prior to the first disbursement of tax
44 credits under the incentive award agreement, but no later than six
45 months following project completion, satisfactory evidence of actual
46 project costs, as certified by a certified public accountant, evidence of a
47 temporary certificate of occupancy, or other event evidencing project

1 completion that begins the eligibility period indicated in the incentive
2 award agreement. The developer, or an authorized agent of the
3 developer, shall certify that the information provided pursuant to this
4 subsection is true under the penalty of perjury. Claims, records, or
5 statements submitted by a developer to the authority in order to receive
6 tax credits shall not be considered claims, records, or statements made
7 in connection with State tax laws.

8 h. The incentive award agreement shall include a provision
9 allowing the authority to extend, in individual cases, the deadline for
10 any annual reporting or certification requirement.

11 i. The incentive award agreement shall include one or more
12 provisions, as determined by the authority, concerning the terms and
13 conditions for default and the remedies for the developer of a
14 redevelopment project in the event of default. The incentive award
15 agreement shall not allow the authority to declare a cross-default when
16 the developer of a redevelopment project, including any business
17 affiliate of the developer or any other entity with common principals as
18 the developer, is in default with any other assistance program
19 administered by the authority.

20 (cf: P.L.2023, c.98, s.6)

21

22 5. Section 61 of P.L.2020, c.156 (C.34:1B-329) is amended to read
23 as follows:

24 61. a. Up to the limits established in subsection b. of this section and
25 in accordance with an incentive award agreement, beginning upon the
26 receipt of occupancy permits for any portion of the redevelopment
27 project, or upon any other event evidencing project completion as set
28 forth in the incentive award agreement, a developer shall be allowed a
29 total tax credit **[that shall not exceed]** as follows, subject to the
30 enhancements set forth in subsection c. of this section:

31 (1) 80 percent of the total project cost for a redevelopment project
32 that is located in a government-restricted municipality;

33 (2) 60 percent of the total project cost for a residential project that
34 receives a four-percent allocation from the federal Low Income Housing
35 Tax Credit Program administered by the agency, or a redevelopment
36 project that is located in a qualified incentive tract, enhanced area, or a
37 municipality with a Municipal Revitalization Index score of at least 50;
38 or

39 (3) 50 percent of the total project cost for any other redevelopment
40 project.

41 b. The value of all tax credits approved by the authority under the
42 program for a redevelopment project phase shall not exceed:

43 (1) \$120,000,000 per redevelopment project or phase for a
44 redevelopment project that is located in a government-restricted
45 municipality;

46 (2) \$90,000,000 per redevelopment project or phase for a
47 redevelopment project that is allowed a tax credit under paragraph (2)
48 of subsection a. of this section; and

1 (3) \$60,000,000 for any other redevelopment project or phase.

2 c. Notwithstanding the limitations set forth in subsection a. of this
3 section, but subject to the limitations of subsections b. and d. of this
4 section and the demonstration of a financing gap, a developer shall be
5 eligible for each of the following enhancements to the total tax credit
6 award:

7 (1) for a redevelopment project that includes the redevelopment of
8 a stranded asset, an enhancement of up to 10 percent of the project cost
9 of the redevelopment project;

10 (2) for a residential project that meets the three-bedroom
11 distribution requirement under the Uniform Housing Affordability
12 Controls, an enhancement of up to five percent of the project cost of the
13 residential project; and

14 (3) for a redevelopment project that meets local first source hiring
15 requirements for residents in the municipality or county in which the
16 project is located and in surrounding municipalities, as appropriate, an
17 enhancement of up to three percent of the project cost of the
18 redevelopment project.

19 d. Except for a redevelopment project that is located in a
20 government restricted municipality:

21 (1) the total tax credits awarded for the redevelopment project,
22 together with all tax credits awarded under any other program
23 administered by the authority, shall not exceed 80 percent of the project
24 cost of the redevelopment project; and

25 (2) for a redevelopment project that receives tax credits under the
26 Federal Low-Income Housing Tax Credit Program, the total tax credits
27 awarded for the redevelopment project, together with all tax credits
28 awarded under any other program administered by the authority and
29 under the Federal Low-Income Housing Tax Credit Program, shall not
30 exceed 90 percent of the project cost.

31 (cf: P.L.2023, c.98, s.7)

32
33 6. Section 62 of P.L.2020, c.156 (C.34:1B-330) is amended to
34 read as follows:

35 62. a. A developer approved for an incentive award pursuant to
36 sections 58 and 59 of P.L.2020, c.156 (C.34:1B-326 and C.34:1B-
37 327) and that enters an incentive award agreement pursuant to section
38 60 of P.L.2020, c.156 (C.34:1B-328) shall submit annually,
39 commencing in the year in which the incentive award is issued and
40 for the remainder of the eligibility period, a report indicating whether
41 the developer is aware of any condition, event, or act that would
42 cause the developer not to be in compliance with the incentive award
43 agreement or the provisions of sections 54 through 67 of P.L.2020,
44 c.156 (C.34:1B-322 through C.34:1B-335) and any additional
45 reporting requirements contained in the incentive award agreement
46 or tax credit certificate. The developer, or an authorized agent of the
47 developer, shall certify that the information provided pursuant to this
48 subsection is true under the penalty of perjury.

1 b. (1) Upon receipt and review of each report submitted during
2 the eligibility period, the authority shall provide to the developer and
3 the director a certificate of compliance indicating the amount of tax
4 credits that the developer may apply against the developer's tax
5 liability.

6 (2) Upon receipt by the director of the certificate of compliance,
7 the director shall allow the developer a credit against the tax imposed
8 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5). A developer
9 shall apply the credit awarded against the developer's liability under
10 section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of
11 P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), section 1 of
12 P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5 for the privilege
13 period **[during]** identified in the tax credit certificate which the
14 director **[allows]** issues to the developer **[a tax credit]** pursuant to
15 this subsection, or within the three successive tax periods
16 immediately following the tax period in which the tax credit
17 certificate is received by the developer. A developer may carry
18 forward an unused credit resulting from the limitations of paragraph
19 (3) of this subsection, if necessary, for use in the seven privilege
20 periods next following the privilege period for which the credits are
21 **[awarded]** applied. Credits granted to a partnership shall be passed
22 through to the partners, members, or owners, respectively, pro-rata,
23 or pursuant to an executed agreement among the partners, members,
24 or owners documenting an alternate distribution method provided to
25 the director accompanied by any additional information as the
26 director may prescribe.

27 (3) The director shall prescribe the order of priority of the
28 application of the credit allowed under this section and any other
29 credits allowed by law against the tax imposed under section 5 of
30 P.L.1945, c.162 (C.54:10A-5). The amount of the credit applied
31 under this section against the tax imposed pursuant to section 5 of
32 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
33 any other credits allowed by law, shall not reduce the tax liability to
34 an amount less than the statutory minimum provided in subsection
35 (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).
36 (cf: P.L.2022, c.46, s.1)

37
38 7. Section 63 of P.L.2020, c.156 (C.34:1B-331) is amended to
39 read as follows:

40 63. a. A developer may apply to the director and the chief
41 executive officer of the authority for a tax credit transfer certificate,
42 covering one or more years, in lieu of the developer being allowed
43 any amount of the credit against the tax liability of the developer.
44 The tax credit transfer certificate, upon receipt thereof by the
45 developer from the director and the chief executive officer of the
46 authority, may be sold or assigned, in full or in part in an amount not
47 less than \$25,000, in the privilege period during which the developer
48 receives the tax credit transfer certificate from the director, to another

1 person, who may apply the credit against a tax liability pursuant to
2 section 5 of P.L.1945, c.162 (C.54:10A-5), sections 2 and 3 of
3 P.L.1945, c.132 (C.54:18A-2 and C.54:18A-3), section 1 of
4 P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5. The certificate
5 provided to the developer shall include a statement waiving the
6 developer's right to claim the amount of the credit that the developer
7 has elected to sell or assign against the developer's tax liability.

8 b. The developer shall not sell or assign, including a collateral
9 assignment, a tax credit transfer certificate allowed under this section
10 for consideration received by the developer of less than 85 percent of
11 the transferred credit amount before considering any further
12 discounting to present value which shall be permitted, except a
13 developer of a residential project consisting of newly-constructed
14 residential units may assign a tax credit transfer certificate for
15 consideration of less than 85 percent subject to the submission of a
16 plan to the authority and the agency to use the proceeds derived from
17 the assignment of tax credits to complete the residential project,
18 except a developer of a residential project consisting of newly-
19 constructed residential units that has received federal low income
20 housing tax credits under 26 U.S.C. s.42(b)(1)(B)(i) may assign a tax
21 credit transfer certificate for consideration of no less than 65 percent
22 subject to the submission of a plan to the authority and the New
23 Jersey Housing and Mortgage Finance Agency to use the proceeds
24 derived from the assignment of tax credits to complete the residential
25 project. The tax credit transfer certificate issued to a developer by
26 the director shall be subject to any limitations and conditions
27 imposed on the application of State tax credits pursuant to sections
28 54 through 67 of P.L.2020, c.156 (C.34:1B-322 through 34:1B-335)
29 and any other terms and conditions that the director may prescribe;
30 provided, however, that the holder of a tax credit certificate may
31 transfer all or part of the tax credit amount, within the three
32 successive tax periods immediately following the tax period in which
33 the tax credit certificate is received by the developer, on or after the
34 date of issuance of the tax credit transfer certificate, for use by the
35 transferee in the tax period for which it was issued or within the three
36 successive tax periods immediately following the tax period in which
37 the tax credit transfer certificate is received by the transferee, and the
38 transferee may carry forward all or part of the tax credit amount in
39 any of the next five successive tax periods after the tax period for
40 which it was used. Notwithstanding any provision of this section to
41 the contrary, the amount of tax credits that may be claimed by the
42 transferee in any tax period shall not exceed the total tax credit
43 amount divided by the duration of the eligibility period in years.

44 c. A purchaser or assignee of a tax credit transfer certificate
45 pursuant to this section shall not make any subsequent transfers,
46 assignments, or sales of the tax credit transfer certificate.

1 d. The authority shall publish on its Internet website the
2 following information concerning each tax credit transfer certificate
3 approved by the authority and the director pursuant to this section:

- 4 (1) the name of the transferor;
5 (2) the name of the transferee;
6 (3) the value of the tax credit transfer certificate; and
7 (4) the consideration received by the transferor.

8 e. When a tax credit certificate is issued to a developer after the
9 tax period in which all or part of the tax credits may be used by the
10 developer or a holder of the credit transfer certificate, the developer
11 or transferee shall be allowed to use the tax credit for the same tax
12 period specified in the tax credit certificate, or within the three
13 successive tax periods immediately following the tax period in which
14 the certificate is received by the developer or transferee. In this
15 circumstance, the developer or transferee shall not be required to
16 amend its tax return for the tax period in which it applies the tax
17 credit or for a tax period preceding the tax period in which the tax
18 credit is applied.

19 (cf: P.L.2023, c.98, s.8)

20
21 8. Section 65 of P.L.2020, c.156 (C.34:1B-333) is amended to read
22 as follows:

23 65. a. As used in this section, "transformative project" means a
24 redevelopment project: that has a project financing gap; that has a total
25 project cost of at least \$150,000,000; that, subject to the provisions of
26 subsection h. of this section, includes 200,000 or more square feet of
27 new or substantially renovated industrial, commercial, or residential
28 space for a project located in a government-restricted municipality, that
29 includes 250,000 or more square feet of film studios, professional
30 stages, television studios, recording studios, screening rooms, or other
31 infrastructure for film production, that includes 300,000 or more square
32 feet of new or substantially renovated industrial, commercial, or
33 residential space for a project located in an enhanced area, or that
34 includes 500,000 or more square feet of new or substantially renovated
35 industrial, commercial, or residential space for any other project; and,
36 for a commercial project, that is of special economic importance as
37 measured by the level of new jobs, new capital investment,
38 opportunities to leverage leadership in a high-priority targeted industry,
39 or other state priorities as determined by the authority pursuant to rules
40 and regulations promulgated to implement this section.
41 Notwithstanding the provisions of subsection b. of section 14 of
42 P.L.2023, c.98 (C.34:1B-335.1) to the contrary, for applications
43 submitted on and after the effective date of P.L.2023, c.98 (C.34:1B-
44 335.1 et al.), if the redevelopment project is located entirely on land
45 designated by the Department of Environmental Protection as a
46 brownfield development area pursuant to section 7 of P.L.2005, c.223
47 (C.58:10B-25.1), and the project cost of the redevelopment project
48 includes at least \$15,000,000 in environmental remediation costs, the

1 redevelopment project shall constitute a project of special economic
2 importance. A transformative project may be completed in phases,
3 which phases may be determined by the authority based on factors such
4 as written architectural plans and specifications completed before or
5 during the physical work, certificates of occupancy, or financial and
6 operational plans. The criteria developed by the authority shall include,
7 but shall not be limited to:

8 (1) the extent to which the proposed transformative project would
9 create modern facilities that enhance the State's competitiveness in
10 attracting targeted industries;

11 (2) (a) for a residential project, the construction of 700 or more new
12 residential units; or

13 (b) for a residential project containing ~~less~~ fewer than 700 new
14 residential units, the construction of 200 or more new residential units
15 if the project is located in a government-restricted municipality, 300 or
16 more residential units if the project is located in an enhanced area, or
17 400 or more residential units for all other mixed-use projects; or

18 (c) for a residential project containing ~~less~~ fewer than 700 new
19 residential units, the construction of ~~50,000~~ 20,000 square feet or
20 more of commercial space, which commercial space may include retail
21 space; and

22 (d) for a residential project, 20 percent of the new residential units
23 shall be constructed for occupancy by low- and moderate-income
24 households with affordability controls as adopted by the authority, in
25 consultation with the agency, in accordance with paragraph (2) of
26 subsection a. of section 56 of P.L.2020, c.156 (C.34:1B-324), except
27 that a residential project receiving a federal historic rehabilitation tax
28 credit pursuant to section 47 of the federal Internal Revenue Code of
29 1986, 26 U.S.C. s.47, or a tax credit pursuant to the "Historic Property
30 Reinvestment Act," sections 2 through 8 of P.L.2020, c.156 (C.34:1B-
31 270 through 34:1B-276), shall be exempt from the affordability controls
32 related to bedroom distribution; and

33 (3) the extent to which the proposed project would leverage the
34 competitive economic development advantages of the State's mass
35 transit assets, higher education assets, and other economic development
36 assets in attracting or retaining both employers and skilled workers
37 generally or in targeted industries.

38 A "transformative project" shall not include a redevelopment
39 project at which more than 50 percent of the premises is occupied by
40 one or more businesses engaged in final point of sale retail.

41 b. (1) The authority may award incentive awards to transformative
42 projects in accordance with the provisions of sections 55 through 67 of
43 P.L.2020, c.156 (C.34:1B-323 through 34:1B-335).

44 (2) (a) For transformative projects completed in phases, the
45 developer shall enter into a transformative phase agreement with the
46 authority.

47 (b) As used in this subsection, "transformative phase agreement"
48 shall mean a sub-agreement of the incentive award agreement that

1 governs the timing, capital investment, and other applicable details of
2 the respective phase of a phased project.

3 (3) Notwithstanding the provisions of section 57 of P.L.2020, c.156
4 (C.34:1B-325), or any other section of P.L.2020, c.156 (C.34:1B-269 et
5 al.) to the contrary, a transformative project shall be completed, and the
6 developer shall be issued a certificate of occupancy for the
7 transformative project facilities by the applicable enforcing agency,
8 within five years of executing the incentive award agreement, except
9 that the authority may, in its discretion, extend this deadline by up to
10 one additional year. For transformative projects completed in phases,
11 the transformative project shall be completed, and the developer shall
12 be issued certificates of occupancy for all phases of the transformative
13 project facilities by the applicable enforcing agency, within 10 years of
14 executing either the incentive award agreement or the first
15 transformative phase agreement corresponding to the transformative
16 project.

17 (4) Notwithstanding the provisions of sections 55 and 60 of
18 P.L.2020, c.156 (C.34:1B-323 and C.34:1B-328), or any other section
19 of P.L.2020, c.156 (C.34:1B-269 et al.) to the contrary, each phase of a
20 transformative project completed in phases shall have a separate
21 eligibility period. After completing each phase, the developer shall
22 submit a certification that the phase is completed. If the authority
23 approves the certification, the tax credit allowed to the developer shall
24 be increased by the tax credit amount corresponding to that phase.
25 Notwithstanding the different eligibility periods for each phase, all
26 conditions and requirements applicable during an eligibility period
27 pursuant to sections 55 through 67 of P.L.2020, c.156 (C.34:1B-323
28 through 34:1B-335) shall apply to the entire transformative project until
29 the end of the eligibility period for the last phase.

