



CVP/SRAG Meeting

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new jersey
Highly educated, perfectly located.



Summary

- The New Jersey Economic Opportunity Act merged the State's economic development incentive programs with the goal of enhancing business attraction, retention and job creation efforts and strengthening New Jersey's competitive edge in the global economy.
- The Grow New Jersey Assistance Program (Grow NJ) is now the main job creation incentive program and the Economic Redevelopment and Growth Program (ERG) is the State's key developer incentive program. Both programs have been expanded and will sunset July 1, 2019.

Grow NJ

- Base tax credits ranging from \$500 to \$5,000 per job, per year; bonus credits ranging from \$250 to \$3,000 per job, per year
- Expanded geographic boundaries
- Reduced capital investment and employment eligibility

ERG

- Increased State and local incentive grants - bonus awards to incentivize targeted development goals
- Expanded geographic boundaries
- Tax credits allocated for residential projects

- As performance-based programs, approved projects must first generate new tax revenue, complete capital investments, and/or hire or retain employees to receive the approved benefits.

Key Provisions

Grow NJ

Eligibility includes:

- A location in a qualified incentive area;
- Meeting or exceeding the employment and capital investment requirements;
- Demonstrating that the award of the tax credit is a "material factor" in the company's decision;
- Demonstrating that the capital investment and the resultant creation of eligible positions will yield a net positive benefit of at least 110% of the requested tax credit amount (*100% in Camden*); supported by CEO certification that existing full-time jobs are at risk of leaving the State or being eliminated, and that the job creation or retention would not occur but for the Grow NJ award.

Performance-Based Requirements include:

- Maintaining the project employment for 1.5 times the period in which the business receives the tax credit;
- Maintaining a minimum of 80% of the full-time workforce from the last tax period prior to the grant approval (*as evidenced through annual reporting requirements*);
- Submitting independent CPA certification of actual capital investment and job creation or retention at project completion.

Grow NJ

Capital Investment & Employment Requirements

Minimum Capital Investment Requirements	\$/Square Foot
Industrial, Warehousing, Logistics, R&D – Rehabilitation Projects	\$20
Industrial, Warehousing, Logistics, R&D – New Construction Projects	\$60
Office – Rehabilitation Projects	\$40
Office – New Construction	\$120
<i>Minimum capital investment amounts are 1/3 lower in Passaic, Paterson, Trenton, Camden, Atlantic City (GSGZ cities), and in 8 South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem</i>	

Minimum FT Employment Requirements	New/Retained FT Jobs
Tech Start Ups and Manufacturing Businesses	10/25
Other Targeted Industries	25/35
All Other Businesses/Industries	35/50
<i>Minimum employment numbers are 1/4 lower in Passaic, Paterson, Trenton, Camden, Atlantic City (GSGZ cities), Atlantic City and in 8 South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem</i>	

Grow NJ

Bonus – Type & Amount

Bonus Type*	Bonus Amount	
Deep poverty pocket or Choice Neighborhood Transportation Plan area	\$1,500	
Qualified business facility that includes a vacant commercial building having over one million sq. ft. of office or laboratory space available for occupancy for a period of over one year.	\$1,000	
Qualified incubator facility	\$500	
Mixed-use development - mod. income housing for min. of 20% of full-time employees	\$500	
Transit oriented development	\$2,000	
Excess capital investment in industrial site for industrial use - <i>Excludes mega projects</i>	\$3,000 maximum	
Excess capital investment in industrial site for industrial use - <i>Mega projects or GSGZ projects</i>	\$5,000 maximum	
Average salary in excess of county's existing average or in excess of average for GSGZ	\$1,500 maximum	
Large number of new and retained full-time jobs		
	251 to 400	\$500
	401 to 600	\$750
	601 to 800	\$1,000
	801 to 1,000	\$1,250
	1,001+	\$1,500
Business in a targeted industry	\$500	
Exceeds LEED "Silver" or completes substantial environmental remediation	\$250	
Located in a municipality in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem counties with MRI Index greater than 465	\$1,000	
Located within a half-mile of any new light rail station	\$1,000	
Projects generating solar energy for onsite use	\$250	

*Summarizes bonus types most widely applicable



Aerofarms was approved for Grow NJ tax credits and developer **RBH Group** for a commercial ERG to support the redevelopment of a vacant warehouse in Newark into the new headquarters for Aerofarms, slated to be the largest indoor vertical farm in the world. The project is expected to create nearly 70 new jobs.

