

ASSEMBLY, No. 5694

STATE OF NEW JERSEY 222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:

Assemblyman VINCENT M. "VINNIE" KEARNEY
District 21 (Middlesex, Morris, Somerset and Union)

SYNOPSIS

Extends eligibility for sales and use tax exemption certificate program administered by EDA to include certain projects undertaken by clean energy product manufacturers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain sales and use tax exemptions for clean
2 energy product manufacturers and amending P.L.2004, c.65.

3

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

6

7 1. Section 19 of P.L.2004, c.65 (C.34:1B-185) is amended to
8 read as follows:

9 19. As used in sections 19 through 22 of P.L.2004, c.65 (C.34:1B-
10 185 through C.34:1B-188) the following terms shall have the
11 following meanings:

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

14 "Clean energy product manufacturer" means the same as that term
15 is defined pursuant to section 3 of P.L.2025, c.123 (C.34:1B-405).

16 "Eligible property" means machinery, equipment, furniture and
17 furnishings, fixtures, and building materials, but "eligible property"
18 shall not include "motor vehicles" as defined pursuant to section 2 of
19 P.L.1966, c.30 (C.54:32B-2), parts with a useful life of one year or
20 less, or tools or supplies used in connection with the eligible
21 property;

22 "Headquarters" means the single location that serves as the
23 national administrative center of a business, at which the primary
24 office of the chief executive officer or chief operating officer of the
25 business, as well as the offices of the management officials
26 responsible for key businesswide functions such as finance, legal,
27 marketing, and human resources, are located;

28 "Life sciences business" means a business engaged principally in
29 the production of medical equipment, ophthalmic goods, medical or
30 dental instruments, diagnostic substances, biopharmaceutical
31 products; or physical and biological research; or biotechnology;

32 "Manufacturing facility" means a business location at which more
33 than 50% of the business personal property that is housed in the
34 facility is eligible for the sales tax exemption pursuant to subsection
35 a. of section 25 of P.L.1980, c.105 (C. 54:32B-8.13) for machinery,
36 apparatus or equipment used in the production of tangible personal
37 property; and

38 "Research and development facility" means a business location at
39 which more than 50% of the business personal property that is
40 purchased for the facility is eligible for the sales tax exemption
41 pursuant to section 26 of P.L.1980, c.105 (C.54:32B-8.14) for
42 property used in research and development.

43 (cf: P.L.2007, c.253, s.16)

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 2. Section 20 of P.L.2004, c.65 (C.34:1B-186) is amended to
2 read as follows:

3 20. The **【New Jersey Commerce Commission】** authority shall
4 establish and administer a program to approve the issuance of sales
5 and use tax exemption certificates to qualifying businesses as
6 specified in sections 19 through 22 of P.L.2004, c.65 (C.34:1B-185
7 through C.34:1B-188). The receipts from the certificate holder's
8 purchase of eligible property located or placed at the business
9 location covered by the project approval within the period established
10 pursuant to the terms and conditions of the project approval for the
11 approved business location shall be exempt from the tax imposed
12 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
13 seq.).
14 (cf: P.L.2007, c.253, s.17)
15

16 3. Section 21 of P.L.2004, c.65 (C.34:1B-187) is amended to
17 read as follows:

18 21. a. A business seeking to participate in the sales and use tax
19 exemption certificate program established pursuant to sections 19
20 through 22 of P.L.2004, c.65 (C.34:1B-185 through C.34:1B-188)
21 shall submit a project application to the **【New Jersey Commerce**
22 **Commission】** authority in such form as required by the **【New Jersey**
23 **Commerce Commission】** authority.

24 b. The location for the project shall be situated in designated
25 Planning Area 1 or 2, as defined in the State Development and
26 Redevelopment Plan adopted by the State Planning Commission;
27 provided however, that a business project involving the renovation
28 or expansion of an existing facility, or a business project involving
29 the construction of a new facility by a clean energy product
30 manufacturer that satisfies the requirements of paragraph (5) of
31 subsection c. of this section, that is not located in designated Planning
32 Area 1 or 2 may be eligible to participate in the program, at the
33 determination of the **【New Jersey Commerce Commission】**
34 authority, if all other applicable criteria are satisfied.