30 (5) Notwithstanding the provisions of section 60 of P.L.2020, c.156
31 (C.34:1B-328), or any other section of P.L.2020, c.156 (C.34:1B-269 et
32 al.) to the contrary, for a transformative project completed in phases, a
33 review of the project financing gap shall be performed at the
34 certification of completion of each phase, and the authority shall re-
35 evaluate the developer's rate of return in the seventh year and at the end
36 of the eligibility period for the last phase, provided that the authority
37 may also re-evaluate the developer's rate of return during the fifth year
38 of any earlier phase.

39 (6) A transformative project receiving an incentive award pursuant
40 to this section, other than a project that includes 250,000 or more square
41 feet of film studios, professional stages, television studios, recording
42 studios, screening rooms or other infrastructure for film production,
43 shall be located in an incentive area, a distressed municipality, a
44 government-restricted municipality, or an enhanced area. A
45 transformative project receiving an incentive award pursuant to this
46 section that includes 250,000 or more square feet of film studios,
47 professional stages, television studios, recording studios, screening
48 rooms or other infrastructure for film production may be located

1 anywhere in the State. The authority shall not consider an application
2 for a transformative project unless the applicant submits with its
3 application a letter evidencing support for the transformative project
4 from the governing body of the municipality in which the transformative
5 project is located.

6 c. The authority shall review the transformative project cost,
7 evaluate and validate the project financing gap estimated by the
8 developer, and conduct a State fiscal impact analysis to ensure that the
9 overall public assistance provided to the transformative project will
10 result in a net positive benefit to the State. In determining whether a
11 transformative project will result in a net positive benefit to the State,
12 the authority shall not consider the value of any taxes exempted, abated,
13 rebated, or retained under the "Five-Year Exemption and Abatement
14 Law," P.L.1991, c.441 (C.40A:21-1 et seq.), the "Long Term Tax
15 Exemption Law," P.L.1991, c.431 (C.40A:20-1 et al.), the "New Jersey
16 Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.), or
17 any other law that has the effect of lowering or eliminating the
18 developer's State or local tax liability. The determination made pursuant
19 to this subsection shall be based on the potential tax liability of the
20 developer without regard for potential tax losses if the developer were
21 to locate in another state. The authority shall assess the cost of these
22 reviews to the applicant. A developer shall pay to the authority the full
23 amount of the direct costs of an analysis concerning the developer's
24 application for an incentive award that a third party retained by the
25 authority performs, if the authority deems such retention to be
26 necessary. The authority shall evaluate the net economic benefits on a
27 present value basis under which the requested tax credit allocation
28 amount is discounted to present value at the same discount rate as the
29 projected benefits from the implementation of the proposed
30 transformative project for which an award of tax credits is being sought.
31 Projects that are predominantly residential shall be excluded from the
32 calculation of the net benefit test required pursuant to this subsection.

33 d. In determining net benefits for any business or person
34 considering locating in a transformative project and applying to receive
35 from the authority any other economic development incentive
36 subsequent to the award of transformative project tax credits pursuant
37 to section 65 of P.L.2020, c.156 (C.34:1B-333), the authority shall not
38 credit the business or person with any benefit that was previously
39 credited to the transformative project pursuant to section 65 of
40 P.L.2020, c.156 (C.34:1B-333).

41 e. The authority shall administer the credits awarded pursuant to
42 this section in accordance with the provisions of sections 62 and 63 of
43 P.L.2020, c.156 (C.34:1B-330 and C.34:1B-331).

44 f. Prior to allocating an incentive award to a developer, the
45 authority shall confirm with the Department of Labor and Workforce
46 Development, the Department of Environmental Protection, and the
47 Department of the Treasury that the developer is in substantial good
48 standing with the respective department, or the developer has entered

1 into an agreement with the respective department that includes a
2 practical corrective action plan, and the developer shall certify that each
3 contractor or subcontractor performing work at the transformative
4 project: (1) is registered as required by "The Public Works Contractor
5 Registration Act," P.L.1999, c.238 (C.34:11-56.48 et seq.); (2) has not
6 been debarred by the Department of Labor and Workforce Development
7 from engaging in or bidding on Public Works Contracts in the State; and
8 (3) possesses a tax clearance certificate issued by the Division of
9 Taxation in the Department of the Treasury. The authority may also
10 contract with an independent third party to perform a background check
11 on the developer.

12 g. Notwithstanding the limitation on incentive awards set forth in
13 subsection b. of section 61 and section 98 of P.L.2020, c.156 (C.34:1B-
14 329 and C.34:1B-362) to the contrary, the authority may allow a
15 developer of a transformative project a tax credit in an amount not to
16 exceed the lesser of:

17 (1) (a) 80 percent of the total project cost for a transformative
18 project that is located in a government-restricted municipality;

19 (b) 60 percent of the total project cost for a residential
20 transformative project that receives a four-percent allocation from the
21 federal Low Income Housing Tax Credit Program administered by the
22 agency or a transformative project that is located in a qualified incentive
23 tract, enhanced area, or a municipality with a Municipal Revitalization
24 Index score of at least 50; or

25 (c) 50 percent of the total project cost for any other transformative
26 project;

27 (2) the total value of the project financing gap; or

28 (3) \$400,000,000 except that for a transformative project that is
29 developed in phases, the \$400,000,000 limitation on incentive awards
30 set forth in this paragraph shall apply to the total aggregate award for all
31 phases of the transformative project.

32 h. Notwithstanding the limitations set forth in subsection g. of this
33 section, a developer of a transformative project shall be eligible for each
34 of the following enhancements to the total tax credit award:

35 (1) for a transformative project that includes the redevelopment of a
36 stranded asset, an enhancement of up to 10 percent of the project cost of
37 the transformative project;

38 (2) for a residential transformative project that meets the three-
39 bedroom distribution requirement under the Uniform Housing
40 Affordability Controls, an enhancement of up to five percent of the
41 project cost of the residential transformative project; and

42 (3) for a transformative project that meets local first source hiring
43 requirements for residents in the municipality or county in which the
44 project is located and in surrounding municipalities, as appropriate, an
45 enhancement of up to three percent of the project cost of the
46 transformative project.

47 i. (1) The parking component of a transformative project shall be
48 included in the calculation of the total square footage of the project,

1 provided that the parking component shall be constructed in conformity
 2 with local zoning, planning, or similar requirements, or up to the amount
 3 required by the Residential Site Improvement Standards, regardless of
 4 whether the Residential Site Improvement Standards apply to the
 5 parking component. Any portion of the parking component that exceeds
 6 the local parking requirements or the Residential Site Improvement
 7 Standards shall not be included in the calculation of the total square
 8 footage of the project.

9 (2) Notwithstanding any provision of paragraph (1) of this
 10 subsection to the contrary, the entire parking component of a project
 11 located in a government restricted municipality shall be included in the
 12 calculation of the total square footage of the project.

13 (cf: P.L.2023, c.98, s.9)

14

15 9. Section 14 of P.L.2023, c.98 (C.34:1B-335.1) is amended to
 16 read as follows:

17 14. a. (1) Except as otherwise provided in subsection b. of this
 18 section, all program applications **【completed after】** submitted to the
 19 authority on or after the date six months prior to the effective date of
 20 **【P.L.2023, c.98 (C.34:1B-335.1 et al.)】** P.L. , c. (C.)
 21 (pending before the Legislature as this bill) shall be subject to the
 22 "New Jersey Aspire Program Act," sections 54 through 67 of
 23 P.L.2020, c.156 (C.34:1B-322 through 34:1B-335), as amended as
 24 supplemented by P.L.2023, c.98 (C.34:1B-335.1 et al.), and as
 25 further amended and supplemented by P.L. , c. (C.) (pending
 26 before the Legislature as this bill), including the rules and regulations
 27 adopted pursuant to subsection b. of section 67 of P.L.2020, c.156
 28 (C.34:1B-335), except that applications submitted to the authority
 29 prior to the effective date of P.L. , c. (C.) (pending before
 30 the Legislature as this bill) shall be subject to the rules and
 31 regulations concerning application fees that were in effect
 32 immediately before the effective date of P.L. , c. (C.)
 33 (pending before the Legislature as this bill).

34 (2) **【**Except as otherwise provided in subsection b. of this section,
 35 all program applications completed on or before the effective date of
 36 P.L.2023, c.98 (C.34:1B-335.1 et al.) shall be subject to the
 37 provisions of the "New Jersey Aspire Program Act," sections 54
 38 through 67 of P.L.2020, c.156 (C.34:1B-322 through 34:1B-335), as
 39 such provisions remained in effect immediately before the effective
 40 date of P.L.2023, c.98 (C.34:1B-335.1 et al.), including the rules and
 41 regulations adopted pursuant to subsection a. of section 67 of
 42 P.L.2020, c.156 (C.34:1B-335).**】** (Deleted by
 43 amendment, P.L. , c. (pending before the Legislature as this bill)

44 b. Notwithstanding any provision of P.L.2020, c.156 (C.34:1B-
 45 269 et al.) to the contrary, if a completed application for a residential
 46 project is submitted to the authority on or before the 121st calendar
 47 day next following effective date of P.L.2023, c.98 (C.34:1B-335.1
 48 et al.), the applicant for the residential project has received all

1 applicable approvals pursuant to the "Municipal Land Use Law,"
2 P.L.1975, c.291 (C.40:55D-1 et seq.) on or before the 121st calendar
3 day next following the effective date of P.L.2023, c.98 (C.34:1B-
4 335.1 et al.), and the applicant submits written notice to the authority,
5 before the authority's approval or denial of the application, electing
6 for the application to be governed under the provisions of this
7 subsection, then the residential units constructed for occupancy by
8 low- and moderate-income households within the residential project
9 shall not be subject to the affordability controls adopted by the
10 authority, in consultation with the agency, pursuant to paragraph (2)
11 of subsection a. of section 56 of P.L.2020, c.156 (C.34:1B-324) and
12 subsection b. of section 67 of P.L.2020, c.156 (C.34:1B-335). In this
13 event, the application for the residential project shall be reviewed,
14 approved, and administered in accordance with the provisions of the
15 "New Jersey Aspire Program Act," sections 54 through 67 of
16 P.L.2020, c.156 (C.34:1B-322 through 34:1B-335), as such
17 provisions remained in effect immediately before the effective date
18 of P.L.2023, c.98 (C.34:1B-335.1 et al.), including the rules and
19 regulations adopted pursuant to subsection a. of section 67 of
20 P.L.2020, c.156 (C.34:1B-335), except that the application shall be
21 subject to:

22 (1) the determination of a reasonable and appropriate return on
23 investment, as defined in section 55 of P.L.2020, c.156 (C.34:1B-
24 323), as amended by P.L.2023, c.98 (C.34:1B-335.1 et al.); and

25 (2) the limitation on tax credit awards set forth in subsection b.
26 of section 61 of P.L.2020, c.156 (C.34:1B-329) and subsection g. of
27 section 65 of P.L.2020, c.156 (C.34:1B-333), respectively, as
28 amended by P.L.2023, c.98 (C.34:1B-335.1 et al.).

29 (cf: P.L.2023, c.98, s.14)

30

31 10. (New section) The authority shall promulgate a schedule of
32 application and other fees imposed under the program, which fees
33 shall be limited to the coverage of actual direct costs of administering
34 the program, the coverage of reasonable indirect costs of
35 administering the program, and the maintenance of reasonable
36 reserves for administering the program. Any application fee or other
37 fee charged by the authority shall be proportional to the tax credit
38 amount awarded for a redevelopment project under the program.

39

40 11. (New section) a. The authority shall establish, as part of the
41 program, a "Redevelopment Project Bridge Financing Program" to
42 facilitate the ability of a developer to secure financing for a
43 redevelopment project until such time as tax credits are issued pursuant
44 to the "New Jersey Aspire Program Act," sections 54 through 67 of
45 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), as amended as
46 supplemented. Through the program, the authority shall provide full or
47 partial loans or loan guarantees, at the authority's discretion, to the
48 developers of redevelopment projects for the purpose of ensuring the

1 completion of the redevelopment projects. As determined by the
2 authority, the Redevelopment Project Bridge Financing Program may
3 consist of:

4 (1) the issuance of redevelopment project bridge financing loans,
5 subject to the provisions of subsection b. of this section; and

6 (2) the provision of redevelopment project loan guarantees, subject
7 to the provisions of subsection c. of this section.

8 b. (1) The authority may issue a redevelopment project bridge
9 financing loan to the developer of an approved redevelopment project,
10 upon application by the developer, provided that the authority
11 determines that:

12 (a) a project financing gap continues to exist after the award of tax
13 credits to the developer of the redevelopment project; and

14 (b) the redevelopment project bridge financing loan will enable the
15 completion of the redevelopment project.

16 (2) A developer who seeks a redevelopment project bridge
17 financing loan shall submit an application to the authority, which
18 application shall include:

19 (a) a proposed loan principle and interest amount;

20 (b) a proposed repayment schedule;

21 (c) an accounting of the remaining project financing gap; and

22 (d) any other information as the authority shall require.

23 (3) The authority may issue the redevelopment project bridge
24 financing loan in such amount as it deems appropriate, subject to such
25 terms, including, but not limited to, interest rates, collateral, and
26 repayment or release schedules, as the authority shall deem reasonable
27 and appropriate, except that each worker employed to perform
28 construction work on the redevelopment project shall be paid not less
29 than the prevailing wage rate for the worker's craft or trade, as
30 determined by the Commissioner of Labor and Workforce Development
31 pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
32 (C.34:11-56.58 et seq.).

33 c. (1) The authority may provide a loan guarantee to the developer
34 of an approved redevelopment project, upon application by the
35 developer, provided that the authority determines that:

36 (a) a project financing gap continues to exist after the initial award
37 of tax credits to the developer of the redevelopment project; and

38 (b) the loan guarantee will enable the developer to access the
39 financing needed to complete the redevelopment project.

40 (2) A developer who seeks a loan guarantee shall submit an
41 application to the authority, which application shall include:

42 (a) a proposed loan guarantee amount and terms;

43 (b) an accounting of the remaining project financing gap; and

44 (c) any other information as the authority shall require.

45 (3) The authority may issue the loan guarantees in such amounts as
46 it deems appropriate, subject to such terms as the authority deems
47 reasonable and appropriate, except that each worker employed to
48 perform construction work on the redevelopment project shall be paid

1 not less than the prevailing wage rate for the worker's craft or trade, as
2 determined by the Commissioner of Labor and Workforce Development
3 pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
4 (C.34:11-56.58 et seq.).

5 d. (1) The authority shall establish a Redevelopment Project Bridge
6 Financing Revolving Fund from which the authority shall provide all
7 loans issued pursuant to subsection b. of this section and provide all loan
8 guarantees issued pursuant to subsection c. of this section. All monies
9 received from payments of the principle and interest for loans issued
10 pursuant to this section shall be deposited into the Redevelopment
11 Project Bridge Financing Revolving Fund, which fund shall remain until
12 the authority determines that there no longer remains a need for bridge
13 financing or until December 31, 2028, whichever occurs first. After the
14 fund is no longer needed, or upon its expiration, all monies in the fund
15 shall be deposited into the General Fund.

16 (2) Within 90 days after the effective date of P.L. , c. (C.)
17 (pending before the Legislature as this bill), the authority shall submit a
18 recommendation to the Governor and to the Legislature, pursuant to
19 section 2 of P.L.1991, c.164 (C.52:14-19.1), for the amount of
20 appropriations needed to fund the Redevelopment Project Bridge
21 Financing Program.

22

23 12. (New section) a. To facilitate the efficient monetization of tax
24 credits awarded under the program, the Department of the Treasury
25 shall, at such times as the department deems necessary, redeem the
26 tax credits awarded to a developer for a redevelopment project at a
27 discount from face value. The tax credit redemptions shall be made
28 at such discounts as the State Treasurer deems appropriate, except
29 that the discount shall not exceed 10 percent of the face value of the
30 tax credits.

31 b. The tax credit redemptions shall be paid in the same manner
32 as refunds of tax payable under section 5 of P.L.1945, c.162
33 (C.54:10A-5), sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and
34 C.54:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
35 N.J.S.17B:23-5, notwithstanding that such tax is not applicable to the
36 person or entity seeking the redemption. The State Treasurer shall
37 allow the proceeds of the tax credit redemption to be issued over one
38 or more tax periods, but not to exceed the applicable eligibility
39 period.

40

41 13. Section 89 of P.L.2020, c.156 (C.52:18A-263) is amended to
42 read as follows:

43 89. a. The Director of the Division of Taxation in the Department
44 of the Treasury may purchase unused tax credits awarded under a
45 program listed in subsection b. of this section, including tax credit
46 transfer certificates issued by the director in lieu of a tax credit
47 allowed under such programs. The director shall not pay

1 consideration in excess of 75 percent of the credit amount to be
2 purchased, except for a credit awarded under:

3 (1) the "Emerge Program Act," sections 68 through 81 of
4 P.L.2020, c.156 (C.34:1B-336 et al.), which shall be subject to the
5 provisions of paragraph (4) of subsection d. of section 77 of
6 P.L.2020, c.156 (C.34:1B-345); or

7 (2) the "New Jersey Aspire Program Act," sections 54 through 67
8 (C.34:1B-222 through C.34:1B-335), as amended and supplemented,
9 which shall be subject to the provisions of section 12 of
10 P.L. , c. (C.) (pending before the Legislature as this bill).

