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**NEW JERSEY ECONOMIC
OPPORTUNITY ACT OF 2013**

**CITY OF CAMDEN
GARDEN STATE GROWTH ZONE**

NEW JERSEY ECONOMIC OPPORTUNITY ACT OF 2013

Modifies and expands the Grow New Jersey (GrowNJ) and Economic Redevelopment and Growth Programs.



GROW NEW JERSEY PROGRAM

- GrowNJ program is broadly aimed at industrial, commercial and office projects, and excludes retail facilities.
- The prior GrowNJ Program provided tax incentives to businesses that invested a minimum of \$20,000,000 and created or retained 100 full-time jobs in a limited number of areas specified in the existing law.
- The value of the tax credits is limited to \$5,000 per employee with bonuses that would allow the credit to reach \$8,000 per employee. Tax credits are available for a period of 10 years.



GROW New Jersey – Additional Qualified Incentive Areas

- The Law expands the areas in which an eligible facility can be located to include:
 - Four Garden State Growth Zones in New Jersey; Camden, Passaic, Paterson, and Trenton
- Created Mega Project located in a Port District, Growth Zone or Aviation District or the US Headquarters of Auto manufacturer where:
 - Capital investment in excess of \$20,000,000, and 250 full-time employees or;
 - More than 1,000 full-time employees of such business are created or retained



GROW New Jersey – Additional Qualified Incentive Areas

- Port districts
- Distressed municipalities
- Urban transit hubs
- Planning Areas 3
- Redevelopment areas, designated centers, or existing structures in Planning Areas 4 or 5.
- Receiving areas in the Highlands
- Excludes certain areas in the Highlands



GROW New Jersey – Capital Investment

- The Law requires a minimum capital investment based on the cost/sf of the project.
- Site acquisition (within 24 months), site preparation, construction, repair, renovation or improvement to a building, structure or facility; obtaining and installing furnishings, machinery, apparatus, or equipment;
- **GROWTH ZONE: redevelopment and relocation costs; engineering, legal, accounting and other professional services; environmental remediation; and, infrastructure improvements including off-site utility, road, pier, wharf, bulkhead or sidewalk construction.**
- The Law allows the investment by the owner, landlord or the seller to be used to meet the minimum capital investment requirements of a business applying for the tax credits that is buying or leasing a building.



GROW New Jersey – Minimum Capital Investment

The Law eliminates the existing \$20,000,000 minimum investment and replaces it with a minimum investment based on the cost per square foot. The minimum capital investment per square foot in is:

Type of facility	Capital Investment	South Jersey
Rehabilitation of an industrial facility	\$20/sf	\$13/sf
Construction of a new industrial facility	\$60/sf	\$40/sf
Rehabilitation of a non-industrial facility	40/sf	\$26/sf
Construction of a new non-industrial facility	\$120/sf	\$80/sf



GROW New Jersey – Minimum Capital Investment

The Law eliminates the existing minimum of 100 jobs and replaces it with a sliding scale based on the type of business. The minimum number of jobs required in Camden and other South Jersey towns are as follows:

Type of facility	Jobs required	South Jersey Jobs
	New/Retained	New/Retained
Start-up Technology, or Manufacturing	10/25	7/18
Targeted Industries - Transportation, Defense, Energy, Logistics, Life Sciences, Health, Finance (excluding warehouse and distribution)	25/35	18/26
Other Businesses	35/50	26/37



GROW New Jersey – Camden Projects

- Additional incentives provided for projects in Camden
- For smaller projects that make a capital investment of less than \$5,000,000 or create/retain less than 35 jobs, tax credits are available based on the number of jobs created/retained, with a base credit of \$5,000 per year, per job. Bonus credits are available for meeting specified criteria.



GROW New Jersey – Camden Projects

For projects that make a capital investment of more than \$5,000,000 or create/retain at least 35 jobs the credit can be provided up to the cost of the investment.

<u>Number of Jobs</u>	<u>Minimum Capital Investment</u>	<u>Total Tax Credits Available</u>
35 to 69	\$ 5,000,000	\$ 20,000,000
70 to 99	10,000,000	30,000,000
100 to 149	15,000,000	40,000,000
150 to 249	20,000,000	50,000,000
250 +	30,000,000	Up to total amount of capital investment



GROW New Jersey – Base Tax Credits

The Law provides tax credits for each new or retained job, ranging from \$500 to \$5,000 per job per year.

Area	Base Tax Credit
UTH, Garden State Growth Zone, Mega	\$5,000/job/year
Distressed Municipality	\$4,000/job/year
Priority Area (PA 1 or PA 2)	\$3,000/job/year
Other eligible Areas	\$500/job/year



GROW New Jersey – Bonus Tax Credits

- In addition to the range of base credits, the Legislation provides bonus credits ranging from \$250 to \$3,000 per job per year depending upon a variety of factors, including, but not limited to:
 - Projects located in certain South Jersey municipalities (MRI 465+)
 - Incubator facilities
 - Transit-oriented developments
 - Mega projects
 - Environmental and sustainable buildings
 - Exceed the minimum investment
 - Businesses creating more than 250 jobs



GROW New Jersey – Caps on Gross Credits

The Law provides caps on the amount of the annual tax credit for each new job after adding the Base Credit and Bonus Credits.

