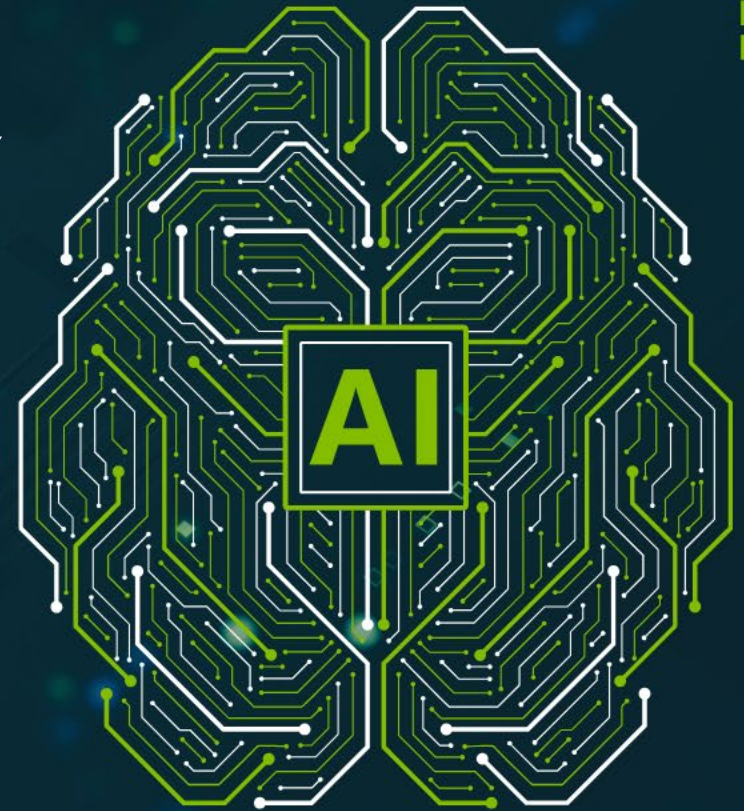


# NEXT NEW JERSEY PROGRAM - AI

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**NJEDA**

ECONOMIC DEVELOPMENT AUTHORITY



# INTRODUCTION

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**The Next NJ Program- AI** offers significant tax credits to businesses that are driving innovation in the AI industry and looking to expand or establish operations in New Jersey. By participating in **The Next NJ Program- AI**, your company can benefit from competitive incentives while contributing to a collaborative ecosystem. The program is designed to foster a dynamic environment where both established businesses and emerging startups can partner to push the boundaries of AI innovation.

Take advantage of **The Next NJ Program-AI** to accelerate your business's growth while helping New Jersey solidify its leadership in the global AI economy.

This program rewards eligible companies that are investing in cutting-edge AI initiatives, including large-scale **AI data centers** and advanced AI development projects such as:

- Visual perception
- Speech recognition
- Decision-making algorithms
- Language translation
- Generative AI technologies

# PROGRAM TIMELINE

## 10-year Commitment to New Jersey

- Awarded tax credits are issued during the first 5 years of a 10-year commitment to the state.



**Total 10-year commitment to NJ**



# ELIGIBILITY

## Program Requirements & Incentives:

### Job Creation:

- **Minimum:** 100 full-time employees
- **Salary:** Employees must earn at least 120% of the county median salary
- **Location:** Employees must work at least 80% of their time in New Jersey

### Capital Investment:

- **Minimum:** \$100 million invested at the qualified business facility

### Strategic Collaboration

- Companies must engage in a **collaborative relationship** with New Jersey-based **public or private research universities** or **tech startups**, evidenced through activities such as:
  - Price concessions
  - AI support services
  - Other mutually beneficial initiatives deemed appropriate by the Authority



# ELIGIBILITY

## Program Requirements & Incentives:

### AI-Driven Focus:

- The company (or division) must demonstrate that **over 50% of employees** are dedicated to **AI-related activities** or that **more than 50% of revenue** comes from AI-driven operations, or both.

### •AI Activities include (but are not limited to):

- Developing AI algorithms and techniques (machine learning, NLP, computer vision)
- AI-powered software and hardware solutions
- Medical AI modeling and programming
- AI chatbots for customer service
- Autonomous vehicles and AI applications in transportation
- Data collection, storage, and management for AI model training

This program is designed to accelerate your AI-focused initiatives, foster valuable collaborations, and create high-impact jobs, all while positioning your company as a leader in New Jersey's rapidly growing AI ecosystem.





# JOB CREATION IN THE STATE

## Requirements:

### New Full-Time Jobs:

- **Definition:** A new full-time position created by the business that did not previously exist in New Jersey and is specifically designed to support **AI functions** or activities related to **AI development, implementation, or innovation**.
  - These roles must be aligned with the business's AI-driven initiatives and contribute directly to the company's efforts in advancing technology.
  - 120% median salary and health benefits requirements.

### Eligible Positions from Affiliates:

- Positions created by an **affiliate** of the business can count toward the total number of new jobs, provided they meet the program criteria.

### Job Creation Calculation:

- A position will only be considered a "new full-time job" if it represents an **incremental increase** over the business's total statewide workforce during the **previous tax accounting or privilege period**, prior to tax credit approval.

### Job Location Flexibility:

- Jobs do not have to be assigned specifically to the **Qualified Business Facility (QBF)**.
  - All positions must be based in **New Jersey**.
  - Additionally for business facilities spanning multiple counties, the county with the highest median salary—where the company also provides employee health benefits—determines eligibility under N.J.S.A. 17B:27-54.





# COLLABORATION

## Requirement:

### Strategic Collaboration Requirements:

#### Collaborative Relationship:

A key component of the **Next NJ Program** is fostering **strategic collaborations** between eligible businesses and New Jersey-based organizations, designed to drive innovation and technological advancement in AI. An LOI will be required at the time of application.