11 b. The Director of the Division of Taxation in the Department of
12 the Treasury may purchase tax credits awarded under the following:

13 (1) the "Historic Property Reinvestment Act," sections 1 through
14 8 of P.L.2020, c.156 (C.34:1B-269 through C.34:1B-276);

15 (2) the "Brownfield Redevelopment Incentive Program Act,"
16 sections 9 through 19 of P.L.2020, c.156 (C.34:1B-277 through
17 C.34:1B-287);

18 (3) the "New Jersey Innovation Evergreen Act," sections 20
19 through 34 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302);

20 (4) the "Food Desert Relief Act," sections 35 through 42 of
21 P.L.2020, c.156 (C.34:1B-303 through C.34:1B-310);

22 (5) the "New Jersey Community-Anchored Development Act,"
23 sections 43 through 53 of P.L.2020, c.156 (C.34:1B-311 through
24 C.34:1B-321);

25 (6) the "New Jersey Aspire Program Act," sections 54 through 67
26 of P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335);

27 (7) the " Emerge Program Act," sections 68 through 81 of
28 P.L.2020, c.156 (C.34:1B-336 et al.);

29 (8) the Grow New Jersey Assistance Program established
30 pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244);

31 (9) section 6 of P.L.2010, c.57 (C.34:1B-209.4);

32 (10)the State Economic Redevelopment and Growth Grant
33 program established pursuant to section 5 of P.L.2009, c.90
34 (C.52:27D-489e);

35 (11)section 1 of P.L.2018, c.56 (C.54:10A-5.39b); and

36 (12)section 2 of P.L.2018, c.56 (C.54A:4-12b).

37 (cf: P.L.2020, c.156, s.89)

38

39 14. Section 4 of P.L.1945, c.162 (C.54:10A-4) is amended to read
40 as follows:

41 4. For the purposes of this act, unless the context requires a
42 different meaning:

43 (a) "Commissioner" or "director" shall mean the Director of the
44 Division of Taxation of the State Department of the Treasury.

45 (b) "Allocation factor" shall mean the proportionate part of a
46 taxpayer's net worth or entire net income used to determine a measure
47 of its tax under this act.

1 (c) "Corporation" shall mean any corporation, joint-stock
2 company or association and any business conducted by a trustee or
3 trustees wherein interest or ownership is evidenced by a certificate of
4 interest or ownership or similar written instrument, any other entity
5 classified as a corporation for federal income tax purposes, and any
6 state or federally chartered building and loan association or savings
7 and loan association.

8 (d) "Net worth" shall mean the aggregate of the values disclosed
9 by the books of the corporation for (1) issued and outstanding capital
10 stock, (2) paid-in or capital surplus, (3) earned surplus and undivided
11 profits, and (4) surplus reserves which can reasonably be expected to
12 accrue to holders or owners of equitable shares, not including
13 reasonable valuation reserves, such as reserves for depreciation or
14 obsolescence or depletion. Notwithstanding the foregoing, net worth
15 shall not include any deduction for the amount of the excess
16 depreciation described in paragraph (2) (F) of subsection (k) of this
17 section. The foregoing aggregate of values shall be reduced by 50%
18 of the amount disclosed by the books of the corporation for
19 investment in the capital stock of one or more subsidiaries, which
20 investment is defined as ownership (1) of at least 80% of the total
21 combined voting power of all classes of stock of the subsidiary
22 entitled to vote and (2) of at least 80% of the total number of shares
23 of all other classes of stock except nonvoting stock which is limited
24 and preferred as to dividends. In the case of investment in an entity
25 organized under the laws of a foreign country, the foregoing requisite
26 degree of ownership shall effect a like reduction of such investment
27 from the net worth of the taxpayer, if the foreign entity is considered
28 a corporation for any purpose under the United States federal income
29 tax laws, such as (but not by way of sole examples) for the purpose
30 of supplying deemed paid foreign tax credits or for the purpose of
31 status as a controlled foreign corporation. In calculating the net
32 worth of a taxpayer entitled to reduction for investment in
33 subsidiaries, the amount of liabilities of the taxpayer shall be reduced
34 by such proportion of the liabilities as corresponds to the ratio which
35 the excluded portion of the subsidiary values bears to the total assets
36 of the taxpayer.

37 In the case of banking corporations which have international
38 banking facilities as defined in subsection (n), the foregoing
39 aggregate of values shall also be reduced by retained earnings of the
40 international banking facility. Retained earnings means the earnings
41 accumulated over the life of such facility and shall not include the
42 distributive share of dividends paid and federal income taxes paid or
43 payable during the tax year.

44 If in the opinion of the director, the corporation's books do not
45 disclose fair valuations the director may make a reasonable
46 determination of the net worth which, in his opinion, would reflect
47 the fair value of the assets, exclusive of subsidiary investments as
48 defined aforesaid, carried on the books of the corporation, in

1 accordance with sound accounting principles, and such determination
2 shall be used as net worth for the purpose of this act.

3 (e) (Deleted by amendment, P.L.1998, c.114.)

4 (f) "Investment company" shall mean any corporation whose
5 business during the period covered by its report consisted, to the
6 extent of at least 90 percent thereof of holding, investing and
7 reinvesting in stocks, bonds, notes, mortgages, debentures, patents,
8 patent rights and other securities for its own account, but this shall
9 not include any corporation which: (1) is a merchant or a dealer of
10 stocks, bonds and other securities, regularly engaged in buying the
11 same and selling the same to customers; or (2) had less than 90
12 percent of its average gross assets in New Jersey, at cost, invested in
13 stocks, bonds, debentures, mortgages, notes, patents, patent rights or
14 other securities or consisting of cash on deposit during the period
15 covered by its report; or (3) is a banking corporation, a savings
16 institution, or a financial business corporation as defined in the
17 Corporation Business Tax Act.

18 (g) "Regulated investment company" shall mean any corporation
19 which for a period covered by its report, is registered and regulated
20 under the Investment Company Act of 1940 (54 Stat. 789), as
21 amended.

22 (h) "Taxpayer" shall mean any corporation, any combined group
23 filing a mandatory or elective New Jersey combined return, and any
24 partnership required, or consenting, to report or to pay taxes, interest
25 or penalties under this act. "Taxpayer" shall not include a partnership
26 that is listed on a United States national stock exchange.

27 (i) "Fiscal year" shall mean an accounting period ending on any
28 day other than the last day of December on the basis of which the
29 taxpayer is required to report for federal income tax purposes.

30 (j) Except as herein provided, "privilege period" shall mean the
31 calendar or fiscal accounting period for which a tax is payable under
32 this act.

33 (k) "Entire net income" shall mean total net income from all
34 sources, whether within or without the United States, and shall
35 include the gain derived from the employment of capital or labor, or
36 from both combined, as well as profit gained through a sale or
37 conversion of capital assets.

38 For the purpose of this act, the amount of a taxpayer's entire net
39 income shall be deemed prima facie to be equal in amount to the
40 taxable income, before net operating loss deduction and special
41 deductions, which the taxpayer is required to report, or, if the
42 taxpayer is classified as a partnership for federal tax purposes, would
43 otherwise be required to report, to the United States Treasury
44 Department for the purpose of computing its federal income tax,
45 provided however, that in the determination of such entire net
46 income,

47 (1) Entire net income shall exclude for the periods set forth in
48 paragraph (2)(F)(i) of this subsection, any amount, except with

1 respect to qualified mass commuting vehicles as described in section
2 168(f)(8)(D)(v) of the Internal Revenue Code as in effect
3 immediately prior to January 1, 1984, which is included in a
4 taxpayer's federal taxable income solely as a result of an election
5 made pursuant to the provisions of paragraph (8) of that section.

6 (2) Entire net income shall be determined without the exclusion,
7 deduction or credit of:

8 (A) The amount of any exemption or credit allowed in any law of
9 the United States imposing any tax on or measured by the income of
10 corporations.

11 (B) Any part of any income from dividends or interest on any kind
12 of stock, securities or indebtedness, except as provided in paragraph
13 (5) of subsection (k) of this section.

14 (C) Taxes paid or accrued to the United States, a possession or
15 territory of the United States, a state, a political subdivision thereof,
16 or the District of Columbia, or to any foreign country, state, province,
17 territory or subdivision thereof, on or measured by profits or income,
18 or business presence or business activity, or the tax imposed by this
19 act, or any tax paid or accrued with respect to subsidiary dividends
20 excluded from entire net income as provided in paragraph (5) of
21 subsection (k) of this section.

22 (D) (Deleted by amendment, P.L.1985, c.143.)

23 (E) (Deleted by amendment, P.L.1995, c.418.)

24 (F) (i) The amount by which depreciation reported to the United
25 States Treasury Department for property placed in service on and
26 after January 1, 1981, but prior to taxpayer fiscal or calendar
27 accounting years beginning on and after the effective date of
28 P.L.1993, c.172, for purposes of computing federal taxable income
29 in accordance with section 168 of the Internal Revenue Code in effect
30 after December 31, 1980, exceeds the amount of depreciation
31 determined in accordance with the Internal Revenue Code provisions
32 in effect prior to January 1, 1981, but only with respect to a taxpayer's
33 accounting period ending after December 31, 1981; provided,
34 however, that where a taxpayer's accounting period begins in 1981
35 and ends in 1982, no modification shall be required with respect to
36 this paragraph (F) for the report filed for such period with respect to
37 property placed in service during that part of the accounting period
38 which occurs in 1981. The provisions of this subparagraph shall not
39 apply to assets placed in service prior to January 1, 1998 of a gas, gas
40 and electric, and electric public utility that was subject to the
41 provisions of P.L.1940, c.5 (C.54:30A-49 et seq.) prior to 1998.

42 (ii) For the periods set forth in subparagraph (F)(i) of paragraph
43 (2) of this subsection, any amount, except with respect to qualified
44 mass commuting vehicles as described in section 168(f)(8)(D)(v) of
45 the Internal Revenue Code as in effect immediately prior to January
46 1, 1984, which the taxpayer claimed as a deduction in computing
47 federal income tax pursuant to a qualified lease agreement under
48 paragraph (8) of that section.

1 The director shall promulgate rules and regulations necessary to
2 carry out the provisions of this section, which rules shall provide,
3 among others, the manner in which the remaining life of property
4 shall be reported.

5 (G) (i) The amount of any civil, civil administrative, or criminal
6 penalty or fine, including a penalty or fine under an administrative
7 consent order, assessed and collected for a violation of a State or
8 federal environmental law, an administrative consent order, or an
9 environmental ordinance or resolution of a local governmental entity,
10 and any interest earned on the penalty or fine, and any economic
11 benefits having accrued to the violator as a result of a violation,
12 which benefits are assessed and recovered in a civil, civil
13 administrative, or criminal action, or pursuant to an administrative
14 consent order. The provisions of this paragraph shall not apply to a
15 penalty or fine assessed or collected for a violation of a State or
16 federal environmental law, or local environmental ordinance or
17 resolution, if the penalty or fine was for a violation that resulted from
18 fire, riot, sabotage, flood, storm event, natural cause, or other act of
19 God beyond the reasonable control of the violator, or caused by an
20 act or omission of a person who was outside the reasonable control
21 of the violator.

22 (ii) The amount of treble damages paid to the Department of
23 Environmental Protection pursuant to subsection a. of section 7 of
24 P.L.1976, c.141 (C.58:10-23.11f), for costs incurred by the
25 department in removing, or arranging for the removal of, an
26 unauthorized discharge upon failure of the discharger to comply with
27 a directive from the department to remove, or arrange for the removal
28 of, the discharge.

29 (H) The amount of any sales and use tax paid by a utility vendor
30 pursuant to section 71 of P.L.1997, c.162.

31 (I) With respect to privilege periods ending before July 31, 2023,
32 interest paid, accrued or incurred for the privilege period to a related
33 member, as defined in section 5 of P.L.2002, c.40 (C.54:10A-4.4),
34 except that a deduction shall be permitted to the extent that the
35 taxpayer establishes by clear and convincing evidence, as determined
36 by the director, that: (i) a principal purpose of the transaction giving
37 rise to the payment of the interest was not to avoid taxes otherwise
38 due under Title 54 of the Revised Statutes or Title 54A of the New
39 Jersey Statutes, (ii) the interest is paid pursuant to arm's length
40 contracts at an arm's length rate of interest, and (iii)(aa) the related
41 member was subject to a tax on its net income or receipts in this State
42 or another state or possession of the United States or in a foreign
43 nation, (bb) a measure of the tax includes the interest received from
44 the related member, and (cc) the rate of tax applied to the interest
45 received by the related member is equal to or greater than a rate three
46 percentage points less than the rate of tax applied to taxable interest
47 by this State pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

1 With respect to privilege periods ending before July 31, 2023, a
2 deduction shall also be permitted if the taxpayer establishes by clear
3 and convincing evidence, as determined by the director, that the
4 disallowance of a deduction is unreasonable, or the taxpayer and the
5 director agree in writing to the application or use of an alternative
6 method of apportionment under section 8 of P.L.1945, c.162
7 (C.54:10A-8); nothing in this subsection shall be construed to limit
8 or negate the director's authority to otherwise enter into agreements
9 and compromises otherwise allowed by law.

10 With respect to privilege periods ending before July 31, 2023, a
11 deduction shall also be permitted to the extent that the taxpayer
12 establishes by a preponderance of the evidence, as determined by the
13 director, that the interest is directly or indirectly paid, accrued or
14 incurred to (i) a related member in a foreign nation which has in force
15 a comprehensive income tax treaty with the United States and the
16 related member (aa) was subject to tax in the foreign nation on a tax
17 base that included the payment paid, accrued, or incurred; and (bb)
18 under which the related member's income received from the
19 transaction was taxed at an effective tax rate equal to or greater than
20 a rate of three percentage points less than the rate of tax applied to
21 taxable interest by the State of New Jersey pursuant to section 5 of
22 P.L.1945, c.162 (C.54:10A-5), provided however that the taxpayer
23 shall disclose on its return for the privilege period the name of the
24 related member, the amount of the interest, the relevant foreign
25 nation, and such other information as the director may prescribe or
26 (ii) to an independent lender and the taxpayer guarantees the debt on
27 which the interest is required. The adjustments required by this
28 subparagraph shall not apply to transactions between related
29 members included in a combined group reported on a New Jersey
30 combined return.

31 (J) (i) Amounts deducted for federal tax purposes pursuant to
32 section 199 of the federal Internal Revenue Code of 1986, 26 U.S.C.
33 s.199, except that this exclusion shall not apply to amounts deducted
34 pursuant to that section that are exclusively based upon domestic
35 production gross receipts of the taxpayer which are derived only from
36 any lease, rental, license, sale, exchange, or other disposition of
37 qualifying production property which the taxpayer demonstrates to
38 the satisfaction of the director was manufactured or produced by the
39 taxpayer in whole or in significant part within the United States but
40 not qualified production property that was grown or extracted by the
41 taxpayer. "Manufactured or produced" as used in this paragraph shall
42 be limited to performance of an operation or series of operations the
43 object of which is to place items of tangible personal property in a
44 form, composition, or character different from that in which they
45 were acquired. The change in form, composition, or character shall
46 be a substantial change, and result in a transformation of property
47 into a different or substantially more usable product.

1 (ii) For privilege periods beginning after December 31, 2017,
2 notwithstanding the provisions of P.L.1945, c.162 (C.54:10A-1 et
3 seq.) or any other law to the contrary, for the purposes of determining
4 the amount of income pursuant to P.L.1945, c.162 (C.54:10A-1 et
5 seq.) that is net of expenses, no amounts shall be taken as a deduction
6 pursuant to section 199A of the Internal Revenue Code (26 U.S.C.
7 s.199A).

8 (K) (i) For privilege periods beginning after December 31, 2017
9 and ending before July 31, 2022, the interest deduction limitation in
10 subsection (j) of section 163 of the Internal Revenue Code (26 U.S.C.
11 s.163), shall apply on a pro-rata basis to interest paid to both related
12 and unrelated parties, regardless of whether the related parties are
13 subject to the add-back provision of either subparagraph (I) of
14 paragraph (2) of this subsection or in section 5 of P.L.2002, c.40
15 (C.54:10A-4.4).

16 (ii) For privilege periods beginning after December 31, 2017 and
17 ending on and after July 31, 2022, the interest deduction limitation in
18 subsection (j) of section 163 of the Internal Revenue Code (26 U.S.C.
19 s.163), shall apply to a combined group as though the combined
20 group filed a federal consolidated return; provided, however, for the
21 purposes of applying the limitation in subsection (j) of section 163 of
22 the Internal Revenue Code (26 U.S.C. s.163), with regard to affiliates
23 that were members of the federal consolidated return but were not
24 members of the combined group included on the New Jersey
25 combined return, the combined group and the affiliates will also be
26 treated as having filed one federal consolidated return.