35 A business located in an urban enterprise zone designated pursuant
36 to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303
37 (C.52:27H-60 et al.) as of the effective date of this section shall not
38 be eligible to participate in this program if the relocation project is
39 from a facility within the urban enterprise zone to a facility outside
40 an urban enterprise zone; provided however, that if the relocation is
41 to a facility already owned or leased by the same business and that
42 business already employs at least the same number of persons as
43 those being relocated from the urban enterprise zone, it may be
44 eligible to apply.

45 c. To be eligible to apply for the sales and use tax exemption
46 certificate program, a business, other than a clean energy product
47 manufacturer, shall have operated continuously in this State, in whole
48 or in part, in its current form or as a predecessor entity, for at least

1 10 years prior to filing an application **【and】**. To be eligible to apply
2 for the sales and use tax exemption certificate program, a business,
3 other than a clean energy product manufacturer, shall satisfy at least
4 one of the following criteria, except that a clean energy product
5 manufacturer shall satisfy the requirements of paragraph (5) of this
6 subsection:

7 (1) the business has 1,000 or more full-time employees in the
8 State and the project involves relocating 500 or more full-time
9 employees into a new business location or locations;

10 (2) the business is a life sciences business or a manufacturing
11 facility and the project is: constructing one or more new research and
12 development facilities, constructing one or more new manufacturing
13 facilities in this State, or relocating to a new headquarters in this State
14 that will employ 250 or more full-time employees;

15 (3) the business is a life sciences business or a manufacturing
16 business and the project is constructing a new, or substantially
17 rehabilitating a vacant, property that will **【separately or**
18 **collectively】**:

19 (a) be predominately a new research and development facility;

20 (b) be predominately a new manufacturing facility;

21 (c) house the headquarters of the business; or

22 (d) separately or collectively be a combination of subparagraphs
23 (a), (b) and (c);

24 provided, that the new or substantially rehabilitated facility will
25 house a minimum of 250 full-time employees. For the purposes of
26 this subparagraph, "predominantly" means a majority of the
27 employees housed in the new facility are engaged in that activity, or
28 a majority of the square footage of the new facility is used in that
29 activity; or a majority of the total value of the investment made will
30 be employed in that activity; or other measures of activity as may be
31 determined by the **【New Jersey Commerce Commission】** authority
32 that demonstrate that a critical concentration of research and
33 development, manufacturing, or both, will occur at the new facility;
34 **【or】**

35 (4) the business is, at the time of enactment of this section,
36 currently receiving a structured finance special guarantee pursuant to
37 N.J.A.C.19:31-2.1(c)3.ii(5) for the project; or

38 (5) the business is a clean energy product manufacturer and the
39 project is for the construction of a new facility, or the substantial
40 rehabilitation of an existing facility, that will predominantly serve as
41 a new research and development facility or new manufacturing
42 facility, which facility will house a minimum of 200 new, full-time
43 employees for not less than five years, and which project has an
44 expected cost of \$500 million or more.

45 For the purposes of this paragraph, "predominantly" means a
46 majority of the employees housed in the new facility are engaged in
47 that activity, or a majority of the square footage of the new facility is
48 used in that activity; or a majority of the total value of the investment

1 made will be employed in that activity; or other measures of activity
2 as may be determined by the authority that demonstrate that a critical
3 concentration of research and development, manufacturing, or both,
4 will occur at the new facility.

5 d. For the purposes of determining a number of full-time
6 employees pursuant to subsection c. of this section, the full-time
7 employees of the members of a "controlled group of corporations" as
8 defined pursuant to section 1563 of the federal Internal Revenue
9 Code of 1986, 26 U.S.C. s.1563, shall be considered the employees
10 of a single employer.

11 e. A project may be completed in up to two phases provided that
12 it will be the national headquarters of a life sciences or manufacturing
13 company, and will include a significant research and development
14 facility, a significant manufacturing facility, or combination thereof
15 if: (1) the first completed phase will house at least 200 full-time
16 employees and the second phase will house at least 100 additional
17 employees; and (2) the project is pre-approved for phases and that all
18 phases are completed within 30 months of project approval.

