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New Jersey offers tremendous tax incentives for businesses.

Economic Redevelopment and Growth (ERG) Grant

ERG is a State incentive program providing annual grants equal to certain incremental taxes generated from a commercial project which allows developers to address financing gaps for proposed commercial projects.

Commercial projects are eligible for an incentive grant reimbursement of up to 20% of total project costs, with additional grant funding possible based on project type and/or location, such as a GSGZ.

The redevelopment project must be in a qualifying economic redevelopment and growth incentive area which includes:

- Planning Areas 1 and 2 pursuant to the State Planning Act and centers designated under the State Development and Redevelopment Plan;
- Certain portions of Meadowlands, Pinelands and Highlands;
- Certain land within the Hackensack Meadowlands District;
- GSGZs;
- Federally-owned land approved for closure by the federal Base Realignment Closing Commission; and
- Certain portions of Planning Areas 4A, 4B and 5 if the site is located within: (1) a designated center under the State Development and Redevelopment Plan; (2) a designated growth center; (3) an area in need of redevelopment or in need of rehabilitation; (4) a previously-existing structure and the project otherwise complies with all applicable permits and approvals; (5) certain portions of the Highlands; or (6) a tourism district.

The project can be eligible for up to 20% of total project costs and may qualify for the following additional incentives:

- A project located in a GSGZ is eligible for 20% additional funding (i.e., a total maximum of up to 40%)
- A project is eligible for up to an additional 10% (i.e., a total maximum of up to 30%) if the project is one or more of project types or located in one or more of the following locations:
 - A distressed municipality lacking adequate access to nutritious food, (if the project proposes a grocery store) or health care services (if the project proposes a health care and health services center)
 - Transit project
 - Located in a highlands development credit receiving area or redevelopment area

- Disaster recovery project
- Aviation project
- Tourism destination project
- Substantial rehabilitation or renovation of an existing structure(s)

Eligibility Requirements

- Construction cannot commence at the site of a proposed redevelopment project prior to submitting an application. The project can be completed in phases.
- A project financing gap must exist. In practice this means the project must have a below market IRR.
- All projects must meet Green Building Requirements.
- Construction contracts must use prevailing wage labor rates and meet affirmative action requirements.
- There are no minimum total project cost requirements for commercial projects.
- The developer must apply for a redevelopment incentive grant with the New Jersey Economic Development Authority (NJEDA).
- Pursuant to a net benefit analysis, the overall public assistance provided to the project will result in net benefits to the state. The project must result in a net positive economic benefit to the State (for a State ERG) or the municipality (for a Local ERG) of at least 110% or greater than the grant award.
- The project is not subject to minimum total project cost requirements.
- The developer must have an equity participation of at least 20% of the total project cost.

Grant Award

- Paid to the developer as annual redevelopment incentive grants.
- The annual percentage amount of reimbursement cannot exceed 75% of the annual incremental state revenues (or 85% of the project's annual incremental revenues in a GSGZ).
- Paid to developer following completion.
- Reimbursement is available for up to 20 years.

Eligible Costs

- Incentive grants are based upon certain incremental state taxes generated from the project, including, but not limited to: the Corporation Business Tax Act; tax derived from net profits from business; distributive share of partnership income, or a pro rata share of S corporation income under the New Jersey Gross Income Act; tax derived from a business at the site of a redevelopment project that is required to collect the tax pursuant to the Sales and Use Tax Act; tax imposed from the purchase of materials used for remediation, construction of new structures, or the construction of new residences at the site of a redevelopment project; and the hotel and motel occupancy fee.
- Developer can also obtain Local ERG incentive grants from certain municipal taxes generated by the project.