27 (3) The director may, whenever necessary to properly reflect the
28 entire net income of any taxpayer, determine the year or period in
29 which any item of income or deduction shall be included, without
30 being limited to the method of accounting employed by the taxpayer.

31 (4) There shall be allowed as a deduction from entire net income
32 of a banking corporation, to the extent not deductible in determining
33 federal taxable income, the eligible net income of an international
34 banking facility determined as follows:

35 (A) The eligible net income of an international banking facility
36 shall be the amount remaining after subtracting from the eligible
37 gross income the applicable expenses;

38 (B) Eligible gross income shall be the gross income derived by an
39 international banking facility, which shall include, but not be limited
40 to, gross income derived from:

41 (i) Making, arranging for, placing or carrying loans to foreign
42 persons, provided, however, that in the case of a foreign person which
43 is an individual, or which is a foreign branch of a domestic
44 corporation (other than a bank), or which is a foreign corporation or
45 foreign partnership which is controlled by one or more domestic
46 corporations (other than banks), domestic partnerships or resident
47 individuals, all the proceeds of the loan are for use outside of the
48 United States;

1 (ii) Making or placing deposits with foreign persons which are
2 banks or foreign branches of banks (including foreign subsidiaries)
3 or foreign branches of the taxpayers or with other international
4 banking facilities;

5 (iii) Entering into foreign exchange trading or hedging
6 transactions related to any of the transactions described in this
7 paragraph; or

8 (iv) Such other activities as an international banking facility may,
9 from time to time, be authorized to engage in;

10 (C) Applicable expenses shall be any expense or other deductions
11 attributable, directly or indirectly, to the eligible gross income
12 described in subparagraph (B) of this paragraph.

13 (5) (A) (i) Entire net income shall exclude 100% of dividends
14 which were included in computing such taxable income for federal
15 income tax purposes, paid to the taxpayer by one or more subsidiaries
16 owned by the taxpayer to the extent of the 80% or more ownership
17 of investment described in subsection (d) of this section for privilege
18 periods beginning on or before December 31, 2016.

19 (ii) For privilege periods beginning after December 31, 2016 and
20 before January 1, 2019, entire net income shall exclude 95% of
21 dividends which were included in computing such taxable income for
22 federal income tax purposes, paid or deemed paid, to the taxpayer by
23 one or more subsidiaries owned by the taxpayer to the extent of the
24 80% or more ownership of investment described in subsection (d) of
25 this section. For the purposes of calculating the tax liability owed for
26 the paid or deemed paid dividends included in entire net income by
27 this subparagraph (ii), the taxpayer shall use either their three-
28 year average allocation factor for the taxpayer's 2014 through 2016
29 tax years reported on the taxpayer's tax returns or 3.5 percent,
30 whichever is lower.

31 (iii) For privilege periods beginning on and after January 1, 2019
32 and ending before July 31, 2023, entire net income shall exclude 95%
33 of dividends which were included in computing such taxable income
34 for federal income tax purposes, paid or deemed paid to the taxpayer
35 by one or more subsidiaries owned by the taxpayer to the extent of
36 the 80% or more ownership of investment described in subsection (d)
37 of this section.

38 (iv) For privilege periods ending on and after July 31, 2023, entire
39 net income shall exclude 100 percent of dividends and deemed
40 dividends that were included in computing such taxable income for
41 federal income tax purposes, paid or deemed paid to the taxpayer by
42 one or more subsidiaries owned by the taxpayer to the extent of the
43 80 percent or more ownership of investment described in subsection
44 (d) of this section.

45 (B) Entire net income shall exclude 50% of dividends which were
46 included in computing such taxable income for federal income tax
47 purposes, paid or deemed paid to the taxpayer by one or more
48 subsidiaries owned by the taxpayer to the extent of 50% or more

1 ownership of investment, such ownership of investment calculated in
2 the same manner as the 80% or more of ownership of investment is
3 calculated as described in subsection (d) of this section.

4 (C) To the extent a subsidiary received dividends from other
5 subsidiaries and included those dividends in its entire net income for
6 the purposes of determining its tax liability pursuant to section 5 of
7 P.L.1945, c.162 (C.54:10A-5) and paid tax on those dividends, the
8 taxpayer receiving those same dividends from the subsidiary shall
9 exclude those dividends from its entire net income based on the
10 subsidiary's allocation factor used by the subsidiary in determining
11 its tax liability pursuant to section 5 of P.L.1945, c.162 (C.54:10A-
12 5). This subparagraph (C) shall not apply to privilege periods ending
13 on and after July 31, 2019.

14 (D) For privilege periods ending on and after July 31, 2019 but
15 before July 31, 2020, to the extent a subsidiary received dividends
16 from other subsidiaries and included those dividends in its entire net
17 income for the purposes of determining its tax liability pursuant to
18 section 5 of P.L.1945, c.162 (C.54:10A-5) and paid tax on those
19 dividends, the taxpayer receiving those same dividends from the
20 subsidiary shall exclude those dividends from its entire net income.

21 (E) For privilege periods ending on and after July 31, 2020, for
22 purposes of this paragraph (5), the members of a combined group
23 filing a New Jersey combined return shall be treated as one taxpayer
24 with regard to dividends and deemed dividends that were received as
25 part of the unitary business of the combined group.

26 (F) For privilege periods ending on and after July 31, 2023:

27 (i) The exclusion provided by this paragraph (5) shall be
28 deducted from entire net income after the State modifications that
29 increase federal entire net income but before the other State
30 modifications that reduce entire net income and before the allocation
31 of entire net income to this State.

32 (ii) In computing the total amount of the dividends and deemed
33 dividends excluded by this paragraph (5) for privilege periods ending
34 on and after July 31, 2023, the amount of dividends and deemed
35 dividends excluded shall be reduced by the amount of the expenses
36 and deductions that are attributable to those dividends and deemed
37 dividends. For purposes of this paragraph (5), expenses and
38 deductions related to dividends shall equal five percent of all
39 dividends and deemed dividends received by a taxpayer during an
40 income year.

41 (G) For privilege periods ending on and after July 31, 2023, for
42 the purposes of this paragraph (5) and for subsection d. of section 18
43 of P.L.2018, c.48 (C.54:10A-4.6), the income amounts required to be
44 included in federal taxable income pursuant to 26 U.S.C. s.951A,
45 shall be considered a dividend.

46 (6) (A) Net operating loss deduction. For privilege periods ending
47 before July 31, 2019, there shall be allowed as a deduction for the
48 privilege period the net operating loss carryover to that period.

1 (B) Net operating loss carryover. A net operating loss for any
2 privilege period ending after June 30, 1984 shall be a net operating
3 loss carryover to each of the seven privilege periods following the
4 period of the loss and a net operating loss for any privilege period
5 ending after June 30, 2009 shall be a net operating loss carryover to
6 each of the twenty privilege periods following the period of the loss.
7 The entire amount of the net operating loss for any privilege period
8 (the "loss period") shall be carried to the earliest of the privilege
9 periods to which the loss may be carried. The portion of the loss
10 which shall be carried to each of the other privilege periods shall be
11 the excess, if any, of the amount of the loss over the sum of the entire
12 net income, computed without the exclusions permitted in paragraphs
13 (4) and (5) of this subsection or the net operating loss deduction
14 provided by subparagraph (A) of this paragraph, for each of the prior
15 privilege periods to which the loss may be carried.

16 (C) Net operating loss. For purposes of this paragraph the term
17 "net operating loss" means the excess of the deductions over the gross
18 income used in computing entire net income without the net
19 operating loss deduction provided for in subparagraph (A) of this
20 paragraph and the exclusions in paragraphs (4) and (5) of this
21 subsection.

22 (D) Change in ownership. Where there is a change in 50% or more
23 of the ownership of a corporation because of redemption or sale of
24 stock and the corporation changes the trade or business giving rise to
25 the loss, no net operating loss sustained before the changes may be
26 carried over to be deducted from income earned after such changes.
27 In addition where the facts support the premise that the corporation
28 was acquired under any circumstances for the primary purpose of the
29 use of its net operating loss carryover, the director may disallow the
30 carryover.

31 (E) Notwithstanding the provisions of this paragraph (6) of
32 subsection (k) of this section to the contrary, for privilege periods
33 beginning during calendar year 2002 and calendar year 2003, no
34 deduction for any net operating loss carryover shall be allowed and
35 for privilege periods beginning during calendar year 2004 and
36 calendar year 2005, there shall be allowed as a deduction for the
37 privilege period so much of the net operating loss carryover as
38 reduces entire net income otherwise calculated by 50%. If and only
39 to the extent that any net operating loss carryover deduction is
40 disallowed by reason of this subparagraph (E), the date on which the
41 amount of the disallowed net operating loss carryover deduction
42 would otherwise expire shall be extended by a period equal to the
43 period for which application of the net operating loss was disallowed
44 by this subparagraph.

45 Provided, that this subparagraph (E) shall not restrict the surrender
46 or acquisition of corporation business tax benefit certificates
47 pursuant to section 1 of P.L.1997, c.334 (C.34:1B-7.42a) and shall

1 not restrict the application of corporation business tax benefit
2 certificates pursuant to section 2 of P.L.1997, c.334 (C.54:10A-4.2).

3 (F) Reduction for discharge of indebtedness. A net operating loss
4 for any privilege period ending after June 30, 2014, and any net
5 operating loss carryover to such privilege period, shall be reduced by
6 the amount excluded from federal taxable income under
7 subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of
8 section 108 of the federal Internal Revenue Code (26 U.S.C. s.108),
9 for the privilege period of the discharge of indebtedness.

10 (7) The entire net income of gas, electric and gas and electric
11 public utilities that were subject to, or would have been subject to tax
12 if doing business in this State, the provisions of P.L.1940, c.5
13 (C.54:30A-49 et seq.) prior to 1998, shall be adjusted by substituting
14 the New Jersey depreciation allowance for federal tax depreciation
15 with respect to assets placed in service prior to January 1, 1998. For
16 gas, electric, and gas and electric public utilities that were subject to,
17 or would have been subject to tax if doing business in this State, the
18 provisions of P.L.1940, c.5 (C.54:30A-49 et seq.) prior to 1998, the
19 New Jersey depreciation allowance shall be computed as follows: All
20 depreciable assets placed in service prior to January 1, 1998 shall be
21 considered a single asset account. The New Jersey tax basis of this
22 depreciable asset account shall be an amount equal to the carryover
23 adjusted basis for federal income tax purposes on December 31, 1997
24 of all depreciable assets in service on December 31, 1997, increased
25 by the excess, of the "net carrying value," defined to be adjusted book
26 basis of all assets and liabilities, excluding deferred income taxes,
27 recorded on the public utility's books of account on December 31,
28 1997, over the carryover adjusted basis for federal income tax
29 purposes on December 31, 1997 of all assets and liabilities owned by
30 the gas, electric, or gas and electric public utility as of December 31,
31 1997. "Books of account" for gas, gas and electric, and electric public
32 utilities means the uniform system of accounts as promulgated by the
33 Federal Energy Regulatory Commission and adopted by the Board of
34 Public Utilities. The following adjustments to entire net income shall
35 be made pursuant to this section:

36 (A) Depreciation for property placed in service prior to January 1,
37 1998 shall be adjusted as follows:

38 (i) Depreciation for federal income tax purposes shall be
39 disallowed in full.

40 (ii) A deduction shall be allowed for the New Jersey depreciation
41 allowance. The New Jersey depreciation allowance shall be
42 computed for the single asset account described above based on the
43 New Jersey tax basis as adjusted above as if all assets in the single
44 asset account were first placed in service on January 1, 1998.
45 Depreciation shall be computed using the straight line method over a
46 thirty-year life. A full year's depreciation shall be allowed in the
47 initial tax year. No half-year convention shall apply. The depreciable
48 basis of the single account shall be reduced by the adjusted federal

1 tax basis of assets sold, retired, or otherwise disposed of during any
2 year on which gain or loss is recognized for federal income tax
3 purposes as described in subparagraph (B) of this paragraph.

4 (B) Gains and losses on sales, retirements and other dispositions
5 of assets placed in service prior to January 1, 1998 shall be
6 recognized and reported on the same basis as for federal income tax
7 purposes.

8 (C) The Director of the Division of Taxation shall promulgate
9 regulations describing the methodology for allocating the single asset
10 account in the event that a portion of the utility's operations are
11 separated, spun-off, transferred to a separate company or otherwise
12 desegregated.

13 (8) In the case of taxpayers that are gas, electric, gas and electric,
14 or telecommunications public utilities as defined pursuant to
15 subsection (q) of this section, the director shall have authority to
16 promulgate rules and issue guidance correcting distortions and
17 adjusting timing differences resulting from the adoption of P.L.1997,
18 c.162 (C.54:10A-5.25 et al.).

19 (9) Notwithstanding paragraph (1) of this subsection, entire net
20 income shall not include the income derived by a corporation
21 organized in a foreign country from the international operation of a
22 ship or ships, or from the international operation of aircraft, if such
23 income is exempt from federal taxation pursuant to section 883 of the
24 federal Internal Revenue Code of 1986, 26 U.S.C. s.883.

25 (10) Entire net income shall exclude all income of an alien
26 corporation the activities of which are limited in this State to
27 investing or trading in stocks and securities for its own account,
28 investing or trading in commodities for its own account, or any
29 combination of those activities, within the meaning of section 864 of
30 the federal Internal Revenue Code of 1986, 26 U.S.C. s.864, as in
31 effect on December 31, 1998. Notwithstanding the previous sentence,
32 if an alien corporation undertakes one or more infrequent,
33 extraordinary or non-recurring activities, including but not limited to
34 the sale of tangible property, only the income from such infrequent,
35 extraordinary or non-recurring activity shall be subject to the tax
36 imposed pursuant to P.L.1945, c.162 (C.54:10A-1 et seq.), and that
37 amount of income subject to tax shall be determined without regard
38 to the allocation to that specific transaction of any general business
39 expense of the taxpayer and shall be specifically assigned to this State
40 for taxation by this State without regard to section 6 of P.L.1945,
41 c.162 (C.54:10A-6). For the purposes of this paragraph, "alien
42 corporation" means a corporation organized under the laws of a
43 jurisdiction other than the United States or its political subdivisions.

44 (11) No deduction shall be allowed for research and experimental
45 expenditures, to the extent that those research and experimental
46 expenditures are qualified research expenses or basic research
47 payments for which an amount of credit is claimed pursuant to
48 section 1 of P.L.1993, c.175 (C.54:10A-5.24) unless those research

1 and experimental expenditures are also used to compute a federal
2 credit claimed pursuant to section 41 of the federal Internal Revenue
3 Code of 1986, 26 U.S.C. s.41; provided, however, for privilege
4 periods beginning on and after January 1, 2022, a deduction for
5 research and experimental expenditures shall be allowed during the
6 same privilege period for which a credit is claimed pursuant to
7 section 1 of P.L.1993, c.175 (C.54:10A-5.24), notwithstanding the
8 timing schedule required by the federal Internal Revenue Code of
9 1986, 26 U.S.C. s.174, for the deduction of specified research and
10 experimental expenditures.

11 (12)(A) Notwithstanding the provisions of subsection (k) of
12 section 168 of the federal Internal Revenue Code of 1986, 26 U.S.C.
13 s.168, subsection (b) of section 1400L of the federal Internal Revenue
14 Code of 1986, 26 U.S.C. s.1400L, or any other federal law, for
15 property acquired after September 10, 2001, the depreciation
16 deduction otherwise allowed pursuant to section 167 of the federal
17 Internal Revenue Code of 1986, 26 U.S.C. s.167, shall be determined
18 pursuant to the provisions of the federal Internal Revenue Code of
19 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001.

20 (B) The director shall prescribe the rules and regulations
21 necessary to carry out the provisions of this paragraph, including,
22 among others, those for determining the adjusted basis of the
23 acquired property for the purposes of the Corporation Business Tax
24 Act (1945), P.L.1945, c.162.

25 (13)(A) Notwithstanding the provisions of section 179 of the
26 federal Internal Revenue Code of 1986, 26 U.S.C. s.179, for property
27 placed in service on or after January 1, 2004, the costs that a taxpayer
28 may otherwise elect to treat as an expense which is not chargeable to
29 a capital account shall be determined pursuant to the provisions of
30 the federal Internal Revenue Code of 1986 (26 U.S.C. s.1 et seq.) in
31 effect on December 31, 2002.

32 (B) The director shall prescribe the rules and regulations
33 necessary to carry out the provisions of this paragraph, including,
34 among others, those for determining the adjusted basis of the
35 acquired property for the purposes of the Corporation Business Tax
36 Act (1945), P.L.1945, c.162.

