

Grow New Jersey Economic Incentive Program

Credits: Per Job, Per Year, 10 Years

<i>Amounts are per job</i>	Mega Projects	Urban Transit Hub	Distressed Areas	Priority Areas	Eligible Areas
Base Credit	\$5,000	\$5,000	\$4,000	\$3,000	\$500
Extra Credit	\$10,000	\$7,000	\$7,000	\$7,500	\$5,500
Total Credits	\$15,000	\$12,000	\$11,000	\$10,500	\$6,000

Job Minimums - varies by industry and area:

Industry Sector	New	Retained
Tech / Start-up	10	25
Manufacturing	10	25
Targeted Sector	25	35
All other sectors	35	50

Expenditure minimums - per square foot basis:

Project Type	Min Req. CapEx
Industrial – Rehab	\$20
Industrial - New Construction	\$60
Office- Rehab	\$40
Office - New Construction	\$120

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What are the incentives? The economic incentives consist of tax credits that can be used to offset a company's NJ tax liability. The New Jersey Economic Development Authority ("NJEDA") Board votes on the economic incentives at its monthly meetings. Companies that do not pay corporate tax, such as Not-For-Profits, development stage companies, or pass-through entities, can also benefit as the credits can be sold.

The value of the economic incentives varies greatly but typically ranges from \$17,500 to \$90,000 per employee over a 10-year term. Incentives can often be worth as much or more than the rent.

When should a company seek economic incentives? The process should start at least 4-5 months prior to anticipated lease signing or building purchase. There is no harm in starting too soon but there is for starting late. Once a lease or contract is signed, the credibility as to the need for economic incentives is gone.

How does WRE Consulting help? We work with you to position your company and help in answering the NJEDA questions. We complete and submit the NJEDA application for the company. We will also start building the NJ real estate cost "gap" analysis that will highlight the difference between the more expensive NJ location vs. the competing location.

After the NJEDA Board votes to approve the economic incentives, the lease/contract can be signed. After this we begin work on the next phase, which is negotiating and finalizing the NJEDA project documents.

What representations will we have to make to NJ? What are the typical commitments that are made to the state?

- CEO (or similar officer) certifies that receiving the incentives is "the material factor" in the decision to proceed with the project.
- Companies are required to maintain 80% of jobs state-wide for 1.5 times the term of the incentives (maximum of 15 years). If the company receives benefits for 10 years, it is committed to stay NJ for 15 years.
- Employees must spend 80% of their time in the office at the project location
- Prevailing Wage (Union Wage equiv.) is required for all new construction or tenant improvement work.
- Construction must comply with NJ's Green Building requirements (a low threshold, lower than LEED Silver)
- Companies must offer a group health care plan to all employees

How many employees must a company have in order to qualify?

Thresholds vary by industry and existing New Jersey companies must have from 25 - 50 jobs to qualify and new companies must have from 10-35 new jobs.

What is the minimum required expenditure?

For a typical office user, \$40 per square foot. This can include landlord's work letter, building wide improvements (on a pro rata basis) as well as FF&E (industrial and manufacturing thresholds are \$20 psf).