

[First Reprint]

SENATE, No. 1779

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator PARKER SPACE

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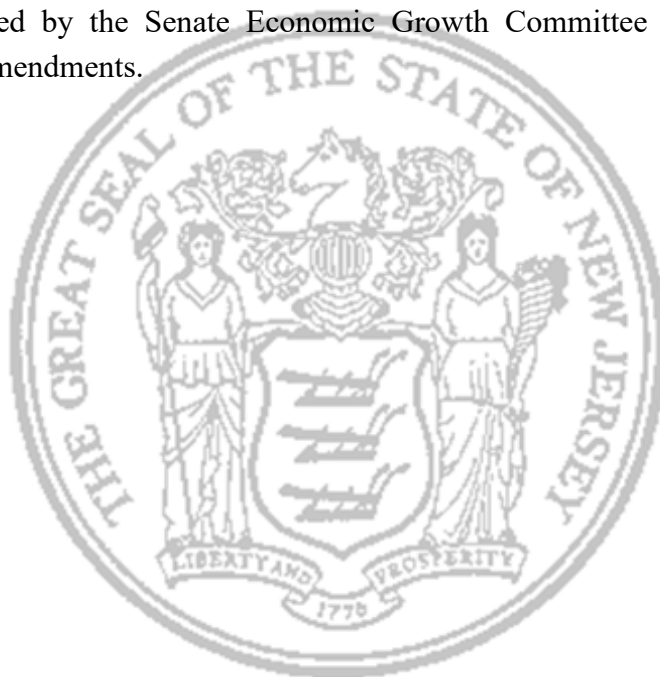
Senator Cruz-Perez

SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Senate Economic Growth Committee on October 8, 2026, with amendments.



(Sponsorship Updated As Of: 10/8/2026)

1 AN ACT creating the Downtown Economic Growth Program and
 2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

3
 4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 5 *of New Jersey:*

6
 7 1. This act shall be known and may be cited as the “Downtown
 8 Economic Growth Act.”

9
 10 2. The Legislature finds and declares that:

11 a. Many municipalities in this State having small populations
 12 with substantially developed commercial areas face considerable
 13 obstacles in fostering new jobs and business growth and do not
 14 qualify for assistance offered by the State’s municipal and business
 15 assistance programs.

16 b. Recognizing the difficulties faced by these municipalities
 17 and businesses, it is in the long-term economic interest of this State
 18 to establish an economic development incentive program to
 19 encourage business growth in the commercial areas of smaller,
 20 substantially developed municipalities so that the local economy of
 21 these municipalities may grow and thrive.

22
 23 3. As used in P.L. , c. (C.) (pending before the
 24 Legislature as this bill):

25 “Area business” means any entity authorized to do business in
 26 the State of New Jersey which, at the time a small municipality
 27 designates an area as a downtown area, is engaged in the active
 28 conduct of a trade or business in that area; or an entity which, after
 29 a small municipality designates an area as a downtown area,
 30 becomes newly engaged in the active conduct of a trade or business
 31 in that area and has at least 25 percent of its full-time employees
 32 employed at a business location in the area who are residents within
 33 the small municipality.

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

36 “Center” means the New Jersey Business Action Center created
 37 in the Department of State.

38 “Department” means the Department of Community Affairs.

39 “Developed” means areas included within the Level 1 Urban or
 40 Built-up Land category in the 2012 New Jersey Department of
 41 Environmental Protection land use/land cover data set.

42 “Director” means the Director of the Division of Taxation in the
 43 Department of the Treasury.

44 “Downtown area” or “area” means an eligible area designated by
 45 a small municipality pursuant to section 5 of P.L. , c. (C.)
 46 (pending before the Legislature as this bill).

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted October 8, 2026.

1 “Full-time employee” means a person employed by an area
2 business for consideration for at least 35 hours ¹**[a]** per¹ week, or
3 who renders any other standard of service generally accepted by
4 custom or practice as full-time employment, or a person who is
5 employed by a professional employer organization pursuant to an
6 employee leasing agreement between an area business and the
7 professional employer organization, in accordance with P.L.2001,
8 c.260 (C.34:8-67 et seq.) for at least 35 hours ¹**[a]** per¹ week, or
9 who renders any other standard of service generally accepted by
10 custom or practice as full-time employment, and whose wages are
11 subject to withholding as provided in the “New Jersey Gross
12 Income Tax Act,” N.J.S.54A:1-1 et seq. or a person who is a
13 resident of another State but whose income is not subject to the
14 “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., or who
15 renders any other standard of service generally accepted by custom
16 or practice as full-time employment, and whose distributive share of
17 income, gain, loss, or deduction, or whose guaranteed payments, or
18 any combination thereof, is subject to the payment of estimated
19 taxes, as provided in the “New Jersey Gross Income Tax Act,”
20 N.J.S.54A:1-1 et seq. “Full-time employee” shall not include any
21 person who works as an independent contractor or on a consulting
22 basis for an area business.