37 (14)Notwithstanding the provisions of subsection (i) of section
38 108 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.108),
39 for privilege periods beginning after December 31, 2008 and before
40 January 1, 2011, entire net income shall include the amount of
41 discharge of indebtedness income excluded for federal income tax
42 purposes pursuant to subsection (i) of section 108 of the federal
43 Internal Revenue Code of 1986 (26 U.S.C. s.108), and for privilege
44 periods beginning on or after January 1, 2014 and before January 1,
45 2019, entire net income shall exclude the amount of discharge of
46 indebtedness income included for federal income tax purposes,
47 pursuant to subsection (i) of section 108 of the federal Internal
48 Revenue Code of 1986 (26 U.S.C. s.108).

1 (15) Entire net income shall exclude the gain or income derived
2 from the sale or assignment of a tax credit transfer certificate
3 pursuant to section 7 of P.L.2011, c.149 (C.34:1B-248) **【and】**,
4 section 10 of P.L.2014, c.63 (C.34:1B-251), or the "New Jersey
5 Economic Recovery Act of 2020," P.L.2020, c.156 (C.34:1B-269 et
6 al.), as amended and supplemented.

7 (16)(A) There shall be allowed as a deduction an amount
8 computed in accordance with this paragraph.

9 (B) For purposes of this paragraph, "net deferred tax liability"
10 means deferred tax liabilities that exceed the deferred tax assets of
11 the combined group, as computed in accordance with generally
12 accepted accounting principles, and "net deferred tax asset" means
13 that deferred tax assets exceed the deferred tax liabilities of the
14 combined group, as computed in accordance with generally accepted
15 accounting principles.

16 (C) Only publicly traded companies, including affiliated
17 corporations participating in the filing of a publicly traded company's
18 financial statements prepared in accordance with generally accepted
19 accounting principles, as of the effective date of this paragraph, shall
20 be eligible for this deduction.

21 (D) If the provisions of sections 18 through 23 of P.L.2018, c.48
22 (C.54:10A-4.6 to C.54:10A-4.11) result in an aggregate increase to
23 the members' net deferred tax liability or an aggregate decrease to the
24 members' net deferred tax asset, or an aggregate change from a net
25 deferred tax asset to a net deferred tax liability, the combined group
26 shall be entitled to a deduction, as determined in this paragraph.

27 (E) (i) Beginning with the combined group's first privilege period
28 on or after January 1 of the fifth year after the effective date of
29 P.L.2018, c.48 (C.54:10A-5.41 et al.), a combined group shall be
30 entitled to a deduction from combined group entire net income equal
31 to one-tenth of the amount necessary to offset the increase in the net
32 deferred tax liability or decrease in the net deferred tax asset, or
33 aggregate change from a net deferred tax asset to a net deferred tax
34 liability, according to the schedule provided by subsubparagraphs (ii)
35 and (iii) of this subparagraph (E). Such increase in the net deferred
36 tax liability or decrease in the net deferred tax asset or the aggregate
37 change from a net deferred tax asset to a net deferred tax liability
38 shall be computed based on the change that would result from the
39 imposition of the unitary reporting requirements under sections 1 and
40 18 through 23 of P.L.2018, c.48 (C.54:10A-5.41 and C.54:10A-4.6
41 to C.54:10A-4.11) but for the deduction provided under this
42 paragraph as of the effective date of this paragraph.

43 (ii) For group privilege periods beginning on and after January 1,
44 2023, but before January 1, 2030, the combined group may deduct
45 one percent of the amount necessary to offset the increase in the net
46 deferred tax liability or decrease in the net deferred tax asset, or
47 aggregate change from a net deferred tax asset to a net deferred tax
48 liability, during a group privilege period. Such increase in the net

1 deferred tax liability or decrease in the net deferred tax asset or the
2 aggregate change from a net deferred tax asset to a net deferred tax
3 liability shall be computed based on the change that would result
4 from the imposition of the unitary reporting requirements under
5 sections 1 and 18 through 23 of P.L.2018, c.48 (C.54:10A-5.41 and
6 C.54:10A-4.6 to C.54:10A-4.11) but for the deduction provided
7 under this paragraph as of the effective date of this paragraph.

8 (iii) For group privilege periods beginning on and after January 1,
9 2030, the combined group may deduct up to five percent of any
10 remaining unused amount of the deduction during the group privilege
11 period, until the group privilege period in which the total deduction
12 amount has been fully utilized. Such increase in the net deferred tax
13 liability or decrease in the net deferred tax asset or the aggregate
14 change from a net deferred tax asset to a net deferred tax liability
15 shall be computed based on the change that would result from the
16 imposition of the unitary reporting requirements under sections 1 and
17 18 through 23 of P.L.2018, c.48 (C.54:10A-5.41 and C.54:10A-4.6
18 to C.54:10A-4.11) but for the deduction provided under this
19 paragraph as of the effective date of this paragraph.

20 (F) The deferred tax impact determined in subparagraph (E) of
21 this paragraph must be converted to the annual Deferred Tax
22 Deduction amount, as follows:

23 (i) the deferred tax impact determined in subparagraph (E) of this
24 paragraph shall be divided by the rate determined under section 5 of
25 P.L.1945, c.162 (C.54:10A-5) at the effective date of P.L.2018, c.48
26 (C.54:10A-5.41 et al.);

27 (ii) the resulting amount shall be further divided by the New
28 Jersey unitary business allocation factor that was used by the
29 combined group in the calculation of the deferred tax assets and
30 deferred tax liabilities as described in subparagraph (E) of this
31 paragraph;

32 (iii) the resulting amount represents the total net Deferred Tax
33 Deduction available over the period as described in subparagraph (E)
34 of this paragraph.

35 (G) The deduction calculated under this paragraph shall not be
36 adjusted as a result of any events happening subsequent to such
37 calculation, including, but not limited to, any disposition or
38 abandonment of assets. Such deduction shall be calculated without
39 regard to the federal tax effect and shall not alter the tax basis of any
40 asset. If the deduction under this section is greater than combined
41 group entire net income, any excess deduction shall be carried
42 forward and applied as a deduction to combined group entire net
43 income in future privilege periods until fully utilized.

44 (H) Any combined group intending to claim a deduction under
45 this paragraph shall file a statement with the director on or before
46 July 1 of the year subsequent to the first privilege period for which a
47 combined return is required. Such statement shall specify the total
48 amount of the deduction which the combined group claims on such

1 form and in such manner as prescribed by the director. No deduction
2 shall be allowed under this paragraph for any privilege period except
3 to the extent claimed on such timely filed statement in accordance
4 with this paragraph.

5 (17)(A) In the case of a taxpayer that is a cannabis licensee, there
6 shall be allowed as a deduction an amount equal to any expenditure
7 that is eligible to be claimed as a federal income tax deduction but is
8 disallowed because cannabis is a controlled substance under federal
9 law, and income shall be determined without regard to section 280E
10 of the Internal Revenue Code (26 U.S.C. s.280E) for cannabis
11 licensees.

12 (B) In the case of a taxpayer that is a cannabis licensee, there shall
13 be allowed as a deduction an amount equal to any expenditure that
14 would qualify as a specified research or experimental expenditure
15 pursuant to section 174 of the Internal Revenue Code but is
16 disallowed as a deduction for federal tax purposes because cannabis
17 is a controlled substance under federal law. Any expenditure that is
18 claimed as a deduction pursuant to this subparagraph may also be
19 claimed as a qualified research expense for purposes of the credit
20 allowed pursuant to section 1 of P.L.1993, c.175 (C.54:10A-5.24).

21 (C) For purposes of this paragraph, "licensee" means the same as
22 that term is defined in section 3 of P.L.2021, c.16 (C.24:6I-33).

23 (18)For privilege periods ending on and after July 31, 2022:

24 (A) Notwithstanding subparagraph (A) of paragraph (2) of this
25 subsection or any other law or treaty to the contrary, for a corporation
26 that is incorporated or formed in a foreign nation with a
27 comprehensive tax treaty with the United States, and that is not a
28 member of a world-wide group combined return filed pursuant to
29 subsection b. of section 23 of P.L.2018, c.48 (C.54:10A-4.11), entire
30 net income shall not include an item of income or loss excluded or
31 exempted from federal taxable income under the terms of the treaty,
32 and no other deduction, exclusion, or elimination shall be permitted
33 for an item of income or loss excluded by this paragraph.

34 (B) For a non-U.S. corporation that files a federal tax return and
35 is not a member of a combined group filing a New Jersey combined
36 return on a world-wide basis pursuant to subsection b. of section 23
37 of P.L.2018, c.48 (C.54:10A-4.11), the non-U.S. corporation shall
38 only include its income or loss included in federal taxable income,
39 which shall be limited to only the non-U.S. corporation's effectively
40 connected income or loss, as modified by the provisions of the
41 Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1
42 et seq.), and the items of expense and the allocation factor receipts
43 attributable to such items of income or loss.

44 (l) "Real estate investment trust" shall mean any corporation,
45 trust or association qualifying and electing to be taxed as a real estate
46 investment trust under federal law.

47 (m) "Financial business corporation" shall mean any corporate
48 enterprise which is (1) in substantial competition with the business

1 of national banks and which (2) employs moneyed capital with the
2 object of making profit by its use as money, through discounting and
3 negotiating promissory notes, drafts, bills of exchange and other
4 evidences of debt; buying and selling exchange; making of or dealing
5 in secured or unsecured loans and discounts; dealing in securities and
6 shares of corporate stock by purchasing and selling such securities
7 and stock without recourse, solely upon the order and for the account
8 of customers; or investing and reinvesting in marketable obligations
9 evidencing indebtedness of any person, copartnership, association or
10 corporation in the form of bonds, notes or debentures commonly
11 known as investment securities; or dealing in or underwriting
12 obligations of the United States, any state or any political subdivision
13 thereof, or of a corporate instrumentality of any of them. This shall
14 include, without limitation of the foregoing, business commonly
15 known as industrial banks, dealers in commercial paper and
16 acceptances, sales finance, personal finance, small loan and mortgage
17 financing businesses, as well as any other enterprise employing
18 moneyed capital coming into competition with the business of
19 national banks; provided that the holding of bonds, notes, or other
20 evidences of indebtedness by individual persons not employed or
21 engaged in the banking or investment business and representing
22 merely personal investments not made in competition with the
23 business of national banks, shall not be deemed financial business.
24 Nor shall "financial business" include national banks, production
25 credit associations organized under the Farm Credit Act of 1933 or
26 the Farm Credit Act of 1971, Pub.L.92-181 (12 U.S.C. s.2091 et
27 seq.), stock and mutual insurance companies duly authorized to
28 transact business in this State, security brokers or dealers or
29 investment companies or bankers not employing moneyed capital
30 coming into competition with the business of national banks, real
31 estate investment trusts, or any of the following entities organized
32 under the laws of this State: credit unions, savings banks, savings and
33 loan and building and loan associations, pawnbrokers, and State
34 banks and trust companies.

35 (n) "International banking facility" shall mean a set of asset and
36 liability accounts segregated on the books and records of a depository
37 institution, United States branch or agency of a foreign bank, or an
38 Edge or Agreement Corporation that includes only international
39 banking facility time deposits and international banking facility
40 extensions of credit as such terms are defined in section 204.8(a)(2)
41 and section 204.8(a)(3) of Regulation D of the board of governors of
42 the Federal Reserve System, 12 CFR Part 204, effective December 3,
43 1981. In the event that the United States enacts a law, or the board of
44 governors of the Federal Reserve System adopts a regulation which
45 amends the present definition of international banking facility or of
46 such facilities' time deposits or extensions of credit, the
47 Commissioner of Banking and Insurance shall forthwith adopt
48 regulations defining such terms in the same manner as such terms are

1 set forth in the laws of the United States or the regulations of the
2 board of governors of the Federal Reserve System. The regulations
3 of the Commissioner of Banking and Insurance shall thereafter
4 provide the applicable definitions.

5 (o) "S corporation" means a corporation that has elected to be an
6 "S corporation" pursuant to section 1361 of the federal Internal
7 Revenue Code of 1986, 26 U.S.C. s.1361, for the taxable year.

8 (p) "New Jersey S corporation" means a taxpayer that has made a
9 valid election to be an S corporation for federal tax purposes, and that
10 has not made a valid election pursuant to subsection d. of section 20
11 of P.L.2022, c.133 (C.54:10A-5.22).

12 (q) "Public Utility" means "public utility" as defined in R.S.48:2-
13 13.

14 (r) "Qualified investment partnership" means a partnership under
15 this act that has more than 10 members or partners with no member
16 or partner owning more than a 50% interest in the entity and that
17 derives at least 90% of its gross income from dividends, interest,
18 payments with respect to securities loans, and gains from the sale or
19 other disposition of stocks or securities or foreign currencies or
20 commodities or other similar income (including but not limited to
21 gains from swaps, options, futures or forward contracts) derived with
22 respect to its business of investing or trading in those stocks,
23 securities, currencies or commodities, but "investment partnership"
24 shall not include a "dealer in securities" within the meaning of section
25 1236 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.1236.

26 (s) "Savings institution" means a state or federally chartered
27 building and loan association, savings and loan association, or
28 savings bank.

29 (t) "Partnership" means an entity classified as a partnership for
30 federal income tax purposes.

31 (u) "Prior net operating loss conversion carryover" means a net
32 operating loss incurred in a privilege period ending prior to July 31,
33 2019 and converted from a pre-allocation net operating loss to a post-
34 allocation net operating loss as follows:

35 (1) As used in this subsection:

36 "Base year" means the last privilege period ending prior to July
37 31, 2019.

38 "Base year BAF" means the taxpayer's business allocation factor
39 as provided in sections 6 through 10 of P.L.1945, c.162 (C.54:10A-6
40 through C.54:10A-10) for purposes of calculating entire net income
41 for the base year, as such section was in effect for the last privilege
42 period ending prior to July 31, 2019.

43 "UNOL" means the unabsorbed portion of net operating loss as
44 calculated under paragraph (6) of subsection (k) of this section as
45 such paragraph was in effect for the last privilege period ending prior
46 to July 31, 2019, that was not deductible in previous privilege periods
47 and was eligible for carryover on the last day of the base year subject

1 to the limitations for deduction under such subsection, including any
2 net operating loss sustained by the taxpayer during the base year.

3 (2) The prior net operating loss conversion carryover shall be
4 calculated as follows:

5 (A) The taxpayer shall first calculate the tax value of its UNOL
6 for the base year and for each preceding privilege period for which
7 there is a UNOL. The value of the UNOL for each privilege period is
8 equal to the product of (I) the amount of the taxpayer's UNOL for a
9 privilege period, and (II) the taxpayer's base year BAF. This result
10 shall equal the taxpayer's prior net operating loss conversion
11 carryover.

12 (B) The taxpayer shall continue to carry over its prior net
13 operating loss conversion carryover to offset its allocated entire net
14 income as provided in sections 6 through 10 of P.L.1945, c.162
15 (C.54:10A-6 through C.54:10A-10) for privilege periods ending on
16 and after July 31, 2019. Such carryover periods shall not exceed the
17 twenty privilege periods following the privilege period of the initial
18 loss. The entire amount of the prior net operating loss conversion
19 carryover for any privilege period shall be carried to the earliest of
20 the privilege periods to which the loss may be carried. The portion of
21 the prior net operating loss conversion carryover which shall be
22 carried to each of the other privilege periods shall be the excess, if
23 any, of the amount of the prior net operating loss conversion
24 carryover over the sum of the entire net income, computed without
25 the exclusions permitted in paragraphs (4) and (5) of subsection (k)
26 of this section allocated to this State. For privilege periods ending
27 on and after July 31, 2023, for the purpose of computing taxable net
28 income for a current privilege period, the amount of the prior net
29 operating loss conversion carryover shall be subtracted from entire
30 net income allocated to this State, after the application of paragraphs
31 (4) and (5) of subsection (k) of this section against current privilege
32 period income when the entire net income allocated to this State for
33 the privilege period is greater than zero.

34 (C) The prior net operating loss conversion carryover computed
35 under this subsection shall be applied against the entire net income
36 allocated to this State before the net operating loss carryover
37 computed under subsection (v) of this section.

38 (v) "Net operating loss deduction" means the amount allowed as
39 a deduction for the net operating loss carryover to the privilege
40 period, calculated as follows:

41 (1) Net operating loss carryover. A net operating loss for any
42 privilege period ending on or after July 31, 2019, shall be a net
43 operating loss carryover to each of the twenty privilege periods
44 following the period of the loss. The entire amount of the net
45 operating loss for any privilege period shall be carried to the earliest
46 of the privilege periods to which the loss may be carried. For
47 privilege periods ending before July 31, 2023, the portion of the loss
48 which shall be carried to each of the other privilege periods shall be

1 the excess, if any, of the amount of the loss over the sum of the entire
2 net income, computed without the exclusions permitted in paragraphs
3 (4) and (5) of subsection (k) of this section allocated to this State.
4 For privilege periods ending on and after July 31, 2023, the portion
5 of the loss that shall be carried to each of the other privilege periods
6 shall be the excess, if any, of the amount of the loss over the sum of
7 the entire net income, after the application of paragraphs (4) and (5)
8 of subsection (k) of this section allocated to this State; provided,
9 however, for the purpose of computing taxable net income for the
10 privilege period, the net operating loss carryover shall only be
11 subtracted from entire net income allocated to this State when the
12 entire net income allocated to this State is greater than zero.

