# SENATE, No. 4573

# STATE OF NEW JERSEY

## 222nd LEGISLATURE

INTRODUCED SEPTEMBER 28, 2026

**Sponsored by:**
**Senator NILSA I. CRUZ-PEREZ**
**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Establishes Main Street Assistance Program to encourage business development in small municipalities.

**CURRENT VERSION OF TEXT**

As introduced.

**AN ACT** creating the Main Street Assistance Program and supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).

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

1. This act shall be known and may be cited as the "Main Street Assistance Act."

2. The Legislature finds and declares that:

a. Many municipalities in this State having small populations face considerable obstacles in fostering new jobs and business growth and do not qualify for assistance offered by the State's municipal and business assistance programs; and

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

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

"Area business" means an entity authorized to do business in the State of New Jersey, which is engaged in the active conduct of a trade or business in a Main Street area and has at least 15 percent of its full-time employees employed at a business location in that Main Street area, who are residents of the small municipality in which the Main Street area is situated.

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

"Developed" means an area where the landscape has been altered by human activities and that is referred to as Level 1 Urban in the 2012 New Jersey Department of Environmental Protection land use/land cover data set.

"Full-time employee" means a person: employed by an area business for at least 29 hours a week; who renders a standard of service generally accepted, by custom or practice, as full-time employment; employed by a professional employer organization pursuant to an employee leasing agreement between an area business and the professional employer organization, in accordance with P.L.2001, c.260 (C.34:8-67 et seq.), for at least 29 hours a week; who renders a standard of service generally accepted, by custom or practice, as full-time employment and whose wages are subject to withholding as provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.; who renders a standard of service generally accepted, by custom or practice, as full-time employment and is a resident of another State but whose income is not subject to the "New

Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.; or who renders a standard of service, generally accepted by custom or practice, as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments or any combination thereof, is subject to the payment of estimated taxes, as provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time employee" shall not include any person who works as an independent contractor or on a consulting basis for the area business.

"Main Street area" or "area" means an eligible area designated by a small municipality pursuant to section 5 of P.L. , c. (C. ) (pending before the Legislature as this bill).

"Privilege period" means the same as that term is defined in section 4 of P.L.1945, c.162 (C.54:10A-4).

"Program" means the "Main Street Assistance Program" established pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill).

"Small municipality" means any municipality with a population of under 20,000 persons, according to the most recent federal decennial census, which is over 70 percent developed according to the 2012 New Jersey Department of Environmental Protection land use/land cover data set, or any municipality with a population of under 11,000 persons, according to the most recent federal decennial census, that is a seat of county government.

"Technical assistance" means assistance in the establishment, development, or promotion of an area business operating within a Main Street area under the terms and conditions adopted by the authority pursuant to P.L. , c. (C. ) (pending before the Legislature as this bill).

4. The Economic Development Authority shall establish the Main Street Assistance Program for providing loans, loan guarantees, tax credits, and technical assistance to area businesses located within small municipalities and technical assistance grants to small municipalities to help them improve the economy, appearance, and image of their central business districts. The authority shall establish terms governing the provision of loans, loan guarantees, tax credits, and technical assistance to area businesses and technical assistance grants to small municipalities.

5. The governing body of a small municipality may, by ordinance, designate an area zoned for commercial use on the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) within the small municipality as a Main Street area. In designating a Main Street area, the governing body shall set forth the boundaries of the area, state findings of fact concerning the economic conditions existing in the Main Street area, and state the small municipality's policy and intentions for addressing these conditions. The statement of intent to address

conditions in a Main Street area shall include:

a. Utilizing the powers conferred on the small municipality by law to stimulate investment in, and economic development of, the Main Street area;

b. Utilizing State assistance through the provisions of the Main Street Assistance Program relating to financial and technical assistance to area businesses available from the authority or any other State entity;

c. Securing the involvement in, and commitment to, Main Street area economic development by private entities, including area neighborhood associations, voluntary community organizations supported by residents, and area businesses;

d. Utilizing the powers conferred by law to revise municipal planning and zoning ordinances and other land use regulations as they pertain to the Main Street area, in order to enhance the attraction of the area to existing and prospective area businesses;

e. Increasing the availability and efficiency of support services, public and private, generally used by, and necessary to, the efficient functioning of commercial and industrial facilities within and outside of the Main Street area; and

f. The extent to which improvements in the Main Street area will be financed by the municipal government or by other entities.

6. The Economic Development Authority shall work cooperatively with the Business Action Center and other State departments, agencies, boards, commissions, and authorities to explore and implement opportunities to direct resources and create enhanced incentives for area businesses participating in the Main Street Assistance Program.

