New Jersey Economic Development Authority

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Garden State Growth Zones - Atlantic City

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 Atlantic City:

1. **Businesses in Atlantic City 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 average salary is in excess of average 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 $35,000,000 in GSGZs
- Both new and retained FT jobs receive 100% tax credit (for retained jobs in non GSGZs, tax credits are reduced to the lesser of 50% of gross amount of tax credits or 1/10 of capital investment)

Garden State Growth Zone	Average Salary
Atlantic City	$31,526

2. **Under Grow NJ, projects in Atlantic City that are approved for $40 million or more over the term ($4 million annually) are not limited to the lesser of the award of funds necessary to complete the project or the amount permitted under the statute.**

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Garden State Growth Zones - Atlantic City (continued)

3. **Final point of sale retail businesses are eligible for Grow NJ in Garden State Growth Zones, including Atlantic City:**

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, or;
- A tourism destination project located in the Atlantic City Tourism District. A tourism destination project is defined as a qualified non-gaming business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State. and have a "significant impact on the economic viability" of the Atlantic City Tourism District. "Significant impact on the economic viability" is measured specifically by eligible capital investment in excess of $50 million and a minimum of 250 new/retained jobs.

4. **Minimum FT Employment Requirements are reduced for businesses in Atlantic City:**

Minimum FT Employment Requirements for Atlantic City	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.

5. **Capital Investment definition is expanded for businesses in Atlantic City:**

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

- Any and all development, redevelopment and relocation costs, including, but not limited to:
  - Site acquisition if made within 24 months of application to the Authority,
  - Engineering, legal, accounting, and other professional services required,
  - 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.

6. **Minimum Capital Investment Requirements are reduced for businesses in Atlantic City:**

Minimum Capital Investment Requirements for Atlantic City	$ / Square Foot
Industrial, Warehousing, Logistics and R&D - Rehabilitation Projects	$13.43
Industrial, Warehousing, Logistics and R&D - New Construction Projects	$40
Other – Rehabilitation Projects	$26.67
Other – New Construction Projects	$80

continued

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Garden State Growth Zones - Atlantic City (continued)

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.

7. For Atlantic City 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.

8. Applicants must only demonstrate that the award of the tax credits is a material factor in the business decision to make a capital investment and locate in Atlantic City.

Benefits for ERG Projects in Atlantic City:

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 Atlantic City. 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.

For residential projects, defined as redevelopment projects that are predominantly residential and include multi-family residential units for purchase or lease, or dormitory units for purchase or lease, a tax credit of up to 20% of total project cost is available with a bonus of an additional 20% (for a total of 40%) for projects located in GSGZs, including Atlantic City.

continued

Garden State Growth Zones - Atlantic City (continued)

For Residential ERG projects located in Atlantic City, the minimum total project cost is reduced to $5,000,000. There is no minimum total project cost requirement for commercial projects under ERG.

The EOA authorized a total of $600 million for qualified residential projects, excluding transitional or homeless units. Several set-asides feature GSGZ municipalities as highlighted below.

- $250 million for projects within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem counties, of which:
  - $175 million for projects in Camden
  - $75 million for projects in municipalities with a 2007 MRI Index of 400 or higher
- $250 million for qualified residential projects located in:
  - Urban Transit Hubs that are commuter rail in nature
  - A Garden State Growth Zone
  - Disaster recovery projects
  - SDA municipalities located in Hudson County that were awarded State Aid in FY 2013 through the Transitional Aid to Localities Program
- $75 million for projects in distressed municipalities, deep poverty pockets, highlands development credit receiving areas or redevelopment areas.
- $25 million for projects located within a qualifying ERG incentive area.

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 Atlantic City:

- The owner of any property located within a Garden State Growth Zone, that does not qualify as a Garden State Growth Zone Development Entity, 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 Atlantic City:

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 Atlantic County Business Resource Guide.