13 (2) Net operating loss. For purposes of this paragraph the term
14 "net operating loss" means the excess of the deductions over the gross
15 income used in computing entire net income, without regard to any
16 net operating loss carryover, and for privilege periods ending before
17 July 31, 2023, computed without the exclusions in paragraphs (4) and
18 (5) of subsection (k) of this section, and for privilege periods ending
19 on and after July 31, 2023, computed after the application of
20 paragraphs (4) and (5) of subsection (k) of this section, allocated to
21 this State pursuant to sections 6 through 10 of P.L.1945, c.162
22 (C.54:10A-6 through C.54:10A-10).

23 (3) Reduction for discharge of indebtedness. A net operating loss
24 for any privilege period ending on or after July 31, 2019, and any net
25 operating loss carryover to such privilege period, shall be reduced by
26 the amount excluded from federal taxable income under
27 subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of
28 section 108 of the federal Internal Revenue Code, 26 U.S.C. s.108,
29 for the privilege period of the discharge of indebtedness.

30 (4) A net operating loss carryover shall not include any net
31 operating loss incurred during any privilege period ending prior to
32 July 31, 2019.

33 (5) Change in ownership. Where there is a change in 50% or more
34 of the ownership of a corporation because of redemption or sale of
35 stock and the corporation changes the trade or business giving rise to
36 the loss, no net operating loss sustained before the changes may be
37 carried over to be deducted from income earned after such changes.
38 In addition, where the facts support the premise that the corporation
39 was acquired under any circumstances for the primary purpose of the
40 use of its net operating loss carryover, the director may disallow the
41 carryover; provided, however, this paragraph shall not apply between
42 members of a combined group reported on a New Jersey combined
43 return.

44 (w) "Taxable net income" means entire net income allocated to
45 this State as calculated pursuant to sections 6 through 8 of P.L.1945,
46 c.162 (C.54:10A-6 through 54:10A-8) as modified by subtracting any
47 prior net operating loss conversion carryforward calculated pursuant
48 to subsection (u) of this section, and any net operating loss calculated

1 pursuant to subsection (v) of this section; provided, however, for
2 privilege periods ending on and after July 31, 2023, when subtracting
3 any net operating losses calculated pursuant to subsection (v) of this
4 section or the combined group net operating losses calculated
5 pursuant to subsection h. of section 18 of P.L.2018, c.48 (C.54:10A-
6 4.6), the limitation set forth in paragraph (2) of subsection (a) of
7 Internal Revenue Code Section 172 (26 U.S.C. s.172(a)(2)) shall
8 apply, except that August 1, 2023 is substituted for the reference to
9 January 1, 2018 in subparagraph (A) of paragraph (2) of subsection
10 a. of Internal Revenue Code Section 172 (26 U.S.C. s.172), and July
11 31, 2023 is substituted for the reference to December 31, 2017 in
12 subparagraph (B) of paragraph (2) of subsection (a) of Internal
13 Revenue Code Section 172 (26 U.S.C. s.172). For privilege periods
14 ending on and after July 31, 2023, for a combined group, before
15 subtracting the prior net operating loss conversion carryforwards and
16 subtracting the net operating losses of the combined group when
17 computing the total taxable net income, the combined group shall
18 first add together the allocated entire net income from the unitary
19 business of the combined group and the portion of allocated entire
20 net income of members with activities independent of the group, and
21 then subtract the prior net operating loss conversion carryforwards
22 and then the net operating losses.

23 (x) "Affiliated group" means, for purposes of section 23 of
24 P.L.2018, c.48 (C.54:10A-4.11), an affiliated group as defined in
25 section 1504 of the federal Internal Revenue Code, 26 U.S.C. s.1504,
26 except such affiliated group shall include all U.S. domestic
27 corporations that are commonly owned, directly or indirectly, by any
28 member of such affiliated group, without regard to whether the
29 affiliated group includes (1) corporations included in more than one
30 federal consolidated return, (2) corporations engaged in one or more
31 unitary businesses, or (3) corporations that are not engaged in a
32 unitary business with any other member of the affiliated group.

33 For purposes of this subsection:

34 "U.S. domestic corporations" means: (1) business entities
35 wherever incorporated or formed that are U.S. domestic corporations,
36 are deemed to be, or are treated as U.S. domestic corporations under
37 the provisions of the federal Internal Revenue Code; or (2) any
38 entities incorporated or formed under the laws of a foreign nation that
39 are required to file federal tax returns if such entities have effectively
40 connected income within the meaning of the federal Internal Revenue
41 Code; and

42 "Commonly owned" means that more than 50 percent of the voting
43 control of each member of an affiliated group is directly or indirectly
44 owned by a common owner or owners, either corporate or non-
45 corporate, whether or not the owner or owners are members of the
46 affiliated group. Whether voting control is indirectly owned shall be
47 determined in accordance with section 318 of the federal Internal
48 Revenue Code (26 U.S.C. s.318).

1 (y) "Combinable captive insurance company" means an entity
2 that is treated as an association taxable as a corporation under the
3 federal Internal Revenue Code:

4 (1) more than 50% of the voting stock of which is owned or
5 controlled, directly or indirectly, by a single entity that is treated as
6 an association taxable as a corporation under the federal Internal
7 Revenue Code, and not exempt from federal income tax;

8 (2) that is licensed as a captive insurance company under the laws
9 of this State or another jurisdiction;

10 (3) whose business includes providing, directly and indirectly,
11 insurance or reinsurance covering the risks of its parent, members of
12 its affiliated group, or both; and

13 (4) 50% or less of whose gross receipts for the privilege period
14 consist of premiums from arrangements that constitute insurance for
15 federal income tax purposes.

16 A combinable captive insurance company shall not be exempt
17 under section 3 of P.L.1945, c.162 (C.54:10A-3). A captive insurance
18 company that does not meet the definition of combinable captive
19 insurance company shall be excluded as provided in subsection k. of
20 section 18 of P.L.2018, c.48 (C.54:10A-4.6) and shall be exempt
21 under section 3 of P.L.1945, c.162 (C.54:10A-3).

22 For purposes of this definition:

23 "Affiliated group" shall have the same meaning as that term is
24 given by section 1504 of the federal Internal Revenue Code, 26
25 U.S.C. s.1504, except that the term "common parent corporation" as
26 used in section 1504 of the federal Internal Revenue Code, 26 U.S.C.
27 s.1504, shall mean any person, as defined in section 7701 of the
28 federal Internal Revenue Code, 26 U.S.C. s.7701, and references to
29 "at least 80%" in section 1504 of the federal Internal Revenue Code,
30 26 U.S.C. s.1504, shall be read as "50% or more." Section 1504 of
31 the federal Internal Revenue Code, 26 U.S.C. s.1504, shall be read
32 without regard to the exclusions provided for in subsection (b) of that
33 section.

34 "Gross receipts" includes the amounts included in gross receipts
35 for purposes of paragraph (15) of subsection (c) of section 501 of the
36 federal Internal Revenue Code, 26 U.S.C. s.501, except that those
37 amounts also include all premiums.

38 "Premiums" includes consideration for annuity contracts and
39 excludes any part of the consideration for insurance, reinsurance, or
40 annuity contracts that do not provide bona fide insurance,
41 reinsurance, or annuity benefits.

42 (z) "Combined group" means the group of all companies that
43 have common ownership and are engaged in a unitary business,
44 where at least one company is subject to tax under this chapter, and
45 shall include all business entities, except as provided for under any
46 section of the Corporation Business Tax Act (1945), P.L.1945, c.162
47 (C.54:10A-1 et seq.).

1 A combined group shall be treated, for privilege periods ending
2 on and after July 31, 2020, as one taxpayer for purposes of paragraph
3 (1) of subsection (c) of section 5 of P.L.1945, c.162 (C.54:10A-5)
4 and section 1 of P.L.2018, c.48 (C.54:10A-5.41) for the income
5 derived from the unitary business; provided however, with regard to
6 the surtax imposed pursuant to section 1 of P.L.2018, c.48
7 (C.54:10A-5.41) and for that purpose only, the portion of income that
8 is attributable to a member which is a public utility exempt from the
9 surtax shall not be included when computing the surtax due.

10 (aa) "Common ownership" means that more than 50% of the
11 voting control of each member of a combined group is directly or
12 indirectly owned by a common owner or owners, either corporate or
13 non-corporate, whether or not the owner or owners are members of
14 the combined group. Whether voting control is indirectly owned shall
15 be determined in accordance with section 318 of the federal Internal
16 Revenue Code, 26 U.S.C. s.318.

17 (bb) "Group privilege period" means, if two or more members in
18 the combined group file in the same federal consolidated tax return,
19 the same income year as that used on the federal consolidated tax
20 return and, in all other cases, the privilege period of the managerial
21 member.

22 (cc) "Managerial member" means if the combined group has a
23 common parent corporation and that common parent corporation is a
24 taxable member, the managerial member shall be the common parent
25 corporation. In other cases, the combined group shall select a taxable
26 member as its managerial member or, in the discretion of the director
27 or upon failure of the combined group to select its managerial
28 member, the director shall designate a taxable member of the
29 combined group as managerial member.

30 (dd) "Member" means a business entity that is a part of a combined
31 group.

32 A corporation exempt pursuant to section 3 of P.L.1945, c.162
33 (C.54:10A-3) from the tax imposed by P.L.1945, c.162 (C.54:10A-1
34 et seq.) shall not be a member of a combined group.

35 (ee) "Nontaxable member" means a member that is: (i) not subject
36 to tax pursuant to the Corporation Business Tax Act (1945),
37 P.L.1945, c.162 (C.54:10A-1 et seq.); or (ii) (deleted by amendment,
38 P.L.2020, c.118 (C.54:10A-5.46 et al.).

39 (ff) "Taxable member" means a member that is subject to tax
40 pursuant to the Corporation Business Tax Act (1945), P.L.1945,
41 c.162 (C.54:10A-1 et seq.).

42 A New Jersey S corporation shall only be included as a taxable
43 member of a combined group filing a New Jersey combined return if
44 the New Jersey S Corporation elects to be included as a member and
45 taxed at the same rate as the other members of the combined group.
46 A New Jersey S corporation that does not elect to be included shall
47 be excluded as a member of the combined return and shall file a
48 separate return.

1 (gg)"Unitary business" means, for privilege periods ending before
2 July 31, 2023, a single economic enterprise that is made up either of
3 separate parts of a single business entity or of a group of business
4 entities under common ownership that are sufficiently
5 interdependent, integrated, and interrelated through their activities so
6 as to provide a synergy and mutual benefit that produces a sharing or
7 exchange of value among them and a significant flow of value among
8 the separate parts. For privilege periods ending on and after July 31,
9 2023, "unitary business" means a single economic enterprise that is
10 made up either of separate parts of a single business entity or of a
11 group of business entities under common ownership that are
12 sufficiently interdependent, integrated, or interrelated through their
13 activities so as to provide a synergy and mutual benefit that produces
14 a sharing or exchange of value among them and a significant flow of
15 value among the separate parts. "Unitary business" shall be
16 construed to the broadest extent permitted under the Constitution of
17 the United States. A business conducted by a partnership which is in
18 a unitary business with the combined group shall be treated as the
19 business of the partners that are members of the combined group,
20 whether the partnership interest is held directly or indirectly through
21 a series of partnerships, to the extent of a partner's distributive share
22 of partnership income. The amount of partnership income to be
23 included in the partner's entire net income shall be determined in
24 accordance with subsection a. of section 3 of P.L.2001, c.136
25 (C.54:10A-15.6) or subsection a. of section 4 of P.L.2001, c.136
26 (C.54:10A-15.7), as applicable. A business conducted directly or
27 indirectly by one corporation is unitary with that portion of a business
28 conducted by another corporation through its direct or indirect
29 interest in a partnership.

30 (hh)"Captive investment company" shall mean, for privilege
31 periods ending on and after July 31, 2023, an investment company
32 that is not regularly traded on an established securities market and of
33 which more than 50 percent of the voting stock is owned or
34 controlled, directly or indirectly, by a single corporation, other than
35 an investment company, that is not exempt from federal income tax.
36 For purposes of this subsection, a captive investment company shall
37 not include any captive investment company of which at least 50
38 percent of the shares, by vote or value, is owned or controlled,
39 directly or indirectly, by a state or federally chartered bank, savings
40 bank, or savings and loan association with assets that do not exceed
41 \$15 billion.

42 For privilege periods ending on and after July 31, 2023, any voting
43 stock in an investment company that is held in a segregated asset
44 account of a life insurance corporation, as described in section 817
45 of the Internal Revenue Code, shall not be taken into account for
46 purposes of determining whether an investment company is a captive
47 regulated investment company.

1 For privilege periods ending on and after July 31, 2023, a captive
2 investment company shall be taxed in the same manner as a C
3 corporation, and subsection d. of section 5 of P.L. 1945, c. 162 (C.
4 54:10A-5) shall not apply. A captive investment company shall not
5 be permitted to claim any deductions or expenses that were permitted
6 for federal purposes, solely as a result of the entity being an
7 investment company, when computing federal taxable net income. A
8 captive investment company shall be a member of a combined group
9 and shall be included as a member on the combined return.

10 (ii) "Captive real estate investment trust" shall mean, for privilege
11 periods ending on and after July 31, 2023, a real estate investment
12 trust that is not regularly traded on an established securities market
13 and of which more than 50 percent of the voting stock is owned or
14 controlled, directly or indirectly, by a single entity that is treated as
15 an association taxable as a corporation under the Internal Revenue
16 Code, is not exempt from federal income tax, and is not a real estate
17 investment trust. For purposes of this subsection, a captive real estate
18 investment trust shall not include any captive real estate investment
19 trust of which at least 50 percent of the shares, by vote or value, is
20 owned or controlled, directly or indirectly, by a state or federally
21 chartered bank, savings bank, or savings and loan association with
22 assets that do not exceed \$15 billion.

23 For privilege periods ending on and after July 23, 2023, any voting
24 stock in a real estate investment trust that is held in a segregated asset
25 account of a life insurance corporation, as described in section 817
26 of the Internal Revenue Code (26 U.S.C. s.817), shall not be taken
27 into account for purposes of determining whether a real estate
28 investment trust is a captive real estate investment trust. For
29 purposes of this subsection, an association taxable as a corporation
30 shall not include any listed Australian property trust or any qualified
31 foreign entity.

32 For privilege periods ending on and after July 31, 2023, a captive
33 real estate investment trust shall be taxed in the same manner as a C
34 corporation, and subsection d. of section 5 of P.L.1945, c.162
35 (C.54:10A-5) shall not apply. A captive real estate investment trust
36 shall not be permitted to claim any deductions or expenses that were
37 permitted for federal purposes, solely as a result of the entity being a
38 real estate investment trust, when computing federal taxable net
39 income. A captive real estate investment trust shall be a member of
40 a combined group and shall be included as a member on the combined
41 return.

42 As used in this subsection:

43 "Australian property trust" means an Australian unit trust that is
44 registered as a managed investment scheme under the Australian
45 Corporations Act, and in which the principal class of units is listed
46 on a recognized stock exchange in Australia and is regularly traded
47 on an established securities market; or an entity organized as a trust,
48 provided that a listed Australian property trust owns or controls,

1 directly or indirectly, 75 percent or more of the voting power or value
2 of the beneficial interests of shares of the trust.

3 "Qualified foreign entity" means a corporation, trust, association,
4 or partnership that is organized outside the laws of the United States
5 and that satisfies the following criteria:

6 (1) At least 75 percent of the entity's total asset value at the close
7 of its taxable year is represented by real estate assets, as defined at
8 subparagraph (B) of paragraph (5) of subsection (c) of section 856 of
9 the Internal Revenue Code (26 U.S.C. s.856), including shares or
10 certificates of beneficial interest in any real estate investment trust,
11 cash and cash equivalents, and United States Government securities;

12 (2) The entity is not subject to tax on amounts distributed to its
13 beneficial owners, or is exempt from entity-level taxation;

14 (3) The entity distributes, on an annual basis, at least 85 percent
15 of its taxable income, as computed in the jurisdiction in which it is
16 organized, to the holders of its shares or certificates of beneficial
17 interest;

18 (4) No more than 10 percent of the voting power or value in the
19 entity is held directly, indirectly, or constructively by a single entity
20 or individual, or the shares or certificates of beneficial interests of
21 the entity are regularly traded on an established securities market;
22 and

23 (5) The entity is organized in a country that has a tax treaty with
24 the United States.