19 f. (1) Upon approval of a project, the **【Executive Director】**
20 executive director of the **【New Jersey Commerce Commission】**
21 authority shall notify the Director of the Division of Taxation in the
22 Department of the Treasury of the terms and conditions of the project
23 approval and the director shall issue a certificate of exemption
24 pursuant to the terms and conditions of the project approval. In
25 general, the sales and use tax exemption certificate provided by
26 sections 19 through 22 of P.L.2004, c.65 (C.34:1B-185 through
27 C.34:1B-188) should not apply to purchases initiated by the business
28 after the date that the temporary certificate of occupancy is issued, or
29 in cases where no temporary certificate of occupancy is issued should
30 not apply to purchases initiated by the business more than one year
31 from the project commencement date; however, the duration of the
32 certificate of exemption shall be pursuant to the terms and conditions
33 of the project approval.

34 (2) Notwithstanding any provision of this section to the contrary,
35 as a condition of approval of a project for a business that is a clean
36 energy product manufacturer, the authority shall not require the
37 business to demonstrate that receiving the certificate of exemption is
38 a material factor in the decision of the business to locate the project
39 in the State.

40 (cf: P.L.2007, c.253, s.18)

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42 4. Section 22 of P.L.2004, c.65 (C.34:1B-188) is amended to
43 read as follows:

44 22. The **【New Jersey Commerce Commission】** executive director
45 of the authority shall, after consultation with the Director of the
46 Division of Taxation in the Department of the Treasury, adopt rules
47 and regulations pursuant to the "Administrative Procedure Act,"
48 P.L.1968, c.410 (C.52:14B-1 et seq.) necessary to govern the proper

1 conduct and operation of the program consistent with the provisions
2 of sections 19 through 22 of P.L.2004, c.65 (C.34:1B-185 through
3 C.34:1B-188), as amended.
4 (cf: P.L.2007, c.253, s.19)

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6 5. This act shall take effect immediately.
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9 STATEMENT
10

11 This bill extends eligibility for the sales and use tax exemption
12 certificate program administered by the New Jersey Economic
13 Development Authority (EDA) to purchases made by clean energy
14 product manufacturers related to the construction or renovation of
15 specified business facilities.

16 A “clean energy product manufacturer” is defined under the bill
17 as a business engaged in the production or assembly of goods by
18 transforming raw materials or sub-components into components for
19 renewable energy, such as offshore wind, solar, geothermal, green
20 hydrogen, nuclear energy, fuel cells, battery storage, or other clean
21 energy manufacturing. The bill specifies that a clean energy
22 manufacturer would not include businesses engaged in retail,
23 wholesale, packaging, software development, resource extraction, or
24 waste incineration.

25 Under current law, qualifying businesses may apply to the EDA
26 for a sales and use tax exemption certificate to be used for the
27 purchase of eligible property located or placed at the site of an
28 approved project. The exemption certificate allows businesses to
29 purchase machinery, equipment, furniture, fixtures, and building
30 materials without the imposition of tax on the sale of those items. In
31 order to be eligible for the program, a business is required to have
32 operated continuously in the State for at least 10 years, while also
33 satisfying requirements related to the number of full-time employees
34 employed by the business in the State and the location and
35 characteristics of the proposed business facility to be constructed or
36 renovated under the project. Generally, a project is required to be
37 situated in Planning Area 1 or 2, as defined in the State Development
38 and Redevelopment Plan adopted by the State Planning Commission.
39 Planning Areas are regions of the State with shared characteristics
40 that inform where growth or conservation should occur, with a
41 preference for concentrating development primarily in Metropolitan
42 and Suburban Areas, also known as Planning Areas 1 and 2
43 respectively. In certain instances, a business project is not required
44 to be located in either of these planning areas provided that the
45 project involves renovation or expansion of an existing facility if all
46 other applicable program criteria are satisfied.

47 The bill would extend eligibility for the EDA’s sales and use tax
48 exemption program to a clean energy product manufacturer that

1 undertakes an eligible project. Specifically, the bill requires the
2 project to involve the construction of a new facility, or a substantial
3 rehabilitation of an existing facility, that will predominantly serve as
4 a new research and development facility or new manufacturing
5 facility, which facility will house a minimum of 200 new, full-time
6 employees for no less than five years, and which project has an
7 expected cost of \$500 million or more. The bill exempts clean energy
8 product manufacturers from certain existing requirements of the
9 program, such as the requirement to: (1) demonstrate that receiving
10 the exemption certificate is a material factor in the decision of the
11 business to locate the project in the State; (2) have operated
12 continuously in the State for at least 10 years prior to applying for
13 the program; and (3) undertake a business project involving the
14 construction of specified new facilities by a clean energy product
15 manufacturer within Planning Areas 1 or 2.