

Garden State Growth Zones - Passaic

Under the Economic Opportunity Act, Garden State Growth Zones (GSGZ) were identified and defined as the four New Jersey cities with the lowest median family income based on the 2009 American Community Survey from the US Census; and a municipality which contains a Tourism District as established pursuant to section 5 of P.L.2011, c.18 (C.5:12-219) and regulated by the Casino Reinvestment Development Authority.

The highest levels of economic incentives are available in GSGZs in order to further spur private capital investment, business development and employment in those areas.

The New Jersey Garden State Growth Zones include: Atlantic City, Camden, Trenton, Passaic, and Paterson.

Grow NJ Benefits for Businesses Expanding in or Relocating to Passaic:

1. Businesses in Passaic are eligible for increased Grow NJ tax credit amounts per job:

- The base tax credit amount in a GSGZ is \$5,000 per FT job per year.
- Including maximum bonuses, the gross tax credit amount is \$15,000 per FT job per year.
- GSGZs are eligible for up to a \$5,000 bonus tax credit amount per FT job if there is excess capital investment in industrial site for industrial use.
- If median salary is in excess of median for GSGZ as shown below, then project is eligible for up to a \$1,500 bonus tax credit amount per FT job.
- The maximum amount to be applied by the business annually is \$30,000,000 in GSGZs
- For each retained job, tax credits can equal 100% of tax credits for new jobs (for retained jobs in non GSGZs, tax credits for retained jobs are reduced to the lesser of 50% of the amount of the tax credit for a new job or 1/10 of capital investment divided by the total number of new and retained employees.

| Garden State Growth Zone | Median Salary |
|--------------------------|---------------|
| Passaic | \$31,787 |

2. Final point of sale retail businesses are eligible for Grow NJ in Garden State Growth Zones, including Passaic:

Typically under Grow NJ, final point of sale retail businesses are not eligible, with the exception of:

- Businesses in a Garden State Growth Zone that will include a retail facility of at least 150,000 square feet, of which at least 50% is occupied by either a full service supermarket or grocery store.



Garden State Growth Zones - Passaic (continued)

3. Minimum FT Employment Requirements are reduced for businesses in Passaic:

| Minimum FT Employment Requirements for Passaic | New / Retained Full Time Jobs |
|--|-------------------------------|
| Tech start ups and manufacturing businesses | 8 / 19 |
| Other targeted Industries | 19 / 27 |
| All other businesses/industries | 27 / 38 |

Minimum employment numbers are lowered by 1/4 in GSGZs and the lowered amounts are reflected above. In the case of any fractional total, the minimum employment total will be rounded up to the next largest whole number.

4. Capital Investment definition is expanded for businesses in Passaic:

For businesses in Passaic, the following qualify as a capital investment:

- Any and all development, redevelopment and relocation costs, including, but not limited to:
 - o Site acquisition if made within 24 months of application to the Authority,
 - o Engineering, legal, accounting, and other professional services required
 - o Relocation, environmental remediation, and infrastructure improvements for the project area, including, but not limited to, on- and off-site utility, road, pier, wharf, bulkhead, or sidewalk construction or repair.

5. Minimum Capital Investment Requirements are reduced for businesses in Passaic:

| Minimum Capital Investment Requirements for Passaic | \$ / Square Foot |
|--|------------------|
| Industrial, Warehousing, Logistics and R&D - Rehabilitation Projects | \$13.33 |
| Industrial, Warehousing, Logistics and R&D - New Construction Projects | \$40 |
| Other – Rehabilitation Projects | \$26.67 |
| Other – New Construction Projects | \$80 |

Minimum capital investment amounts are lowered by 1/3 in GSGZs and the lowered amounts are reflected above. In the case of any fractional total, the minimum capital investment will be rounded up to the nearest penny.

6. For Passaic projects, the Net Benefit Test will be calculated on the initial 30 years (increased from 20 years for most projects) following the completion of the project.

Garden State Growth Zones - Passaic (continued)

Benefits for ERG Projects in Passaic:

The Economic Redevelopment and Growth (ERG) Program is an incentive for developers and businesses to address revenue gaps in development projects, defined as having insufficient revenues to support the project debt service under a standard financing scenario. It can also apply to projects that have a below market development margin or rate of return. The grant is not meant to be a substitute for conventional debt and equity financing, and applicants should generally have their primary debt financing in place before applying. In order for a project to be approved, it needs to undergo a rigorous analysis of the sources and uses of funds, construction costs and projected revenues. All of these metrics are compared to industry standard measures.

For commercial projects, defined as projects that are predominantly commercial and include retail, office and/or industrial uses for purchase or lease, incentive grant reimbursement of up to 20% of total project cost is available, with a bonus of 20% available for projects in Garden State Growth Zones, including Passaic. Therefore, the total tax credit may equal up to 40% of total project costs, not to exceed an average of 85% of the project's annual incremental revenues. Additional requirements, including a comprehensive net benefit analysis to verify that the revenues the State receives will be greater than the incentive, apply to commercial projects under ERG.

Garden State Growth Zone Property Tax Exemptions:

The Economic Opportunity Act authorized property tax exemptions in GSGZ municipalities under certain situations. The following is applicable to Passaic:

- The owner of any property located within a Garden State Growth Zone that performs any new construction, improvements, or substantial rehabilitation improvements to property, shall be entitled to an exemption from taxation regarding such improvements. For purposes of such exemption, the municipality shall consider the assessor's full and true value of the improvements as not increasing the value of the property for a period of five years, notwithstanding that the value of the property to which the improvements are made is increased thereby.

Other Resources for Businesses Considering Passaic:

UCEDC's Business Resource Guides provide comprehensive listings and contact information for agencies and organizations that are focused on helping businesses. [Click here to view UCEDC's Passaic County Business Resource Guide.](#)

[Click here for Choose NJ's economic profile on the City of Passaic.](#)