25 (jj) "Captive regulated investment company" shall mean, for
26 privilege periods ending on and after July 31, 2023, a regulated
27 investment company that is not regularly traded on an established
28 securities market, and of which more than 50 percent of the voting
29 stock is owned or controlled, directly or indirectly, by a single
30 corporation, other than a regulated investment company, that is not
31 exempt from federal income tax. For purposes of this subsection, a
32 captive regulated investment company shall not include any captive
33 regulated investment company of which at least 50 percent of the
34 shares, by vote or value, is owned or controlled, directly or indirectly,
35 by a state or federally chartered bank, savings bank, or savings and
36 loan association with assets that do not exceed \$15 billion.

37 For privilege periods ending on and after July 31, 2023, any voting
38 stock in a regulated investment company that is held in a segregated
39 asset account of a life insurance corporation, as described in section
40 817 of the Internal Revenue Code (26 U.S.C. s.817), shall not be
41 taken into account for purposes of determining whether a regulated
42 investment company is a captive regulated investment company.

43 For privilege periods ending on and after July 31, 2023, a captive
44 regulated investment company shall be taxed in the same manner as
45 a C corporation and subsection d. of section 5 of P.L.1945, c.162
46 (C.54:10A-5) shall not apply. A captive real estate investment
47 company shall not be permitted to claim any deductions or expenses
48 that were permitted for federal purposes, solely as a result of the

1 entity being a regulated investment company, when computing
2 federal taxable net income. A captive regulated investment company
3 shall be a member of a combined group and shall be included as a
4 member on the combined return.

5 (kk)"World-wide basis" and "world-wide group" shall mean, for
6 privilege periods ending on and after July 31, 2022, for the purposes
7 of sections 18 through 23 of P.L.2018, c.48 (C.54:10A-4.6 through
8 C.54:10A-4.11) and for the purposes of combined reporting in
9 general under the Corporation Business Tax Act (1945), P.L.1945,
10 c.162 (C.54:10A-1 et seq.), that the combined group shall include all
11 of the members of the combined group, wherever located or formed.
12 For privilege periods ending on and after July 31, 2022, the combined
13 group shall include all of the income and attributes of those members
14 regardless of how or whether those members file federal returns or
15 report or include their income in federal taxable income for federal
16 purposes, and without regard to any exemption or exclusion from
17 federal taxable income under the terms of a tax treaty; provided,
18 however, any deductions that are allowed under the federal Internal
19 Revenue Code that are also allowable under the Corporation Business
20 Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), that would
21 apply to a U.S. corporation, but that a non-U.S. corporation is
22 prohibited from claiming for federal corporation income tax purposes
23 because the corporation's income was not included in federal taxable
24 income for any reason or because the corporation is a non-U.S.
25 corporation, shall be allowed for the non-U.S. corporation members
26 of the combined group for New Jersey corporation business tax
27 purposes as though those non-U.S. corporation members were U.S.
28 corporations.
29 (cf: P.L.2023, c.96, s.1)

30

31 15. N.J.S.54A:5-1 is amended to read as follows:

32 54A:5-1. New Jersey Gross Income Defined. New Jersey gross
33 income shall consist of the following categories of income:

34 a. Salaries, wages, tips, fees, commissions, bonuses, and other
35 remuneration received for services rendered whether in cash or in
36 property, and amounts paid or distributed, or deemed paid or
37 distributed, out of a medical savings account that are not excluded
38 from gross income pursuant to section 5 of P.L.1997, c.414
39 (C.54A:6-27).

40 b. Net profits from business. The net income from the operation
41 of a business, profession or other activity after provision for all costs
42 and expenses incurred in the conduct thereof, determined either on a
43 cash or accrual basis in accordance with the method of accounting
44 allowed for federal income tax purposes but without deduction of the
45 amount of:

46 (1) taxes based on income;

47 (2) a civil, civil administrative, or criminal penalty or fine,
48 including a penalty or fine under an administrative consent order,

1 assessed and collected for a violation of a State or federal
2 environmental law, an administrative consent order, or an
3 environmental ordinance or resolution of a local governmental entity,
4 and any interest earned on the penalty or fine, and any economic
5 benefits having accrued to the violator as a result of a violation,
6 which benefits are assessed and recovered in a civil, civil
7 administrative, or criminal action, or pursuant to an administrative
8 consent order. The provisions of this paragraph shall not apply to a
9 penalty or fine assessed or collected for a violation of a State or
10 federal environmental law, or local environmental ordinance or
11 resolution, if the penalty or fine was for a violation that resulted from
12 fire, riot, sabotage, flood, storm event, natural cause, or other act of
13 God beyond the reasonable control of the violator, or caused by an
14 act or omission of a person who was outside the reasonable control
15 of the violator; and

16 (3) treble damages paid to the Department of Environmental
17 Protection pursuant to subsection a. of section 7 of P.L.1976, c.141
18 (C.58:10-23.11f) for costs incurred by the department in removing,
19 or arranging for the removal of, an unauthorized discharge upon the
20 failure of the discharger to comply with a directive from the
21 department to remove, or arrange for the removal of, a discharge.

22 c. Net gains or income from disposition of property. Net gains
23 or net income, less net losses, derived from the sale, exchange or
24 other disposition of property, including real or personal, whether
25 tangible or intangible as determined in accordance with the method
26 of accounting allowed for federal income tax purposes. For the
27 purpose of determining gain or loss, the basis of property shall be the
28 adjusted basis used for federal income tax purposes, except as
29 expressly provided for under this act, but without a deduction for
30 penalties, fines, or economic benefits excepted pursuant to paragraph
31 (2), or for treble damages excepted pursuant to paragraph (3) of
32 subsection b. of this section.

33 A taxpayer's net gain or loss on the sale, exchange or other
34 disposition of a share of an S corporation shall be calculated by
35 increasing the adjusted basis of the share by an amount equal to the
36 shareholder's net losses and deductions in respect of the share
37 allowed and deducted from income for federal income tax purposes,
38 not including any personal net operating loss deductions, to the extent
39 that such net losses were not offset by the taxpayer's pro rata share of
40 S corporation income otherwise subject to taxation pursuant to
41 subsection p. of this section in respect of another S corporation,
42 subject to rules of priority and assignment determined by the director.

43 For the tax year 1976, any taxpayer with a tax liability under this
44 subsection, or under the "Tax on Capital Gains and Other Unearned
45 Income Act," P.L.1975, c.172 (C.54:8B-1 et seq.), shall not be
46 subject to payment of an amount greater than the amount he would
47 have paid if either return had covered all capital transactions during
48 the full tax year 1976; provided, however, that the rate which shall

1 apply to any capital gain shall be that in effect on the date of the
2 transaction. To the extent that any loss is used to offset any gain
3 under P.L.1975, c.172, it shall not be used to offset any gain under
4 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

5 The term "net gains or income" shall not include gains or income
6 derived from obligations which are referred to in clause (1) or (2) of
7 N.J.S.54A:6-14 of this act or from securities which evidence
8 ownership in a qualified investment fund as defined in section 2 of
9 P.L.1987, c.310 (C.54A:6-14.1). The term "net gains or income"
10 shall not include gains or income derived from the sale or assignment
11 of a tax credit transfer certificate pursuant to section 7 of P.L.2011,
12 c.149 (C.34:1B-248) **[and]**, section 10 of P.L.2014, c.63 (C.34:1B-
13 251), or the "New Jersey Economic Recovery Act of 2020,"
14 P.L.2020, c.156 (C.34:1B-269 et al.), as amended and supplemented,
15 from any sale or assignment of a tax credit issued pursuant to an
16 award of tax credits approved by the New Jersey Economic
17 Development Authority **[prior to July 1, 2018]**, regardless of when
18 such sale or assignment occurs. The term "net gains or net income"
19 shall not include gains or income from transactions to the extent to
20 which nonrecognition is allowed for federal income tax purposes.
21 The term "sale, exchange or other disposition" shall not include the
22 exchange of stock or securities in a corporation a party to a
23 reorganization in pursuance of a plan of reorganization, solely for
24 stock or securities in such corporation or in another corporation a
25 party to the reorganization and the transfer of property to a
26 corporation by one or more persons solely in exchange for stock or
27 securities in such corporation if immediately after the exchange such
28 person or persons are in control of the corporation. For purposes of
29 this clause, stock or securities issued for services shall not be
30 considered as issued in return for property.

31 For purposes of this clause, the term "reorganization" means **[--]**:

32 (i) A statutory merger or consolidation;

33 (ii) The acquisition by one corporation, in exchange solely for all
34 or part of its voting stock (or in exchange solely for all or a part of
35 the voting stock of a corporation which is in control of the acquiring
36 corporation) of stock of another corporation if, immediately after the
37 acquisition, the acquiring corporation has control of such other
38 corporation (whether or not such acquiring corporation had control
39 immediately before the acquisition);

40 (iii) The acquisition by one corporation, in exchange solely for all
41 or part of its voting stock (or in exchange solely for all or a part of
42 the voting stock of a corporation which is in control of the acquiring
43 corporation), of substantially all of the properties of another
44 corporation, but in determining whether the exchange is solely for
45 stock the assumption by the acquiring corporation of a liability of the
46 other, or the fact that property acquired is subject to a liability, shall
47 be disregarded;

1 (iv) A transfer by a corporation of all or a part of its assets to
2 another corporation if immediately after the transfer the transferor,
3 or one or more of its shareholders (including persons who were
4 shareholders immediately before the transfer), or any combination
5 thereof, is in control of the corporation to which the assets are
6 transferred;

7 (v) A recapitalization;

8 (vi) A mere change in identity, form, or place of organization
9 however effected; or

10 (vii) The acquisition by one corporation, in exchange for stock of
11 a corporation (referred to in this subclause as "controlling
12 corporation") which is in control of the acquiring corporation, of
13 substantially all of the properties of another corporation which in the
14 transaction is merged into the acquiring corporation shall not
15 disqualify a transaction under subclause (i) if such transaction would
16 have qualified under subclause (i) if the merger had been into the
17 controlling corporation, and no stock of the acquiring corporation is
18 used in the transaction;

19 (viii) A transaction otherwise qualifying under subclause (i) shall
20 not be disqualified by reason of the fact that stock of a corporation
21 (referred to in this subclause as the "controlling corporation") which
22 before the merger was in control of the merged corporation is used in
23 the transaction, if after the transaction, the corporation surviving the
24 merger holds substantially all of its properties and of the properties
25 of the merged corporation (other than stock of the controlling
26 corporation distributed in the transaction); and in the transaction,
27 former shareholders of the surviving corporation exchanged, for an
28 amount of voting stock of the controlling corporation, an amount of
29 stock in the surviving corporation which constitutes control of such
30 corporation.

31 For purposes of this clause, the term "control" means the
32 ownership of stock possessing at least 80% of the total combined
33 voting power of all classes of stock entitled to vote and at least 80%
34 of the total number of shares of all other classes of stock of the
35 corporation.

36 For purposes of this clause, the term "a party to a reorganization"
37 includes a corporation resulting from a reorganization, and both
38 corporations, in the case of a reorganization resulting from the
39 acquisition by one corporation of stock or properties of another. In
40 the case of a reorganization qualifying under subclause (i) by reason
41 of subclause (vii) the term "a party to a reorganization" includes the
42 controlling corporation referred to in such subclause (vii).

43 Notwithstanding any provisions hereof, upon every such exchange
44 or conversion, the taxpayer's basis for the stock or securities received
45 shall be the same as the taxpayer's actual or attributed basis for the
46 stock, securities or property surrendered in exchange therefor.

47 d. Net gains or net income derived from or in the form of rents,
48 royalties, patents, and copyrights.

1 e. Interest, except interest referred to in clause (1) or (2) of
2 N.J.S.54A:6-14, or distributions paid by a qualified investment fund
3 as defined in section 2 of P.L.1987, c.310 (C.54A:6-14.1), to the
4 extent provided in that section.

5 f. Dividends. "Dividends" means any distribution in cash or
6 property made by a corporation, association or business trust that is
7 not an S corporation, (1) out of accumulated earnings and profits, or
8 (2) out of earnings and profits of the year in which such dividend is
9 paid and any distribution in cash or property made by an S
10 corporation, as specifically determined pursuant to section 16 of
11 P.L.1993, c.173 (C.54A:5-14).

12 The term "dividends" shall not include distributions paid by a
13 qualified investment fund as defined in section 2 of P.L.1987, c.310
14 (C.54A:6-14.1), to the extent provided in that section.

15 g. Gambling winnings.

16 h. Net gains or income derived through estates or trusts.

17 i. Income in respect of a decedent.

18 j. Amounts distributed or withdrawn from an employee trust
19 attributable to contributions to the trust which were excluded from
20 gross income under the provisions of chapter 6 of Title 54A of the
21 New Jersey Statutes, amounts rolled over from an IRA, as defined
22 pursuant to subsection (a) of section 408 of the federal Internal
23 Revenue Code of 1986, 26 U.S.C. s.408, that is not a Roth IRA, as
24 defined pursuant to subsection b. of section 2 of P.L.1998,c.57
25 (C.54A:6-28) to an IRA that is a Roth IRA, and pensions and
26 annuities except to the extent of exclusions in N.J.S.54A:6-10
27 hereunder, notwithstanding the provisions of N.J.S.18A:66-51,
28 P.L.1973, c.140, s.41 (C.43:6A-41), P.L.1954, c.84, s.53 (C.43:15A-
29 53), P.L.1944, c.255, s.17 (C.43:16A-17), P.L.1965, c.89, s.45
30 (C.53:5A-45), R.S.43:10-14, P.L.1943, c.160, s.22 (C.43:10-18.22),
31 P.L.1948, c.310, s.22 (C.43:10-18.71), P.L.1954, c.218, s.32
32 (C.43:13-22.34), P.L.1964, c.275, s.11 (C.43:13-22.60), R.S.43:10-
33 57, P.L.1938, c.330, s.13 (C.43:10-105), R.S.43:13-44, and
34 P.L.1943, c.189, s.5 (C.43:13-37.5).

35 k. Distributive share of partnership income, excluding the gain
36 or income derived from the sale or assignment of a tax credit transfer
37 certificate pursuant to section 7 of P.L.2011, c.149 (C.34:1B-248)
38 **【and】**, section 10 of P.L.2014, c.63 (C.34:1B-251), or the "New
39 Jersey Economic Recovery Act of 2020," P.L.2020, c.156 (C.34:1B-
40 269 et al.), as amended and supplemented, from any sale or
41 assignment of a tax credit issued pursuant to an award of tax credits
42 approved by the New Jersey Economic Development Authority
43 **【prior to July 1, 2018】**, regardless of when such sale or assignment
44 occurs.

45 l. Amounts received as prizes and awards, except as provided in
46 N.J.S.54A:6-8 and N.J.S.54A:6-11 hereunder.

47 m. Rental value of a residence furnished by an employer or a
48 rental allowance paid by an employer to provide a home.

1 n. Alimony and separate maintenance payments to the extent
2 that such payments are required to be made under a decree of divorce
3 or separate maintenance but not including payments for support of
4 minor children.

5 o. Income, gain or profit derived from acts or omissions defined
6 as crimes or offenses under the laws of this State or any other
7 jurisdiction.

8 p. Net pro rata share of S corporation income, excluding the gain
9 or income derived from the sale or assignment of a tax credit transfer
10 certificate pursuant to section 7 of P.L.2011, c.149 (C.34:1B-248)
11 **[and]**, section 10 P.L.2014, c.63 (C.34:1B-251), or the "New Jersey
12 Economic Recovery Act of 2020," P.L.2020, c.156 (C.34:1B-269 et
13 al.), as amended and supplemented, from any sale or assignment of a
14 tax credit issued pursuant to an award of tax credits approved by the
15 New Jersey Economic Development Authority **[prior to July 1,**
16 **2018]**, regardless of when such sale or assignment occurs.

17 (cf: P.L.2018, c.131, s.8)

18

19 16. Section 1 of P.L.1979, c.303 (C.34:1B-5.1) is amended to read
20 as follows:

21 1. a. The New Jersey Economic Development Authority shall
22 adopt rules and regulations requiring that not less than the prevailing
23 wage rate be paid to workers employed in the performance of any
24 construction contract, including contracts for millwork fabrication,
25 undertaken in connection with authority financial assistance or any of
26 its projects, those projects which it undertakes pursuant to P.L.2002,
27 c.43 (C.52:27BBB-1 et al.), or undertaken to fulfill any condition of
28 receiving authority financial assistance, including the performance of
29 any contract to construct, renovate or otherwise prepare a facility for
30 operations which are necessary for the receipt of authority financial
31 assistance, unless the work performed under the contract is performed
32 on a facility owned by a landlord of the entity receiving the assistance
33 and less than 35 percent of the facility is leased by the entity at the time
34 of the contract and under any agreement to subsequently lease the
35 facility. The prevailing wage rate shall be the rate determined by the
36 Commissioner of Labor and Workforce Development pursuant to the
37 provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.). For the purposes
38 of this section, "authority financial assistance" means any loan, loan
39 guarantee, grant, incentive, tax exemption or other financial assistance
40 that is approved, funded, authorized, administered or provided by the
41 authority to any entity and is provided before, during or after completion
42 of a project, including but not limited to, all authority financial
43 assistance received by the entity pursuant to the "Business Employment
44 Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et al.) that
45 enables the entity to engage in a construction contract, but this section
46 shall not be construed as requiring the payment of the prevailing wage
47 for construction commencing more than two years after an entity has
48 executed with the authority a commitment letter regarding authority

1 financial assistance and the first payment or other provision of the
2 assistance is received.