Grow NJ Award

Base Grant	\$5,000 (<i>urban HUB municipality</i>)
Bonuses	\$1,500 (<i>deep poverty pocket</i>)
	<u>\$3,000</u> (<i>cap. investment in excess of minimum</i>)
	\$9,500

New Jobs 69 x \$9,500 x 100% = **\$655,500 award over 10 years**

ERG Award

Commercial ERG for up to \$2.2 million over 20 years – 9.48% of eligible costs of \$23.3 million

Key Provisions

ERG

Eligibility includes:

- A qualified residential or commercial project with a location in a qualified incentive area;
- Demonstrating a project financing gap (*as determined through a rigorous analysis of the sources and uses of funds, construction costs and projected revenues*);
- Commercial projects are subject to a comprehensive net benefit analysis to verify that the revenues the State receives will be greater than the incentive being provided (*net benefit of at least 110%*).

Performance-Based Requirements include:

- Submitting satisfactory evidence of actual project costs (*as certified by a CPA*), and project completion, prior to the disbursement of any funds.
- For grants greater than \$50 million, EDA may require negotiated repayment from profits, potentially including cash, equity and warrants.

ERG

Incentive Amounts

- Base award of up to 20% of eligible project costs (30% in a GSGZ), funded by 75% of eligible incremental state taxes generated at the project site. (85% for projects in a GSGZ)
- The Act authorizes a bonus of 10% in certain cases, up to a maximum of 30% of total project costs; 40% for projects in a GSGZ (Camden, Trenton, Paterson Passaic and Atlantic City).

ERG

Bonus Awards

*Bonus of up to **10%** if project is:*

- Located in a distressed municipality:
 - lacking access to nutritious food, and will include a supermarket or grocery store (min. of 15,000 sq ft of space) selling fresh products or a prepared food establishment selling nutritious, ready to serve meals; or,
 - lacking access to health care and health services, and will include a health center (min. of 10,000 sq ft of space) devoted to providing these services
- Transit project
- Qualified residential project with at least 10% of units constructed as and reserved for moderate income housing
- Located in a highlands development credit receiving area or redevelopment area
- Located in a GSGZ
- Disaster recovery project
- Aviation project
- Tourism destination project
- Substantial rehabilitation or renovation of an existing structure(s)

Saker ShopRites- Somerville, NJ

- Commercial ERG for Saker ShopRites, Inc. for the construction of a 69,982-square-foot supermarket in Somerville.
- Saker ShopRites is the largest member of the Wakefern Food Corporation, the largest retail owned food cooperative warehouse in the U.S.
- Project was expected to create 155 permanent and 116 temporary construction positions.
- Approved for \$5 million or 17.79% of eligible project costs of \$28,100,000.



Grow NJ and ERG

Application Deadlines

- **Grow NJ** applications must be filed by **July 1, 2019**.
 - Businesses must submit documentation indicating it has met agreed upon capital investment and employment requirements within three years of EDA approval.
 - EDA can grant two, 6-month extensions.
- **ERG** applications must be filed by **July 1, 2019**.
 - Applications for a qualified residential project must be filed by **July 1, 2016**, and the developer must obtain a temporary certificate of occupancy for the project no later than July 28, 2018.

Partnership for Action:

Choose New Jersey

(609) 297-2200

www.choosenj.com

New Jersey Business Action Center

(866) 534-7789

www.NewJerseyBusiness.gov

New Jersey Economic Development Authority

(609) 858-6700

www.njeda.com

Site Locator: http://njgin.state.nj.us/OIT_BusinessMap2/