7. a. A taxpayer shall be allowed a credit for the privilege period 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). A taxpayer may carry forward an unused credit, if necessary, for use in the seven privilege periods following the privilege period for which the credit is allowed.

b. The director of the authority shall prescribe the order of priority of the application of the credit allowed pursuant to this section and any other credits allowed by law. 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 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. A taxpayer may carry forward an unused credit, if necessary, for use in the seven taxable years following the taxable year for which the credit is allowed.

b. The director of the authority shall prescribe the order of priority of the application of the credit allowed pursuant to this section and any other credits allowed by law. The amount of the credit applied under this section against the tax imposed pursuant to "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 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

A business entity classified as a partnership for federal income tax purposes shall not be allowed a tax credit directly under the gross income tax. Instead, the tax credit shall be allocated to a taxpayer, in proportion to the credit acquired by the partnership, equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the partnership for the taxable year ending within or with the taxpayer's taxable year.

A New Jersey S Corporation shall not be allowed a credit directly under the gross income tax. Instead, a pro rata share of S Corporation income shall be determined by allocating to the taxpayer that proportion of the credit acquired by the New Jersey S Corporation that is equal to the taxpayer's share, whether or not distributed, of the total pro rata share of S Corporation income of the New Jersey S Corporation for its privilege period ending within or with the taxpayer's taxable year.

9. Within one year after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), and annually thereafter, the Economic Development Authority shall report to the Governor and the Legislature, pursuant to section 2 of

P.L.1991, c.164 (C.52:14-19.1), and publish the report on the authority's Internet website. The report shall include the number of area businesses participating in the program, the names and types of area businesses participating in the program, the total amount of financial and technical assistance provided to area businesses, the amount of financial and technical assistance received per area business, the number of jobs created overall and per area business, the amount of capital investment made per area business, the total amount of technical assistance grants provided to small municipalities, and any other information as the authority determines is necessary to evaluate the progress of the program.

10. a. To fund the Main Street Assistance Program, the Economic Development Authority shall establish and maintain a special non-lapsing, revolving fund to be known as the "Main Street Assistance Fund" for providing loans, loan guarantees, and technical assistance to area businesses located within small municipalities. The terms of a loan or loan guarantee, and the amount of technical assistance shall be at the discretion of the authority based on the monies made available by the authority for the purposes of the fund. The authority may provide technical assistance grants to small municipalities to improve the economy, appearance, and image of a municipality's central business district.

b. The fund may be credited with:

(1) moneys made available by the authority for the purpose of the fund;

(2) moneys received by the authority from any public or private source;

(3) moneys repaid to the fund by area business awarded loans from the fund; and

(4) any return on investment of moneys deposited in the fund.

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

12. This act shall take effect immediately, but shall remain inoperative for 60 days following the date of enactment. Sections 7 and 8 shall apply to privilege periods and taxable years beginning on or after January 1 next following the date of enactment.

STATEMENT

This bill establishes in the New Jersey Economic Development Authority (EDA) the "Main Street Assistance Program" (program) to provide financial and technical assistance to businesses located in the "Main Street area" within a "small municipality" as those terms are defined in the bill. The bill's purpose is to encourage business development in small municipalities having substantially developed commercial areas.

The bill authorizes the governing body of a small municipality to designate a Main Street area in the municipality. To designate a Main Street area, the governing body is to provide a statement of intent to the EDA setting forth the municipality's findings concerning the economic conditions existing in the Main Street area and the municipality's intentions for addressing them.

For a business to be eligible to receive financial and technical assistance from the EDA under the program, at least 15 percent of the full-time employees of the business are to reside within the small municipality. Under the bill, the EDA is to work cooperatively with other State agencies to explore and implement opportunities to direct resources and create enhanced incentives for Main Street area businesses participating in the program.

The bill provides Main Street area businesses participating in the program corporation business tax credits and gross income tax credits equal to 15 percent of the cost of employee compensation expenses.

The bill requires the EDA to annually report to the Governor and the Legislature on the program and publish the report on the EDA's Internet website. The report is to include the number, names, and types of businesses participating in the program, the total amount of financial and technical assistance provided to those businesses, the amount of financial and technical assistance received per business, the number of jobs created overall and per business, the amount of capital investment made per business, the total amount of technical assistance grants provided to small municipalities, and any other information as the EDA determines is necessary to evaluate the progress of the program.

To provide funding for the program, the EDA is to establish the "Main Street Assistance Fund" for providing loans, loan guarantees, and technical assistance to Main Street area businesses participating in the program. The terms of a loan or loan guarantee and the amount of technical assistance is at the discretion of the EDA based on the moneys made available by the EDA for the purposes of the fund. In addition, the EDA may provide technical assistance grants to a small municipality to improve the economy, appearance, and image of its central business district.