Area	Base Tax Credit
Garden State Growth Zone, Mega	\$15,000
UTH	\$12,000
Distressed Municipality	\$11,000
Other Priority Areas (PA 1 or PA 2)	\$10,500
Other eligible Areas	\$6,000



GROW New Jersey – Caps on Annual Tax Credits for the Business

The Law provides caps on the amount of the annual tax credit available for a project.

Area	Base Tax Credit
Camden	\$35,000,000
Growth Zone, Mega	\$30,000,000
UTH	\$10,000,000
Distressed Municipality	\$8,000,000
Priority Areas	\$4,000,000 but not more than 90% of withholdings
Other eligible areas	\$2,500,000 but not more than 90% of withholdings



GROW New Jersey – New vs. Retained Jobs

- The total tax credit for each new full-time job is 100% of the gross tax credits.
- The total tax credit for each retained job is 50% of the gross tax credit.
- **CAMDEN – 100% of gross tax credits for both new and retained jobs.**
- If the facility will replace a facility substantially destroyed by a federally declared disaster, the credit for both new and retained jobs is 100% of the gross credit.



GROW New Jersey – Retail

- Retail facilities generally are not eligible for Grown NJ, except
 - **CAMDEN - Retail facilities in a Growth Zone of at least 150,000 sq. ft., with at least 50% occupied by a supermarket or full-service grocery store will qualify for tax credits.**
 - Atlantic City Tourism Destination Project
 - In a Growth Zone or Atlantic City Tourism District, a mixed-use project in which retail is located, up to 7.5% of the retail facility is entitled to tax credits.



GROW New Jersey – Misc.

- The capital investment must yield a net positive benefit to the State equal to at least 110% of the requested tax credit amount, taking into account the benefits generated during 20 years following completion of a project.
- In Garden State Growth Zones, the net benefit must equal 110% of the tax credit calculated over 30 years;
- **In Camden, the net benefit must equal 100% of the tax credit calculated over 35 years.**
- The CEO of a business applying for tax credits must certify that: the jobs are at risk of leaving the state or of being eliminated; and the new jobs would not be created, or the existing jobs would not be retained, but for the tax credits provided under the program.



Real Property Tax Exemption

CAMDEN

- Camden has been authorized to provide developers and other property owners tax exemptions for improvements to real property.
- For a limited dividend entity, the improvements can be exempt for 10 years, and then increase incrementally by 10% over the next ten years.
- For other property owners, the exemption is 5 years.



ERG PROGRAM

- ERG grants have generally been used by retail and other developers who are not eligible for GrowNJ financing.
- The current ERG program provides grants to reimburse developers for all or a portion of the project costs that remain to be financed after all other sources of capital have been accounted for (“Project Financing Gap”).
- Payments are made to the developer from revenue received by the State over 20 years. A grant can be pledged or assigned as security for private financing.
- NJEDA must find that the revenue to be generated to the State by the project will exceed the amount necessary to reimburse the developer for the Project Financing Gap.



ERG PROGRAM Retail/Commercial Projects

- The Law significantly expands the incentive areas eligible for a grant under the ERG program to include the same areas as Grow NJ.



ERG PROGRAM Retail/Commercial Projects

- The ERGG program requires developers to provide at least 20% of the total project cost.
- An incentive grant of up to 30% of the total project costs may be awarded for a term of up to 20 years.
- **In Camden, an incentive grant of up to 40% of the total project costs may be awarded for a term of up to 20 years.**



ERG PROGRAM - Retail/Commercial Projects

- The Law provides that up to an average of 75% of the projected annual incremental revenues may be pledged towards the State portion of an incentive grant.
- **Camden up to an average of 85% of projected annual incremental revenues may be pledged.**
- Incentive grant payments to a developer will begin upon evidence of project completion.
- In general, the incremental taxes to the State or the municipality must exceed the amount necessary to reimburse the developer for its Project Financing Gap.



ERG PROGRAM - Qualified Residential Projects

- The Law provides tax credit funding for “qualified residential projects,” which include multi-family residential units for purchase or lease, or dormitory units for purchase or lease.
- Funding available for QRP when the incremental tax revenue generated by the project is inadequate to fund the State portion of the grant.



ERG PROGRAM - Qualified Residential Projects

- \$600,000,000 has been allocated to tax credits for QRP.
- \$250,000,000 of that amount has been allocated for qualified residential projects located in South Jersey.
- **Of that amount, \$175,000,000 has been allocated to Camden.**
- \$75,000,000 has been allocated to other South Jersey municipalities with an MRI of 400 or higher.



ERG PROGRAM - Qualified Residential Projects

- The maximum value of the tax credits is 30% of the project costs, not to exceed \$40,000,000 for any individual qualified residential project in a deep poverty pocket or distressed municipality.
- \$20,000,000 to other QRP.
- Tax credits are available for qualified residential projects with a minimum project cost of \$10,000,000, or \$5,00,000 in a Growth Zone (Camden).



Application Deadlines

- Applications for a GrowNJ tax credits July 1, 2019, and the business must submit documentation indicating it has met the capital investment and employment requirements in the Agreement within three years of approval. EDA can grant two 6-month extensions.
- Applications for a ERG grants must be filed by July 1, 2019.
- Applications for a qualified residential project must be filed by July 1, 2015.





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