LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1779

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: NOVEMBER 5, 2026

SUMMARY

Synopsis: Establishes Downtown Economic Growth Program to encourage business development in certain small municipalities.

Type of Impact: Annual State expenditure increase; annual net impact on State revenues.

Agencies Affected: New Jersey Economic Development Authority; Department of Community Affairs; Department of State; local governments.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Net Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will increase annual State expenditures by an indeterminate amount due to the establishment of the Downtown Economic Growth Program. These increases would stem from the provision of loans, loan guarantees, and technical assistance to eligible businesses by the New Jersey Economic Development Authority. The OLS is unable to quantify the expenditure increase due to the absence of relevant data regarding the number of eligible businesses that will participate in the program.

- The provision of corporation business tax and gross income tax credits to eligible taxpayers will decrease annual State revenues, but the OLS is unable to determine the magnitude of these annual reductions as the impact will depend on the number of taxpayers claiming tax credits and the amount of their tax liabilities. On the other hand, the repayment of loans with interest by businesses will increase State revenues by an indeterminate amount. The net effect on State revenues of these countervailing impacts cannot be estimated because the number of loans provided, the terms of the loans, default rates, and the number and size of the tax credits awarded and claimed cannot be known in advance.

BILL DESCRIPTION

This bill establishes the Downtown Economic Growth Program and a special non-lapsing revolving fund to provide loans, loan guarantees, and technical assistance to businesses located in designated downtown areas within municipalities meeting certain criteria. The program will be administered by the New Jersey Economic Development Authority, in consultation with the Department of Community Affairs and the New Jersey Business Action Center in the Department of State. The authority will decide the terms of any loan or loan guarantee and the amount of technical assistance provided through the program. A business in a formally designated downtown area may elect to participate in the program provided that at least 25 percent of its full-time employees are residents of the municipality.

The bill also provides corporation business tax credits and gross income tax credits for eligible taxpayers equal to 15 percent of employee compensation expenses related to their participation in the program. A tax credit is not permitted to exceed 50 percent of a taxpayer's liability, and any unused tax credit may be carried forward for seven years.

The bill also requires the authority to issue an annual report to the Governor and the Legislature on the impact of the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will increase annual State expenditures due to the establishment of the Downtown Economic Growth Program. Under the bill, the Economic Development Authority will provide loans, loan guarantees, and technical assistance to participating businesses. This will lead to an indeterminate annual increase in State expenditures attributable to the development and administration of the program and the provision of this financial assistance. The OLS is unable to quantify the expenditure increase due to the absence of relevant data regarding the number of eligible businesses that will participate in the program.

Additionally, the bill allows for the provision of corporation business tax and gross income tax credits to eligible taxpayers participating in the program. The OLS is unable to determine the magnitude of these annual reductions as the impact will depend on the number of taxpayers claiming the tax credits and the amount of their tax liabilities. On the other hand, the repayment of loans with interest by businesses will increase State revenues by an indeterminate amount. The net effect on State revenues of these countervailing impacts cannot be estimated because the number of loans provided, the terms of the loans, default rates, and the number and size of the tax credits awarded cannot be known in advance.

Section: *Revenue, Finance, and Appropriations*

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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.).