23 “Fund” means the “Downtown Economic Growth Assistance
24 Fund” established pursuant to section 10 of P.L. , c. (C.)
25 (pending before the Legislature as this bill).

26 “Opportunity zone” means a federal population census tract in
27 this State that was eligible to be designated as a qualified
28 opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

29 “Program” means the Downtown Economic Growth Program
30 established pursuant to section 4 of P.L. , c. (C.) (pending
31 before the Legislature as this bill).

32 “Small municipality” means any municipality with a population
33 of under 11,000 persons, according to the most recent decennial
34 census, and which municipality ¹**[either]**¹: is designated as a
35 county seat; contains an opportunity zone; or is ¹**[over]** at least¹ 70
36 percent developed, according to the 2012 New Jersey Department
37 of Environmental Protection land use/land cover data set.

38 “Technical assistance” means assistance in the establishment,
39 development, or promotion of an area business operating within a
40 downtown area under the terms and conditions adopted by the
41 authority under the provisions of P.L. , c. (C.) (pending
42 before the Legislature as this bill).

43
44 4. a. The New Jersey Economic Development Authority, in
45 consultation with the Department of Community Affairs and the
46 New Jersey Business Action Center, shall establish the Downtown
47 Economic Growth Program for the purpose of providing loans, loan

1 guarantees, tax credits, and technical assistance to area businesses
2 located within a downtown area designated by a small municipality.

3 b. The authority may establish terms governing the provision of
4 loans, loan guarantees, tax credits, and technical assistance to area
5 businesses for the implementation of the program pursuant to
6 P.L. , c. (C.) (pending before the Legislature as this bill).

7
8 5. a. Under terms and conditions established by the authority,
9 the governing body of a small municipality may, by ordinance,
10 designate an area within the small municipality as a downtown area.
11 In designating a downtown area, the governing body shall set forth
12 the boundaries of the area with the approval of the authority, state
13 findings of fact concerning the economic conditions existing in the
14 downtown area, and develop a statement of intent concerning the
15 small municipality's policy and intentions for addressing these
16 conditions.

17 b. The statement of intent to address conditions in a downtown
18 area shall include:

19 (1) utilizing the powers conferred on the small municipality by
20 law for the purpose of stimulating investment in ¹₁ and economic
21 development of ¹₁ the downtown area;

22 (2) utilizing State assistance through the provisions of the
23 Downtown Economic Growth Program relating to financial and
24 technical assistance to area businesses available from the authority
25 or any other State entity;

26 (3) securing the involvement in, and commitment to, downtown
27 area economic development by private entities, including area
28 neighborhood associations, voluntary community organizations
29 supported by residents, and area businesses;

30 (4) utilizing the powers conferred by law to revise municipal
31 planning and zoning ordinances and other land use regulations
32 related to the downtown area in order to enhance the attraction of
33 the area to existing and prospective area businesses; and

34 (5) increasing the availability and efficiency of support services,
35 public and private, generally used by, and necessary to ¹₁ the
36 efficient functioning of ¹₁ commercial and industrial facilities
37 within and outside ¹₁ the downtown area, and indicating the
38 extent to which the increase or improvement is to be provided and
39 financed by the municipal government or by other entities.

40
41 6. The authority shall work cooperatively with the center and
42 other State departments, agencies, boards, commissions, and
43 authorities to explore and implement opportunities to direct
44 resources and create enhanced incentives for area businesses
45 participating in the Downtown Economic Growth Program.

