

COOPER LEVENSON

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New Jersey offers tremendous tax incentives for businesses.

Grow NJ Program

Grow NJ is a job creation and retention incentive program that provides tax credits. The tax credits are paid on a per job (new and/or retained) basis and are paid for up to 10 years per job, but the jobs must be maintained for 150% of the period the credits were paid. The project must be located in a Qualified Incentive Area, which includes: (1) an urban transit hub municipality; (2) a distressed municipality; (3) a Garden State Growth Zone (“GSGZ”); (4) a project in a priority area; (5) an Aviation District; (6) Planning Areas 1, 2 or 3 pursuant to the State Planning Act; (7) certain portions of Meadowlands, Pinelands and Highlands; (8) certain portions of Planning Areas 4A, 4B and 5; and (9) the “sports complex” under the jurisdiction of the New Jersey Sports and Exposition Authority.

Project Type	Base Amount Per New or Retained FT Job, Per Year	Gross Amount Cap Per New or Retained FT Job, Per Year	Annual Maximum Cap To be Applied by the Business Annually
<i>Urban Transit Hub Municipality (include only Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson and Trenton)</i>	<i>\$5,000</i>	<i>\$12,000</i>	<i>\$10,000,000</i>
<i>Distressed Municipality</i>	<i>\$4,000</i>	<i>\$11,000</i>	<i>\$8,000,000</i>
<i>Priority Area</i>	<i>\$3,000</i>	<i>\$10,500</i>	<i>\$4,000,000 * Not more than 90% of business withholdings</i>
<i>Other Eligible Area (includes portions of the qualified incentive area that are not located within a distressed municipality, or the priority area)</i>	<i>\$500</i>	<i>\$6,000</i>	<i>\$2,500,000 * Not more than 90% of business withholdings</i>

Project Type	Base Amount Per New or Retained FT Job, Per Year	Gross Amount Cap Per New or Retained FT Job, Per Year	Annual Maximum Cap To be Applied by the Business Annually
<i>Disaster Recovery Project</i>	\$2,000	\$2,000	<i>One of the above, as applicable.</i>

Several municipalities, including **Atlantic City, Camden, Trenton, Passaic, and Paterson**, are designated as GSGZs allowing for enhanced tax credit incentives for both existing (retained) full-time jobs and new full-time positions. A GSGZ project is eligible for **\$5,000 in base credits** for each new or retained full-time job, per year with a gross annual cap (per new or retained full time job per year) of \$15,000 and an annual maximum cap (to be applied by the business annually) of \$30,000,000.

Projects are also eligible for **one or more** of the following **bonus credits**:

- Deep poverty pocket \$1,500 per job, per year
- Located in a municipality with a 2007 MRI Index greater than 465 \$1,000 per job, per year
- Transit oriented development \$2,000 per job, per year
- Located within a half-mile of any new light rail station \$1,000 per job, per year
- At least 251 new and retained full-time jobs are located in a GSGZ \$500 per job, per year (minimum)
- The business is in a targeted industry: transportation, manufacturing, defense, energy, logistics, life sciences, technology, health, and finance business \$500 per job, per year
- Any of jobs exceed annual average salary for GSGZ (Atlantic City - \$42,560; Camden - \$28,784) \$1,500 per job, per year
- Exceeds LEED “Silver” rating or completes substantial environmental remediation \$250 per job, per year
- Projects generating onsite solar energy of at least 1/2 of the project's overall energy needs \$250 per job, per year

To qualify for the Grow NJ program, the applicant must:

- Show the proposed project is located in a Qualified Incentive Area.
- Demonstrate the award of the tax credit is a “material factor” in the company’s decision to create or retain the minimum number of full-time jobs in the State of New Jersey.
 - **GSGZ Material Factor Test:** The award of the tax credit is a “material factor” in the company’s decision to make a capital investment *and locate in a GSGZ*.
- Show that the Material Factor Test applies (for newly created jobs).

- Show the Material Factor Test applies and generally show that the jobs are at risk of leaving New Jersey (for retained jobs).
- Provide information regarding out-of-State alternatives considered by the business.
- Create or retain the minimum number of jobs shown on the table below.
- Meet the minimum capital investment requirement shown on the table below.
- Pass the **Net Benefit Test** demonstrating the capital investment and the resultant creation or retention of eligible jobs will yield a net positive benefit of at least 110% (100% in Camden) of the requested tax credit amount.

Generally, final point-of-sale retail businesses are not eligible *except* if the retail facility is at least 150,000 square feet, of which at least 50% is occupied by either a full service supermarket or grocery store, and the facility is located in a GSGZ or the Atlantic City Tourism District.

Only W-2 jobs (not 1099) jobs are eligible. Grow NJ program does not apply to 1099 employees.

In most cases, prevailing wage is required for all construction or renovation work and also subject to affirmative action requirements. Green Building standards also apply.

The project must meet or exceed the minimum employment requirements for full-time jobs. Full-time is defined as 35 or more hours weekly. These minimum standards include:

Industry	New Jobs	Retained Jobs	GSGZ*	
			New Jobs	Retained Jobs
Tech start-ups and manufacturing businesses	10	25	8	19
Other targeted Industries	25	35	19	27
All other businesses/industries	35	50	27	38

* Minimum employment numbers are reduced by 1/4 for GSGZ projects and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem.

The applicant is responsible for a minimum capital investment:

Project Type	Cost per Square Foot	GSGZ*
		Cost per Square Foot*
Industrial, Warehousing, Logistics and R&D – Rehabilitation Projects	\$20	\$13.43
Industrial, Warehousing, Logistics and R&D - New Construction Projects	\$60	\$40
Other – Rehabilitation Projects	\$40	\$26.67
Other – New Construction Projects	\$120	\$80

* Minimum capital investment amounts are lowered by 1/3 for GSGZ projects and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem.