

Offshore Wind Tax Credit Program

The Offshore Wind Tax Credit is a powerful financial tool designed to spur private capital investment and employment growth in major, land-based offshore wind industry projects. The tax credit program provides reimbursement for capital investments in industry-specific facilities located in New Jersey.

Learn More
at

www.njeda.com/offshore-windtaxcredit

Program Details:

If You Are:

A business making a capital investment in a qualified wind energy facility of \$50M (\$17.5M if a tenant) in New Jersey and will be employing at least 150 new, full-time employees at the qualified wind energy facility or through an equipment supply coordination agreement.

You Can Apply For:

The tax credit provides coverage for a portion of a capital investment in a qualified wind energy facility, subject to various assumptions and conditions. Tax credits are capped at up to 100% of the qualified capital investments made.

Taxpayers may apply 20% of the total credit amount per year over a five-year period against their corporate business tax or insurance premiums, or sell the tax credit certificate for an amount not less than 75% of the credit amount.

Eligibility Guidelines:

Capital Investment Requirements:

- Businesses must make or acquire a minimum \$50 million capital investment in a qualified wind energy facility located in New Jersey.
- Tenants must occupy space in a qualified wind energy facility located in New Jersey where the owner has made or acquired a minimum \$50 million capital investment in the facility. The tenant-occupied space must represent at least \$17.5 million of the capital investment in the facility.

New Full-Time Employee Requirements:

Must employ a minimum number of new, full-time employees compared to the start of the application during the five eligibility years following application for the tax credit

Eligibility Year	Minimum Number of New Full Time Employees
First Year	100
Second Year	150
Third Year	200
Fourth Year	300
Fifth Year	300

Eligible businesses with between 150 and 300 new, full-time employees compared to the number of full-time employees at the time of application will receive an award based on the following prorated formula.

Percent of Tax Credit Eligibility Year	Minimum Number of New Full Time Employees
50%	150-199
65%	200-249
85%	250-299

continued

The calculation of new full-time employees may include new full-time employees resulting from supply coordination agreements between the applicant and an equipment manufacturer, supplier, installer or operator that supports a qualified offshore wind project. All supply chain jobs must also be new jobs (above a baseline set before the first-year supplier agreement with the applicant). These positions will be counted on a cumulative hour/full time equivalent basis.

New full-time jobs can be counted if the employee’s primary office is at the qualified wind energy facility and they spend at least 80% of his or her time at the facility. They can also be counted if they result from a supply coordination agreement and the employee spends at least 80% of his or her time in New Jersey.

Please note the tax credits may be reduced or forfeited if facility or employment levels are not maintained for the required term.

Fees:

In order to receive the Offshore Wind Tax Credit, a business must pay the following fees based on the number of new, full-time employees at the qualified wind energy facility (QWF) as listed in the application, and subsequently approved by NJEDA as follows

	Projects with 150-299 jobs at QWF	Projects with 300+ jobs at QWF
Application Fee	\$10,000	\$15,000
Approval (Letter of Intent Fee)	\$150,000	\$300,000
Tax Credit Certificate Fee	\$150,000	\$300,000
Annual Servicing Fee	\$50,000	\$75,000
Tax Credit Transfer Fee (initial request)	\$10,000	\$15,000
Tax Credit Transfer Fee (subsequent requests)	\$5,000	\$7,500
Administrative Change Fee	\$5,000	\$7,500
Major Administrative Change Fee	\$15,000	\$25,000

*additional fees posted on our website at www.njeda.com/offshorwindtaxcredit

More Information

Net Positive Economic Benefits Test:

- Tax credit awards will be subject to a net positive economic benefits test. This means that a project must demonstrate that as a result of the capital investment and the resultant job creation, the State of New Jersey will receive (through sales, payroll, property, and other taxes) at least 110 percent of the total tax credit amount over a 5-year period.
- For the Offshore Wind Tax Credit Program, the net positive benefits test considers direct, indirect, and induced benefits to the State during construction, and direct and indirect benefits for ongoing business activity.
- Applicants may request an extended net-benefit period (up to 20 years) if there is verifiable evidence of a longer company commitment to the state (i.e., a lease for 20+ years).

Prevailing Wage

- Projects utilizing NJEDA financial assistance for construction related costs are subject to state prevailing wage requirements.
- Effective April 1, 2020 all construction contracts in which prevailing wage applies must provide proof of valid NJ Department of Labor Construction Registration Certification.

More information and application available on our website at

<https://www.njeda.com/offshorwindtaxcredit>



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