46
47 7. a. A taxpayer shall be allowed a credit for the privilege period
48 against the tax imposed pursuant to section 5 of P.L.1945, c.162

(C.54:10A-5), in an amount equal to 15 percent of the taxpayer's employee compensation expenses related to meeting the employment criteria under the definition of an area business pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) and participation in the program, as determined by the authority, pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), that is allowed for the privilege period. An unused credit may be carried forward, if necessary, for use in the seven privilege periods following the privilege period for which the credit is allowed.

b. The order of priority of the application of the credit allowed pursuant to this section, together with any other credits allowed by law, shall be prescribed by the director. The amount of the credit applied under this section against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with any other credits allowed by law, shall not exceed 50 percent of the tax liability otherwise due and shall not reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of expense claimed as a credit pursuant to this section shall not be allowed as an amount calculated or claimed pursuant to any other credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).

8. a. A taxpayer shall be allowed a credit for the taxable year against the tax otherwise due for the taxable year pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 15 percent of the taxpayer's employee compensation expenses related to meeting the employment criteria under the definition of an area business pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) and participation in the program, as determined by the authority, pursuant ¹to¹ P.L. , c. (C.) (pending before the Legislature as this bill), that is allowed for the taxable year. An unused credit may be carried forward, if necessary, for use in the seven taxable years following the taxable year for which the credit is allowed.

b. (1) The order of priority of the application of the credit allowed pursuant to this section, together with any other credits allowed by law, shall be prescribed by the director. The amount of the credit applied under this section against the tax imposed pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year together with any other credits allowed by law, shall not exceed 50 percent of the tax liability otherwise due. An amount of expense claimed as a credit pursuant to this section shall not be allowed as an amount calculated or claimed pursuant to any other credit against the tax imposed pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

(2) A business entity classified as a partnership for federal income tax purposes shall not be allowed a credit directly under the gross income tax, but the amount of credit of a taxpayer in respect

1 of a distributive share of partnership income shall be determined by
2 allocating to the taxpayer that proportion of the credit acquired by
3 the partnership that is equal to the taxpayer's share, whether or not
4 distributed, of the total distributive income or gain of the
5 partnership for its taxable year ending within or with the taxpayer's
6 taxable year.

7 (3) A New Jersey S Corporation shall not be allowed a credit
8 directly under the gross income tax, but the amount of credit of a
9 taxpayer in respect of a pro rata share of S Corporation income shall
10 be determined by allocating to the taxpayer that proportion of the
11 credit acquired by the New Jersey S Corporation that is equal to the
12 taxpayer's share, whether or not distributed, of the total pro rata
13 share of S Corporation income of the New Jersey S Corporation for
14 its privilege period ending within or with the taxpayer's taxable
15 year.

16
17 9. ¹~~【Not longer】~~ No later¹ than one year after the effective date
18 of P.L. , c. (C.) (pending before the Legislature as this bill)
19 and annually thereafter, the authority shall prepare a report on the
20 Downtown Economic Growth Program, submit the report to the
21 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
22 19.1), to the Legislature, and make the report available on the
23 authority's ¹Internet¹ website. The report shall include the number
24 of area businesses participating in the program, the names and types
25 of area businesses participating in the program, the total amount of
26 financial and technical assistance provided to area businesses, the
27 amount of financial and technical assistance received per area
28 business, the number of jobs created overall and per area business,
29 the amount of capital investment made per area business, and any
30 other information as the authority determines is necessary to
31 evaluate the progress of the program.

32
33 10. a. To fund the Downtown Economic Growth Program, the
34 authority shall establish and maintain a special non-lapsing,
35 revolving fund to be known as the "Downtown Economic Growth
36 Assistance Fund" for the purpose of providing loans, loan
37 guarantees, and technical assistance to ¹~~【an】~~¹ area businesses
38 located within a small municipality. The terms of a loan or loan
39 guarantee and the amount of technical assistance shall be at the
40 discretion of the authority based on the monies made available by
41 the authority for the purposes of the fund.

42 b. The fund may be credited with:

43 (1) monies made available by the authority for the purpose of
44 the fund; and

45 (2) monies received by the authority from any public or private
46 source.

1 11. The authority shall adopt rules and regulations, pursuant to
2 the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1
3 et seq.), necessary to implement the provisions of P.L. ,
4 c. (C.) (pending before the Legislature as this bill),
5 including, but not limited to, a requirement that in order for an area
6 business to receive financial and technical assistance from the
7 authority, an area business shall enter into an agreement with the
8 authority to submit an audited financial statement to the authority.

9
10 12. This act shall take effect immediately, but shall remain
11 inoperative for 60 days following the date of enactment, except that
12 sections 7 and 8 of this act shall apply to privilege periods and
13 taxable years beginning on or after the January 1 next following the
14 date of enactment.