



## **MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan  
Chief Executive Officer

**DATE:** July 23, 2025

**SUBJECT:** Food Desert Relief Tax Credit Sale 2025

### **Request**

The Members are asked to approve:

- 1) The sale of up to \$25 million in available tax credits in calendar year 2025 in a manner consistent with the Board-approved specifications from April 2023 and consistent with the Food Desert Relief Act, sections 35 through 42 of the New Jersey Economic Recovery Act of 2020, P.L. 2020, c. 156, as amended by P.L. 2021, c. 160 and P.L. 2022, c. 47 (N.J.S.A. 34:1B-303, et seq), to receive funds for subsequent grant, loan, and/or technical assistance programs in line with the uses specified by the Food Desert Relief Act.
- 2) A minor revision to the Food Equity and Economic Development in New Jersey (FEED NJ) grant program, to remove language that conflicts with the NOFA and other program materials.

### **New Jersey Economic Recovery Act**

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020, P.L. 2020, c.156 (ERA), into law. The ERA presents a strong recovery and reform package that addresses the ongoing economic impacts of the COVID-19 pandemic and positions New Jersey to build a stronger and fairer economy that invests in innovation, in our communities, and in our small businesses the right way, with the protections and oversight taxpayers deserve. Tax incentives and other investment tools are critical to economic development, and when used correctly, they can drive transformative change that uplifts communities and creates new opportunities for everyone.

Included in the ERA is the Food Desert Relief Act (FDRA), sections 35 through 42 of P.L. 2020, c. 156, as amended by P.L. 2021, c. 160 and P.L. 2022, c. 47 (N.J.S.A. 34:1B-303, et seq). The FDRA allows the New Jersey Economic Development Authority (NJEDA) to sell a portion of the \$240 million in tax credits allocated by the FDRA (\$40 million annually).

In April 2023, the Board approved the sale of up to \$50 million in available tax credits in calendar year

2023, in a manner consistent with the Food Desert Relief Act. In accordance with the delegated authority in the Board approval, the Chief Executive Officer determined to offer \$15 million for auction. The 2023 Food Desert Relief Tax Credit Auction was open from September 18, 2023 to October 18, 2023. Seven bids were received. Of those seven bids, three ineligible bids were declined. The remaining four bids totaled \$20 million in tax credit requests, more than the \$15 million that EDA had made available through the auction. Because the auction was oversubscribed, the remaining bidders proceeded to a best and final offer process. Four eligible bids were approved in December 2023 for a total of \$15 million in tax credits approved and \$13.075 million in proceeds.

In February 2024, the Board approved the sale of up to \$35 million in available tax credits in calendar year 2024, in a manner consistent with the Food Desert Relief Act. In accordance with the delegated authority in the Board approval, the Chief Executive Officer determined to offer \$20 million for auction. The 2024 Food Desert Relief Tax Credit Auction was open from August 28, 2024 to September 27, 2024. Six bids were received, all of which were eligible. The six bids totaled \$25.75 million in tax credit requests, more than the \$20 million that EDA had made available through the auction. Because the auction was oversubscribed, the bidders proceeded to a best and final offer process. All six bids were approved in December 2024 for a total of \$20 million in tax credits approved and \$17,998,750 million in proceeds.

In December 2024, the Board approved the creation of the Food Equity and Economic Development in New Jersey (FEED NJ) grant program, funded with up to \$30 million of the funds raised in the 2023 and 2024 tax credit auctions, in alignment with the Food Desert Relief Act. The Board also granted delegated authority to the Chief Executive Officer to accept up to \$5 million in additional funds for FEED NJ, including but not limited to unused or unspent funds from previously approved NJEDA food security programs and/or additional proceeds from the 2024 Food Desert Relief Tax Credit Auction.

Applications for FEED NJ closed on April 3. The program received nearly 200 applications and we expect it will be oversubscribed. Following review and scoring of these applications, staff will bring a request to the board later this year recommending applications for approval and declination. The high level of interest in FEED NJ demonstrates the ongoing need to support food security, and the request in this memorandum positions NJEDA to raise further funds that can be used to address this need.

This memorandum requests approval of the sale of up to \$25 million in tax credits through a 2025 Food Desert Relief Tax Credit Sale, which will be subject to the specifications approved by the Board in April 2023. Requests to fund specific grant, loan, or technical assistance programs with proceeds from the tax credit sale will be brought to the Board.

### **Sale Purpose and General Description**

The Food Desert Relief Act allocates \$40 million annually in Corporate Business and Insurance Premiums Tax credits over six years, beginning with fiscal year 2021. The FDRA authorizes NJEDA to either award these credits to eligible applicants through the Food Desert Relief Tax Credit Program or to sell all or a portion of the tax credits through a competitive auction process or publicly advertised solicitation for offers. Any unused allocation of tax credits carries forward to future years, meaning that a cumulative total of \$240 million of tax credits have become available to date. Because \$35 million in

tax credit awards were approved through the 2023 and 2024 Food Desert Relief Tax Credit Sales, the total amount of credits remaining is \$205 million.

Eligible bidders may purchase available credits for a minimum of 85 percent of face value for New Jersey Corporate Business Tax or Insurance Premiums Tax. As described above, the proceeds of the sale will be utilized to fund grant, loan, and/or technical assistance programs administered by the Authority to strengthen food security in New Jersey, pursuant to the parameters set out in the FDRA.

Staff is seeking Board approval to sell up to \$25 million of the \$165 million in currently available tax credits in calendar year 2025. Staff may seek Board approval to sell additional credits in the future, after considering demand for the Food Desert Relief Tax Credit Program from supermarket and grocery store developers and operators as well as market conditions. A range of approaches is necessary to have an impact on the structural conditions that have led to the persistence of food deserts, and auctioning tax credits to fund grants, loans, and/or technical assistance, alongside launching the Food Desert Relief Tax Credit Program allows NJEDA to take a multipronged approach to this issue. As stated in the April 12, 2023, board memorandum, the Chief Executive Officer will establish the amount of tax credits to be auctioned, up to the amount approved by the Board, based on an assessment of economic and market conditions.

### **FEED NJ Revision**

Staff is seeking Board approval to align the FEED NJ program requirements for projects involving construction to remove the construction contingency set-aside requirement of at least 10% of the total project cost. The language requiring the construction contingency set-aside included in the previous Board approval is in conflict with the Notice of Funding Availability and all other program materials made available to the public. Staff has determined that the construction contingency set-aside is not necessary to further program goals and therefore requests approval to remove the requirement from FEED NJ to align the Program requirements with the materials available to the public. Like all FEED NJ grantees, a grantee that experiences cost increases in their construction work will have the option to request a budget modification. Their FEED NJ grant amount cannot be increased, but they could find cost savings in other budget lines or identify outside funding to cover increased costs.

### **Recommendation**

The Members are asked to approve:

- 1) The sale of up to \$25 million in available tax credits in calendar year 2025 in a manner consistent with the Board-approved specifications from April 2023 and the Food Desert Relief Act, sections 35 through 42 of the New Jersey Economic Recovery Act of 2020, P.L. 2020, c. 156, as amended by P.L. 2021, c. 160 and P.L. 2022, c. 47 (N.J.S.A. 34:1B-303, et seq), to receive funds for subsequent grant, loan, and/or technical assistance programs in line with the uses specified by the Food Desert Relief Act.
- 2) A minor revision to the Food Equity and Economic Development in New Jersey (FEED NJ) grant program, to remove language that conflicts with the NOFA and other program materials.

---

Tim Sullivan  
Chief Executive Officer

**Prepared by:**

Riley Edwards, Senior Advisor - Economic Security