



LEGISLATIVE ALERT

New Jersey Approves New Job Creation & Retention Incentive Program

Details of New Legislation

On January 7th, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020 into law. The Act features \$14 billion in new incentive tools designed to encourage businesses to locate to or stay in the State by making capital investments and increasing employment at an existing or new location. The new business incentive program, called the “Emerge Program,” was designed to replace the Grow NJ tax credit program which expired on June 30, 2019.

Emerge Program

The Emerge Program will provide discretionary tax credits to approved companies that create a minimum of 35 jobs (or for a small business that has a 25% growth of its workforce). The Program can also be used to help retain existing NJ jobs that are at serious risk of leaving the State provided that at least 500-1000 are retained. Capital investment is a requirement only for businesses who employ over 100 employees. The minimum qualifying investment begins at \$20 per square foot of project space.

Program Features

The Emerge Program will grant State Income Tax Credits for each qualifying new job created or retained. The award value will be estimated based on the net benefit calculation a project brings to the State, and awards which can reach \$21,000 - \$56,000 per new job. If the business lacks the requisite tax liability to claim the credits, then it may be eligible to receive a cash refund of the excess balance or sell the credit to another business on the open market.

Recommended Action:

To apply for the Program, a company must demonstrate that the credits are a material factor in the company’s decision to locate or undertake the project in New Jersey. In addition, a company must provide a qualifying Return on Investment, which includes a minimum wage requirement. The program may also require the company to secure a Community Benefits Agreement with the community in which the business facility is located. The agreement may require the business to provide support for training, employment, youth development and/or other services to the Community.

The Emerge incentive represents a powerful new tool to help businesses maintain and grow employment and to reinvest in their operations. The experts at Atlas Insight have the experience to help you determine whether your project could potentially benefit from this Program. Our Team is ready to help you navigate through the application, approval, and compliance phases.

Please contact Brian Corde at (732) 410-4568 to help to determine if your project may qualify for incentives.