This partnership can include:

- **Public or private research universities** in New Jersey
- **Technology startup companies**
- **Incubators, accelerators, or studios**, particularly those with a focus on supporting **tech startups** and innovation

The collaboration must be **ongoing** throughout the commitment period, with the option for **annual renewals**.

#### Collaboration Measures:

This partnership must be substantiated by **measurable contributions** such as:

- **Price concessions**
- **AI support services**
- Other initiatives that directly contribute to **AI development**, as deemed appropriate by the New Jersey Economic Development Authority (NJEDA).

#### Minimum Commitment:

The net cost value of any collaborative initiative must be at least **10% of the total tax credit awarded** to ensure the partnership delivers tangible results.

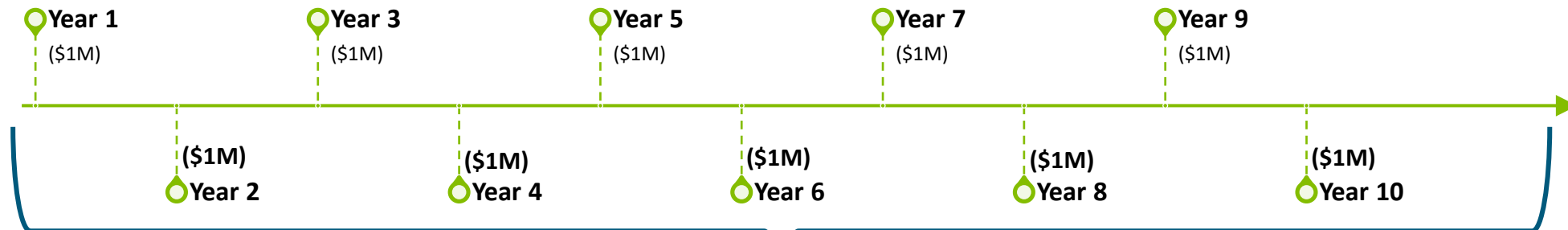
#### Exclusions:

Collaborative relationships do not include **trade groups, industry associations, venture funds**, or similar entities.

# COLLABORATIVE RELATIONSHIP

## Example:

- **10-Year AI Collaboration:** The business partners with a New Jersey-based research University for a 10-Year AI collaboration.
- **Support Services:** The partnership includes benefits such as price discounts on research services, AI development assistance, and access to specialized AI resources.
- **Minimum Value Requirement:** The total value of the collaboration must equal at least 10% of the business's tax incentive award.
- **Example Commitment:** A \$100 million tax incentive, the university collaboration must provide at least \$10 million in value over the 10 years.



**Total \$10 million collaboration**



# TAX CREDIT AWARD

## AWARDS CALCULATION

Tax credit award per business is based on the lesser of:

- (1) 0.1% of the eligible business's total capital investment multiplied by the number of new full-time jobs;
- (2) 25% (Max Percentage) of the eligible business's total capital investment; or
- (3) \$250 million (Max Award)

## EXAMPLE OF AWARD

*All company proposing to create and maintain 165 jobs with a capital investment of \$500 million.*

NEW JOBS	165
CAPITAL INVESTMENT	\$500,000,000

Method 1 Calculation:  $(0.1\% \times \$500 \text{ million} = \$500,000) \times 165 \text{ new jobs} = \$82,500,000$

# 2 Max Percentage:  $25\% \times \$500 \text{ million} = \$125,000,000$

#3 Max Award: Fixed cap = \$250 million

**ESTIMATED AWARD AMOUNT** **\$82,500,000**

		Capital Investment				
		\$ 100,000,000	\$ 150,000,000	\$ 250,000,000	\$ 500,000,000	\$ 1,000,000,000
Number of New Jobs	Max Award %	POTENTIAL AWARD				
100	10%	\$ 10,000,000	\$ 15,000,000	\$ 25,000,000	\$ 50,000,000	\$ 100,000,000
250	25%	\$ 25,000,000	\$ 37,500,000	\$ 62,500,000	\$ 125,000,000	\$ 250,000,000
500	25%	\$ 25,000,000	\$ 37,500,000	\$ 62,500,000	\$ 125,000,000	\$ 250,000,000

*\*Highlighted are based on program maximum (see program caps)*

*Awarded tax credits are disbursed over five years. The example of 500 New Jobs is illustrative, based on the maximum cap of \$250,000,000.*

# NEXT NJ PROGRAM – AI FEES

## Fee Chart

NEXT NJ - AI FEES			
Project Fee Inputs	Small projects	Medium projects	Large projects
	(100-149 Jobs)	(150-199 Jobs)	(200+ Jobs)
Application Fee	\$10,000	\$25,000	\$50,000
Approval Fee	\$75,000	\$150,000	\$330,000
Tax Credit Certificate Issuance Fee	\$10,000	\$100,000	\$200,000
Annual Servicing Fee	\$20,000	\$40,000	\$120,000
Tax Credit Transfer Fee (each request)	\$10,000	\$20,000	\$30,000
First Six-month Extension Fee	\$10,000	\$20,000	\$30,000
Subsequent Extension Fee	\$15,000	\$30,000	\$50,000
Minor Modification Fee (administrative change, additions, or modification to the tax credit)	\$5,000	\$7,500	\$10,000
Major Modification Fee (board approval)	\$15,000	\$25,000	\$35,000
Existing Incentive Agreement Termination Fee: minor	\$5,000	\$7,500	\$10,000
Existing Incentive Agreement Termination Fee: major (board approval)	\$15,000	\$25,000	\$35,000
Assignment Fee	\$37,500	\$75,000	\$165,000





Visit **NJEDA.com/nextnjai** for more information.

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