SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 1435

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 16, 2024

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 1435.

As amended and reported, this bill establishes the Downtown Economic Growth Program (program) for the purpose of providing financial and technical assistance to businesses located in downtown areas within certain small municipalities.

The bill directs the New Jersey Economic Development Authority (EDA) to establish the program, in consultation with the Department of Community Affairs and the New Jersey Business Action Center. The bill authorizes the governing body of a small municipality to designate a "downtown area" within the municipality. With this designation, the municipality sets forth its policy and plan for addressing the economic conditions in the downtown area. Specifically, the bill defines "small municipality" as any municipality with a population under 11,000, which municipality either: (1) is designated as a county seat; (2) contains an opportunity zone; or (3) is over 70 percent developed, according to a Department of Environmental Protection data set.

The bill provides for corporation business tax credits and gross income tax credits for businesses located in a downtown area that participate in the program based upon criteria to be determined by the EDA. The bill provides that the credits be equal to 15 percent of the cost of employee compensation expenses related to meeting the employment criteria outlined in the bill and participating in the program as determined by the EDA pursuant to the bill.

The bill also requires the EDA to establish the "Downtown Economic Growth Assistance Fund" for the purpose of providing loans, loan guarantees, and technical assistance to area businesses located within the designated downtown area of a participating small municipality. Under the bill, the EDA is permitted to decide the terms of any loan or loan guarantee, as well as the amount of any technical assistance, which is provided through the program. The bill requires the EDA to issue an annual report to the Governor and Legislature on the program and to adopt rules and regulations to implement the program.

This bill was prefiled for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to change the name of the program in the bill from the "Main Street Economic Growth Program" to the "Downtown Economic Growth Program" and to change references to "Main Street area" in the bill to "downtown area."