

## PPE Manufacturing Tax Credit Program FAQs

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The following FAQs are organized into two sections: general program questions and questions related to the application. The questions in Section 2 are grouped by and listed in order of their occurrence in the application.

Please note that in the event of any discrepancy between the information in these FAQs and that found in the program rules, the rules shall govern.

### Section 1 – General Program Questions

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#### Common Abbreviations

PPE means personal protective equipment, as defined in the regulations and illustrated below.

PMTC means PPE Manufacturing Tax Credit program.

QFTJ means Qualifying Full-Time Job.

#### Overview

##### What are the various tax credits available under the program and how are they calculated?

There are two forms of tax credits, both of which are based on the number of jobs. The “base” credit is \$10,000 for each new Qualifying Full-Time Job (QFTJ) created for the manufacture of PPE in New Jersey. If an applicant is eligible for the base credits, it may also be awarded additional credits based on certain specific uses of the Qualified Facility, specifically a facility that:

- Is home to an approved apprenticeship or pre-apprenticeship program (\$1,000 per QFTJ);
- Is home to an approved research collaboration related to PPE (\$1,500 per QFTJ); or
- Has been vacant for seven years or more and has 250,000 square feet or more (\$1,000 per QFTJ).

The additional tax credits may be available for retained Qualifying Full-Time Jobs.

#### Application process

##### When is the last date that I may submit an application?

You may submit an application any time from the Completion Date of Capital Investment to eighteen months after that date, but in no event after June 30, 2024.

##### What are the key dates that an applicant should be aware of?

- Start of capital investment process: No earlier than March 10, 2020
- Completion of capital investment: December 31, 2022

- Last date to count new Qualifying Full-Time Jobs: employees filling the Qualifying Full-Time Jobs shall have been hired between the Start Date of Capital Investment and the earlier of: (i) 12 months after the Completion Date of Capital Investment; or (ii) the application date.
- Last date to submit an application: June 30, 2024

### Why would I not submit my application as soon as I have begun manufacturing?

If you expect to continue to hire new employees after the Completion Date of Capital investment, you are permitted to delay your application in order to capture this increase. All new Qualifying Full-Time Jobs (which are the basis for any awarded tax credits) hired up to 12 months after the Completion Date of Capital Investment may be submitted as a part of your application.

## Section 2 – Application Questions

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### Applicant Organization

#### What is a Tax Clearance Certificate and how do I get one?

The PPE Manufacturing Tax Credit program requires a Tax Clearance Certificate from the NJ Division of Taxation, verifying that an applicant has no outstanding liability to the State. You may obtain information about applying for a certificate here: [Securing Your Tax Clearance Certificate – Directions](#) You may file for your certificate online here: [New Jersey Premier Business Services portal](#).

### Completed Capital Investment

#### What constitutes Completion of Capital Investment?

The PPE Manufacturing Tax Credit program is only available where the capital investment in creating and equipping a PPE qualified facility is finished. Your completion status may be demonstrated by a certificate of occupancy or other indication of completion that is acceptable to the Authority. Any capital investment expended after the application date will be disregarded in your application.

#### What do the terms “Start Date of Capital Investment” and “Completion Date of Capital Investment” mean?

The “start date of capital investment” is the date on which the applicant executes the first contract related to the capital investment or the date of the first invoice for such expenses but no earlier than March 9, 2020. It marks the start of the calculation for both capital investment and the count of new QFTJs.

The “completion date of capital investment” is the date of the qualified facility’s Certificate of Occupancy (or other indication of completion acceptable to the Authority). The Completion Date of Capital investment is important because it marks the end of the

calculation for capital investment and the start of the final 12-month period for counting new QFTJs.

### What evidence of project completion must an applicant submit?

Applicants must submit a Certificate of Occupancy or other indication of completion acceptable to the Authority. The application includes a place to upload this information. If a CO is not available for some reason, please upload an explanation as to why, together with alternative evidence of project completion. It is at the Authority's discretion whether the alternative information provided is sufficient to indicate completion.

## Qualified Facility

### What is a Qualified Facility?

Qualified facility means a facility, or a portion of a facility used in connection with the manufacture of PPE, including pro rata areas such as bathrooms, breakrooms, or administrative spaces that support the manufacture of personal protective equipment, that is:

1. Located in a redevelopment area or rehabilitation area as defined in section 3 of P.L. 1992, c. 79 (N.J.S.A. 40A:12A-3);
2. Located in a Smart Growth Area as identified by the Office of Planning Advocacy;
3. A facility in which the manufacturing of personal protective equipment is part of a research collaboration between the taxpayer and a college or university located within the State;
4. A facility in which the taxpayer has established an apprenticeship program or pre-apprenticeship program with a technical school or community college located within the State; or
5. A building vacant for not less than seven years, in need of rehabilitation with a minimum of 250,000 square feet.