3 b. The New Jersey Economic Development Authority shall adopt
4 rules and regulations requiring that not less than the prevailing wage
5 rate be paid to workers employed in the performance of any contract,
6 for construction, demolition, remediation, removal of hazardous
7 substances, alteration, custom fabrication, repair work, or maintenance
8 work, including painting and decorating, or excavation, grading, pile
9 driving, concrete form, or other types of foundation work in connection
10 with the "New Jersey Community-Anchored Development Act,"
11 sections 43 through 53 of P.L.2020, c.156 (C.34:1B-311 through 34:1B-
12 321), the "New Jersey Aspire Program Act," sections 54 through 67 of
13 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), and the "New
14 Jersey Emerge Program Act," sections 68 through 81 of P.L.2020, c.156
15 (C.34:1B-336 et al.). The requirements of this subsection shall apply to
16 any site preparation work performed 24 months prior to and during the
17 incentive eligibility period of any project receiving tax credits under the
18 "New Jersey Community-Anchored Development Act," sections 43
19 through 53 of P.L.2020, c.156 (C.34:1B-311 through C.34:1B-321), the
20 "New Jersey Aspire Program Act," sections 54 through 67 of P.L.2020,
21 c.156 (C.34:1B-322 through C.34:1B-335), and the "New Jersey
22 Emerge Program Act," sections 68 through 81 of P.L.2020, c.156
23 (C.34:1B-336 et al.), and to projects receiving financial assistance under
24 the "Redevelopment Project Bridge Financing Program," established
25 pursuant to section 11 of P.L. , c. (C.) (pending before the
26 Legislature as this bill), in which there is a continuity of ownership in
27 the site of the redevelopment project, including work undertaken to
28 fulfill any condition of receiving tax credits under the programs. Work
29 that is subject to the requirements of this subsection shall include the
30 performance of any contract for construction, demolition, remediation,
31 removal of hazardous substances, alteration, custom fabrication, repair
32 work, or maintenance work, including painting and decorating, or
33 excavation, grading, pile driving, concrete form, or other types of
34 foundation work undertaken on a facility for operations which are
35 necessary for the receipt of tax credits under the "New Jersey
36 Community-Anchored Development Act," sections 43 through 53 of
37 P.L.2020, c.156 (C.34:1B-311 through C.34:1B-321), the "New Jersey
38 Aspire Program Act," sections 54 through 67 of P.L.2020, c.156
39 (C.34:1B-322 through C.34:1B-335), and the "New Jersey Emerge
40 Program Act," sections 68 through 81 of P.L.2020, c.156 (C.34:1B-336
41 et al.), or the receipt of financial assistance under the "Redevelopment
42 Project Bridge Financing Program," established pursuant to section 11
43 of P.L. , c. (C.) (pending before the Legislature as this bill),
44 unless the work performed under the contract is performed on a facility
45 owned by a landlord of the entity receiving the tax credit and less than
46 35 percent of the facility is leased by the entity at the time of the contract
47 and under any agreement to subsequently lease the facility. The
48 prevailing wage rate shall be the rate determined by the Commissioner

1 of Labor and Workforce Development pursuant to the provisions of
2 P.L.1963, c.150 (C.34:11-56.25 et seq.), and all contractors and
3 subcontractors subject to the prevailing wage requirement set forth in
4 this section shall be registered with the Department of Labor and
5 Workforce Development pursuant to the provisions of section 5 of
6 P.L.1999, c.238 (C.34:11-56.52). An applicant for tax credits under the
7 "New Jersey Community-Anchored Development Act," sections 43
8 through 53 of P.L.2020, c.156 (C.34:1B-311 through C.34:1B-321), the
9 "New Jersey Aspire Program Act," sections 54 through 67 of P.L.2020,
10 c.156 (C.34:1B-322 through C.34:1B-335), and the "New Jersey
11 Emerge Program Act," sections 68 through 81 of P.L.2020, c.156
12 (C.34:1B-336 et al.), shall certify under penalty of perjury as part of its
13 application that all construction contracts undertaken on any project in
14 connection with an award under the programs comply with the
15 prevailing wage requirements of this subsection. If at any time the
16 authority determines that the developer made a material
17 misrepresentation regarding compliance with the provisions of this
18 subsection on the developer's application, the developer shall forfeit 35
19 percent of the tax credits allowed under the programs, and pay to the
20 affected workers back wages in an amount that compensates the workers
21 at the prevailing wage rate for the work performed.

22 (cf: P.L.2020, c.156, s.112)

23

24 17. This act shall take effect immediately.

25

26

27 STATEMENT

28

29 This bill amends and supplements the "New Jersey Aspire Program
30 Act" (Aspire Program) and provides for certain related changes to the
31 New Jersey Gross Income Tax and Corporation Business Tax. The bill
32 also establishes the "Redevelopment Project Bridge Financing
33 Program," as part of the Aspire Program, to offer additional financial
34 assistance for redevelopment projects that have an outstanding project
35 financing gap.

36

37 *Aspire Program Definitions*

38 The bill revises the definition of a "commercial project" to include
39 industrial space that is predominantly used for warehouse distribution
40 or fulfillment centers and has at least \$10 million in environmental
41 remediation costs. The bill amends the definition of an "incentive area"
42 to include an endorsed plan and removes certain transportation
43 connectivity requirements that exist under current law. The bill defines
44 a "mixed-use project" as a redevelopment project including a residential
45 component and a nonresidential component.

46 Under the bill, a "stranded asset" is defined as any building
47 previously used for commercial, retail, office space, manufacturing, or
48 industrial purposes, which building is no longer used for such purposes,
49 and which has been abandoned, experienced significant vacancies for at

1 least two consecutive years, or has fallen into such disrepair as to be
2 untenable.

3 The bill also clarifies that the definition of the term “project cost”
4 also applies to the term “total project cost.” The definition for “total
5 project cost” under current law instead applies for the term “total
6 development cost” or “total redevelopment cost” under the bill.

7 The bill provides that for a redevelopment project that is located in
8 a government restricted municipality, the calculation of “project cost”
9 or “total project cost” also includes the costs of land and building
10 acquisition, professional services, environmental remediation, and
11 infrastructure improvements.

12

13 *Aspire Program Changes Concerning Residential Projects*

14 The bill provides that the New Jersey Economic Development
15 Authority’s (authority) housing affordability controls are to be
16 consistent with those in the “Fair Housing Act,” except not including
17 the bedroom distribution requirements for three-bedroom housing units.

18 The bill provides that, in addition to the exemption for certain
19 commercial tenants, commercial subtenants, or other commercial
20 occupants with rights in a redevelopment project, any residential tenant
21 of a redevelopment project is also exempt from the requirement to pay
22 the prevailing wage rate for each worker’s craft or trade when that
23 worker is employed to perform building services work at the
24 redevelopment project.

25

26 *Sale of Buildings Under the Aspire Program*

27 A developer is permitted, under the bill, to sell one or more buildings
28 during the eligibility period if the sale is an arms-length sale and is
29 subject to the purchaser’s assumption of all obligations under the Aspire
30 Program.

31

32 *Aspire Program Community Benefit Requirement*

33 The bill amends current law to exempt the developers of certain
34 projects from the requirements of a community benefits agreement once
35 the host municipality certifies the approval letter or adopts the
36 redevelopment agreement at a public meeting, which documents are
37 required to state that the community benefit under a community benefits
38 agreement has been met.

39

40 *Aspire Program Occupancy Requirement*

41 Beginning on the third year following the date of issuance of a final
42 certificate of occupancy during the eligibility period of a commercial
43 project and through the eligibility period, the developer and any co-
44 applicant is required to maintain at least 60 percent occupancy or to
45 forfeit all tax credits for the tax period in which occupancy falls below
46 this minimum requirement. Tax credits are allowed in full upon
47 restoration of 60 percent or greater occupancy. Occupancy is to be

1 measured by the average occupancy rate during the relevant tax period.
2 Residential projects are exempt from this requirement.

3

4 *Eligibility for Aspire Program*

5 Among other conditions of eligibility under current law, a developer
6 may qualify for an incentive award if the developer has not commenced
7 any construction at the site for the redevelopment project prior to
8 applying for the Aspire Program, with certain exceptions. The bill adds
9 a condition that if demolition and site remediation activities were
10 commenced prior to application, the developer is required to have paid
11 all construction workers engaged in such work at the prevailing wage
12 rate for their respective crafts or trades.

13

14 *Incentive Award Agreement*

15 Under current law, an incentive award agreement is to include a
16 requirement that the developer confirm that each contractor or
17 subcontractor performing work on the project has not been debarred by
18 the Department of Labor and Workforce Development from engaging
19 in or bidding on Public Works Contracts in the State. The bill adds to
20 this requirement that the developer is required to confirm that each
21 contractor or subcontractor performing work on the project is also not
22 suspended or disqualified from the same activity. The bill further
23 requires that a developer confirm that each contractor or subcontractor
24 performing work on the project is not debarred, suspended, or
25 disqualified by a federal agency from engaging in federally-funded
26 construction projects or bidding on federal contracting opportunities.

27

28 *Eligibility Period Under Aspire Program*

29 The bill reduces the maximum duration of an eligibility period for a
30 commercial project, mixed-use project, or residential project to 10
31 years. Under current law, the maximum duration of an eligibility period
32 for a commercial or mixed-use project is 15 years, and for a residential
33 project is 10 years. The bill adds that the authority may determine a
34 shorter eligibility period if this reduction would enhance access to tax
35 credit monetization or otherwise enhance the effectiveness of the
36 program.

37

38 *Total Tax Credit Eligibility Under Aspire Program*

39 The bill increases the amount of tax credits that may be awarded to
40 a developer in certain circumstances. Specifically, the bill provides that
41 a developer may be allowed each of the following enhancements to the
42 developer's total tax credit award: (1) for a redevelopment project that
43 includes redevelopment of a stranded asset, an increase of up to 10
44 percent of the project cost; (2) for a residential project meeting the three-
45 bedroom distribution requirements of the Uniform Housing
46 Affordability Controls, an increase of up to five percent of the project
47 cost; or (3) for a redevelopment project meeting local first source hiring
48 requirements for residents in the municipality or county in which the

1 project is located and in surrounding municipalities, as appropriate, an
2 increase of up to three percent of the project cost.

3 However, except for any redevelopment project that is located in a
4 government restricted municipality, the bill limits a developer's total tax
5 credits awarded under the Aspire Program, together with any program
6 administered by the authority for a redevelopment project, to: 90 percent
7 of the project cost for redevelopment projects that receive tax credits
8 under the federal Low-Income Housing Tax Credit Program; and 80
9 percent of the project cost for all other redevelopment projects.

10

11 *Aspire Program Tax Credit Carry Forward and Transfer*

12 Under current law, a developer is required to apply tax credits during
13 the tax periods approved by the authority. This bill additionally
14 authorizes a developer to apply tax credits within the three successive
15 tax periods immediately following the tax period in which the tax credit
16 certificate is received by the developer. Similarly, a developer is
17 authorized under the bill to transfer the tax credits, and a transferee is
18 authorized to use the tax credits, within the three successive tax periods
19 immediately following the tax period in which the tax credit certificate
20 is received by the developer.

21

22 *Transformative Projects Under Aspire Program*

23 This bill amends current requirements for certain transformative
24 projects. Under current law, a residential project with fewer than 700
25 new residential units is required to include the construction of: (1) not
26 less than 200 new residential units if the project is located in a
27 government-restricted municipality, 300 new residential units if the
28 project is located in an enhanced area, or 400 residential units for all
29 other mixed-use projects; and (2) 50,000 square feet or more of
30 commercial space to qualify as a transformative project. Under this bill,
31 these residential projects would be required to include the construction
32 of either: (1) not less than 200 new residential units if the project is
33 located in a government-restricted municipality, 300 new residential
34 units if the project is located in an enhanced area, or 400 residential units
35 for all other mixed-use projects; or (2) 20,000 square feet or more of
36 commercial space, which may include retail space.

37 Additionally, the bill permits a parking component to be included in
38 the calculation of the total square footage of a transformative project,
39 but only if constructed in agreement with local zoning, planning, or
40 similar requirements, or up to the amount required by the Residential
41 Site Improvement Standards, regardless of whether the Residential Site
42 Improvement Standards apply to the parking component. Portions of a
43 parking component that exceed local parking requirements or the
44 Residential Site Improvement Standards are not to be included in these
45 calculations. However, if the project is located within a government
46 restricted municipality, the entire parking component is required to be
47 included in the calculation of square footage requirements for a

1 transformative project, regardless of agreement with local requirements
2 or Residential Site Improvement Standards.

3 The bill provides that a developer may be allowed each of the
4 following enhancements to the developer's total tax credit award: (1)
5 for a transformative project that includes redevelopment of a stranded
6 asset, an increase of up to 10 percent of the project cost; (2) for a
7 residential transformative project meeting the three-bedroom
8 distribution requirements of the Uniform Housing Affordability
9 Controls, an increase of up to five percent of the project cost; or (3) for
10 a transformative project meeting local first source hiring requirements
11 for residents in the municipality or county in which the project is located
12 and in surrounding municipalities, as appropriate, an increase of up to
13 three percent of the project cost.

14

15 *Aspire Program Fees*

16 The bill requires that the fees charged by the authority under the
17 program be proportional to the tax credit amount allowed for a
18 redevelopment project. The authority is required to promulgate a
19 schedule of fees that are limited to coverage of actual direct costs of
20 administering the program, coverage of reasonable indirect costs of
21 administering the program, and maintenance of reasonable reserves for
22 administering the program.

23 The bill provides that any application submitted on or after the date
24 six months prior to the bill's effective date is subject to the new
25 requirements provided for in the bill, except for the fees imposed on
26 applications that precede the effective date of the bill.

27

28 *Redevelopment Project Bridge Financing Program Under Aspire* 29 *Program*

30 The bill provides for the establishment of a "Redevelopment Project
31 Bridge Financing Program" for the purpose of offering loans or loan
32 guarantees, at the discretion of the authority, to the developers of
33 redevelopment projects that have an outstanding project financing gap.
34 The purpose of the Redevelopment Project Bridge Financing Program
35 is to offer additional financing to the developer of a redevelopment
36 project, prior to the issuance of tax credits under the Aspire Program, to
37 ensure the completion of the project.

38 To apply for a loan under the program, the developer is required to
39 submit to the authority a proposed loan and interest amount, a
40 repayment plan, an accounting of the remaining project financing gap,
41 and any other information the authority requires. To apply for a loan
42 guarantee, the developer is required to submit to the authority a
43 proposed loan guarantee amount and terms, an accounting of the
44 remaining project gap, and any other information the authority requires.
45 As a condition of requiring a loan or loan guarantee, the bill requires
46 each worker employed to perform construction work on the
47 redevelopment project to be paid not less than the prevailing wage rate
48 for the worker's craft or trade.

1 The bill authorizes the authority to issue loans and loan guarantees
2 using a “Redevelopment Project Bridge Financing Revolving Fund,”
3 into which all monies received from loan repayments are to be
4 deposited. All monies received in the fund are to support the program
5 until such time as the authority determines there remains no need for
6 bridge financing, or until December 31, 2028, whichever occurs first, at
7 which point the monies in the Redevelopment Project Bridge Financing
8 Revolving Fund are to be deposited into the General Fund.

9 The bill requires that the authority recommend to the Governor and
10 the Legislature an amount for appropriation, which amount is necessary
11 for the administration of the Redevelopment Project Bridge Financing
12 Program.

13

14 *Aspire Program Tax Credit Redemption*

15 The bill requires the Department of the Treasury to redeem unused
16 tax credits, as the department deems necessary. The bill authorizes the
17 department to purchase such certificates at a discount of their face value,
18 which discount may not exceed 10 percent. The tax credit redemptions
19 are to be paid in the same manner as tax refunds, except that the
20 proceeds of the redemption may be issued over one or more tax periods,
21 but not to exceed the eligibility period.

22

23 *Changes to Corporate Business Tax and Gross Income Tax*

24 The bill amends current law to exclude gains from the transfer of tax
25 credits issued pursuant to the “New Jersey Economic Recovery Act of
26 2020” from the calculation of “entire net income” under the New Jersey
27 Corporate Business Tax and “gross income” under the New Jersey
28 Gross Income Tax.