



# Webinar - Grow New Jersey Policies and Procedures

August 15, 2017



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## **Activity, Results & Program Updates**

**Paul Ceppi**

*Director, Business Banking & Community Development*

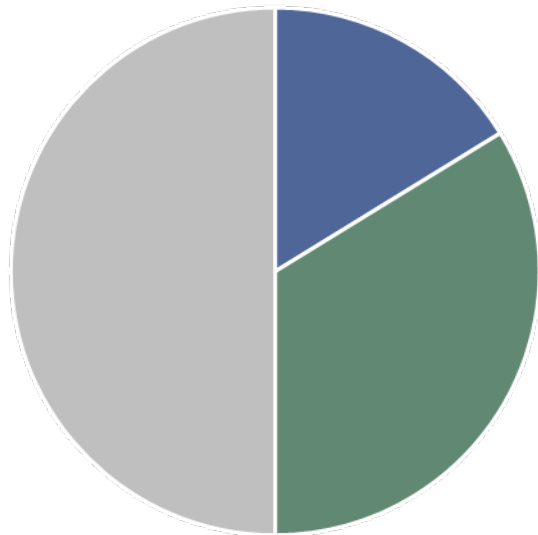
# Grow NJ – Activity & Results



Grow NJ is a job creation and retention incentive program that offers eligible businesses creating or retaining jobs in New Jersey tax credits ranging from \$500 to \$5,000 per job, per year; with bonus credits ranging from \$250 to \$3,000 per job, per year (award amounts vary based on applicable criteria.)

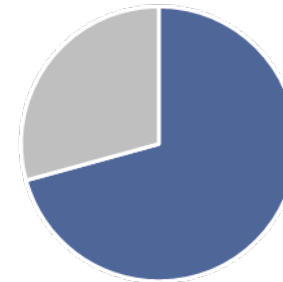
<b>Activity</b> <i>through July 2017</i>	
<b>222</b>	<i>Approved, Active Projects</i> <i>(62 Projects Withdrawn)</i>
<b>\$4.32 B</b>	<i>Grow NJ Tax Credits</i>
<b>\$3.85 B</b>	<i>Total Eligible Capital Investment</i>
<b>28,345</b>	<i>New Full-Time Jobs</i>
<b>28,200</b>	<i>Retained “At Risk” Jobs</i>
<b>15,730</b>	<i>Estimated Construction Jobs</i>
<b>\$13.4 B</b>	<i>Estimated Net Benefit</i>

## Project Status

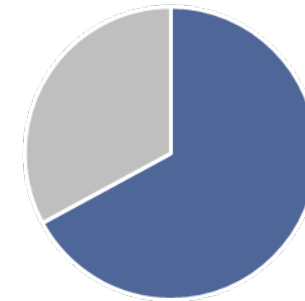


■ Certified ■ Closed ■ In Process

## Policy Objectives



■ Targeted Location ■ Other Location



■ Targeted Industry ■ Other Industry

- **Base Award**
  - List of municipalities meeting the NJ Economic Opportunity Act definition of Distressed Municipality was updated February 16, 2017 - [www.njeda.com/pdfs/ERG\\_GrowNJ\\_DistressedMunicipalities.aspx](http://www.njeda.com/pdfs/ERG_GrowNJ_DistressedMunicipalities.aspx)
- **Fees**
  - Approval fee (0.5% of anticipated award amount) and modifications fees are due prior to EDA Board action.
- **Contingency Language**
  - Needs to be specific to EDA Board's approval of a Grow NJ award and state the agreement is null and void without said approval.
- **Client Interaction**
  - EDA staff will communicate with applicants throughout the due diligence process.

- **Mega Project Deadline**
  - Businesses seeking an award as a mega project must apply by September 18, 2017 and be presented to the EDA Board no later than the December 2017 Board meeting. *All other applications for assistance must be submitted no later than June 30, 2019.*
- **Project Costs**
  - Should be reasonable and substantiated; all project costs will need to be certified.
  - 20% of project costs can be attributable to soft costs, but these must be identified at the time of application.