### What types of PPE qualify under the PMTC program?

The rules of the PMTC state that PPE manufactured under the program must be designed to protect the wearer from the spread of infection or illness.

The following forms of PPE are applicable:

- Masks (N95/KN95 respirators, surgical or other non-woven disposable masks but not unrated cloth masks or similar products)
- Disposable gloves (latex or other natural rubber gloves, nitrile or other petroleum-based gloves, or vinyl/PVC gloves)
- Disposable coveralls
- Disposable or reusable gowns
- Face shield
- Disposable footwear coverings
- Disposable head coverings
- Goggles
- Other safeguard equipment designed y to protect the wearer from the spread of infection or illness.

## Capital Investment

### What types of capital investment expenses may be considered under the PMTC program?

"Capital investment" means expenses at a qualified facility that a taxpayer incurs prior to the submission of an application to the Authority but by no earlier than March 9, 2020, for:

1. Site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property, site-related utility, and transportation infrastructure improvements, and plantings, solar panels and components, energy storage components, installation costs of solar energy systems, or other environmental components required to attain the level of silver rating and gold rating standards or above in the LEED building rating system, but only to the extent that such capital investments have not received any grant financial assistance from any other State funding sources, including N.J.S.A. 52:27H-80 et seq.;
2. Obtaining and installing, furnishings and machinery, apparatus, or equipment, including, but not limited to, material goods subject to bonus depreciation pursuant to sections 168 and 179 of the Federal Internal Revenue Code (26 U.S.C. §§ 168. and 179), for the operation of a business on real property or in a building, structure, facility, or improvement to real property, or any combination of the foregoing. Capital investment shall include the value of a capital lease, as defined by generally accepted accounting practices (GAAP), of furnishings and machinery, apparatus, or equipment, based on the shorter of the useful life of the leased property or the commitment period;
3. Associated soft costs, which shall not exceed 20 percent of all capital investment; and N.J.A.C. 19:31-24.2
4. Capital investment does not include site acquisition or vehicles and heavy equipment not permanently located in the building, structure, facility, or improvement.

## Employee Information

### What is a Qualifying Full-Time Job (QFTJ)?

To count as a QFTJ, the employee must:

- Spend at least 50% of his or her time working on or in support of the manufacture of PPE;
- Perform at least 80% of his or her work at the Qualified Facility;
- Be employed for at least 35 hours a week;
- Be paid an hourly wage of not less than \$15; and
- Be provided with health benefits under a plan authorized pursuant to State or federal law.

Qualifying Full-Time jobs include any position that meets the criteria above that was created or retained on the start of capital investment and ending on the earlier of (1) the date of application or (2) twelve months following the completion date of capital investment.

### **What is a Retained Qualifying Full-Time Job?**

A Retained Qualifying Full-Time Job includes any qualifying full-time job that was at risk of being eliminated because the taxpayer was negatively impacted by the COVID-19 pandemic or the mitigation measures required by the State after the declared state of emergency on March 9, 2020, including, but not limited to, the taxpayer's business was temporarily shut down, was required to reduce hours, had at least a 20 percent drop in revenue, had been materially impacted by employees who could not work due to the pandemic, or relied on a supply chain that has been materially disrupted and therefore slowed firm-level production.

A retained Qualifying Full-Time Job may include an employee who was not involved in the manufacturing of personal protective equipment who is transferred to a Qualifying Full-Time Job.

### **How is the number of Qualifying Full-Time Jobs calculated?**

In order to provide hiring flexibility and to enable applicants to include as many Qualifying Full-Time Jobs as possible in their application, the number of jobs is not determined as of one specific date. You may include all new Qualifying Full-Time Job that you filled from the earlier of the start date of capital investment to twelve months after the completion date of capital investment or the date of application.

### **Do all Qualifying Full-Time Jobs get factored into my potential tax credit?**

Only new QFTJ's are factored into the base \$10,000 tax credit. However, all QFTJs (both new and retained) are factored into the additional credits.

### **Prevailing Wage and Affirmative Action**

#### **Do I have to comply with NJEDA's prevailing wage and affirmative action requirements?**

Yes, as indicated in the program rules.