LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 5031

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Authorizes tax credits for certain sports and entertainment facility renovation projects; authorizes additional tax credits under the New Jersey Aspire Program and the Emerge Program.

Type of Impact: Multiyear State revenue decrease and State expenditure increase.

Agencies Affected: New Jersey Economic Development Authority and Department of the Treasury.

Fiscal Impact	Multi-Year
State Revenue Decrease	Up to $2.5 billion
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in a total long-term reduction in State revenues of up to $2.5 billion by increasing the overall cap on tax credits authorized under the New Jersey Economic Recovery Act of 2020 for the New Jersey Aspire and Emerge programs. However, the timing and magnitude of any additional fiscal impact are indeterminate and would depend on future project approvals and tax credit utilization patterns.

- The OLS notes that of the $2.5 billion in tax credits authorized under the bill, up to $300 million in tax credits would be made available for eligible sports and entertainment facility renovation projects.

- Under current law, the Department of the Treasury is required to purchase unused tax credits issued under the Aspire Program at 85 percent of the credit amount, provided certain conditions are met. The department is also permitted to purchase unused tax credits issued under the Emerge Program at 90 percent of the credit amount, also provided certain conditions are met. Under the bill, the department would also be required to purchase unused tax credits issued for sports and entertainment projects at 85 percent of face value. Whenever the State acquired an unused tax credit at the required 85 percent of face value that otherwise would have been redeemed at 100 percent of face value, the State would realize a revenue gain equal to the full amount of the tax credit and a net financial gain equal to 15 percent thereof. However,

requiring the State to buy a tax credit that would not have been used otherwise would cause a net loss to the State equal to 85 percent of the credit's face value.

BILL DESCRIPTION

This bill authorizes the New Jersey Economic Development Authority to award tax credits for the renovation of certain large sports and entertainment facilities. Eligible projects must involve the renovation of an existing arena with a seating capacity of at least 15,000 that has been operating for at least 15 years in a city of the first class that contains an international airport. Eligible projects must have a minimum project cost of $50 million.

Under the bill, the department may award tax credits equal to the lesser of 80 percent of eligible project costs or $300 million, whichever is less. A project may be completed in up to five phases, with the value of tax credits awarded for any single phase capped at $95 million. The bill requires the authority to conduct a State fiscal impact analysis to ensure that the gross economic benefit of a project equals at least 150 percent of the overall public assistance provided over the duration of the commitment period.

The bill also increases the overall cap on tax credits authorized under the New Jersey Economic Recovery Act of 2020 by $2.5 billion, thereby authorizing additional tax credits for projects approved under the New Jersey Aspire Program and the Emerge Program, subject to applicable statutory limitations.

In addition, the bill requires the department to purchase unused tax credits awarded for sports and entertainment projects at 85 percent of their face value, subject to specified conditions.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in a total long-term reduction in State revenues of up to $2.5 billion by increasing the overall cap on tax credits authorized under the New Jersey Economic Recovery Act of 2020 for the New Jersey Aspire and Emerge programs. However, the timing and magnitude of any additional fiscal impact are indeterminate and would depend on future project approvals and tax credit utilization patterns.

To the extent that tax credits awarded pursuant to the bill are applied against State tax liability, the bill would result in a decrease in State revenues. The bill limits the total value of tax credits authorized for sports and entertainment projects to $300 million; therefore, the maximum potential State revenue loss attributable to this provision would not exceed $300 million over multiple fiscal years. The actual revenue impact in any given fiscal year is indeterminate and would depend on credit utilization patterns.

The bill requires the Department of the Treasury to purchase unused tax credits issued for large sports and entertainment facilities at 85 percent of their face value. To the extent that a tax credit recipient is unable to utilize the credits to offset State tax liability and elects to sell the unused

credits to the State, the bill would result in direct cash expenditures from State funds rather than a reduction in State revenues.

The timing and magnitude of these expenditures are indeterminate. However, because the bill limits the total value of authorized tax credits for large sports and entertainment facilities to $300 million, total State expenditures associated with the purchase of unused credits could reach $255 million over multiple fiscal years if the State were required to purchase the full amount of authorized credits.

Under current law, the Department of the Treasury is required to purchase unused tax credits issued under the Aspire Program at 85 percent of the credit amount, provided certain conditions are met. The department is also permitted to purchase unused tax credits issued under the Emerge Program at 90 percent of the credit amount, also provided certain conditions are met. Under the bill, the department would also be required to purchase unused tax credits issued for sports and entertainment projects at 85 percent of face value. Whenever the State acquired an unused tax credit at the required 85 percent of face value that otherwise would have been redeemed at 100 percent of face value, the State would realize a revenue gain equal to the full amount of the tax credit and a net financial gain equal to 15 percent thereof. However, requiring the State to buy a tax credit that would not have been used otherwise would cause a net loss to the State equal to 85 percent of the credit's face value.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Patrick Walsh* *Associate Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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