## **Cost Benefit Analysis (CBA) & Net Benefit Test (NBT)**

**David Lawyer**  
*Director, Underwriting*

- Supporting documentation for **all costs** should be provided. Any variances in costs without documentation will not be factored into the CBA.
- Assumptions section should be completed – this will help EDA staff understand the company’s thought process.
- **Owned Real Estate** (*by applicant or related party*)
  - Future acquisition costs will be included in the analysis, as one-time expense, prorated to the anticipated Qualified Business Facility.
  - Documented ongoing expenses (i.e. property taxes, insurance, utilities, maintenance) will be included.
  - Improvements or expansion of currently owned facility will be viewed as one-time expenses in the CBA.
  - Prior acquisition expenses or leases with related entities of currently owned facilities **will not** be factored into the CBA.



- Modifications to the model were approved in December 2016, and all applications received on or after February 16, 2017 have been reviewed utilizing the new model.
- Longer commitment period may increase an award, but is subject to recoupment.
- Project modifications may result in a re-running of the NBT under the new model.
- Details on all changes to the model can be found via [www.njeda.com/pdfs/NJEDA-Economic-Impact-Model\\_12132016.aspx](http://www.njeda.com/pdfs/NJEDA-Economic-Impact-Model_12132016.aspx).

## **Post Award/Closing**

**Susan Greitz**

*Director, Real Estate Incentives Portfolio Management*

**Lisa Petrizzi**

*Director, Jobs Incentives Portfolio Management*

- **Project Status Updates/Tax Clearance**
  - Submitted timely throughout post award and certification; template available via [www.njeda.com/forms/forms/Grow-NJ-Reporting-and-Certification-Forms](http://www.njeda.com/forms/forms/Grow-NJ-Reporting-and-Certification-Forms).
  - Tax Clearance should be refreshed upon expiration throughout the commitment duration of the Grow NJ award.
- **Modifications**
  - Notify EDA immediately of any potential changes.
  - Obtain EDA approval prior to making decisions.
  - Major modifications may require additional time to prepare for Board approval, which is determined by EDA staff on a case by case basis.
  - Affiliates must document and prove they meet the IRS definition of an Affiliate.
- **Extensions**
  - A letter of explanation related to forward progress of the project and justification to approve each extension, along with the applicable fee, is required.

- **Overall Cost and Jobs Certifications**
  - Become familiar with iDMS portal and filing guidelines, available via [www.njeda.com/pdfs/Certification-of-Jobs-and-Capital-Investment\\_April.aspx](http://www.njeda.com/pdfs/Certification-of-Jobs-and-Capital-Investment_April.aspx).
  - Allow at least 90 days prior to the end of the tax filing period for a review of a complete submission; drafts are acceptable prior to the 90-day period.
  - If the jobs and/or capital investment is reduced from what was approved by the EDA Board, a revised NBT may be analyzed, which may require Board approval and result in a modified award.
  - Be mindful of the 3-year timeline for tax credits to be issued (*4-year timeline if extensions have been granted*).
  
- **Annual Reporting**
  - Submitting annual reports and transfer documents simultaneously is preferred, no later than 120 days from the end of the tax privilege period.
  - If transferring to an Insurance Company, annual reports need to be submitted by January 15<sup>th</sup> to reasonably expect a certificate to be issued by Taxation by the end of February.

## **Governance & Regulations**

**Paul Ceppi**

*Director, Business Banking & Community Development*

- **EDA's Auditor**
  - In 2016, the EDA selected Mercadien to provide Audit & Job Certification Review Consulting Services. This involves random reviews of Agreed Upon Procedures submitted to the EDA by the applicant's Certified Public Accountant, as well as headcount information provided by the applicant's Chief Financial Officer.
- **Legislation and/or Regulation Changes**
  - The onus remains with the client/applicant to be current with legislative and/or regulation changes. The EDA will post changes to its website, as applicable.

# Thank You

*This presentation will be available at <http://www.njeda.com/grownj> following the Webinar*

**Please submit questions to [Webinar@njeda.com](mailto:Webinar@njeda.com) by 5:00 p.m. on August 22.**

**A Q&A document will be subsequently posted to EDA's website via the link above.**