

New Jersey's New Emerge Program: Eligibility Highlights

June 9, 2021



On January 7, 2021, New Jersey passed the Economic Recovery Act of 2020 (the “Act”), which contains a comprehensive recovery package addressing the ongoing economic impact of the COVID-19 pandemic. Specifically, the Act includes over 15 different economic development programs incentivizing job creation, capital investment and community revitalization. Recently, the New Jersey Economic Development Authority (“NJEDA”) approved details regarding the Act’s new Emerge Program (the “Program”), a jobs-based tax credit program for businesses that invest private capital in the state and target priority industries. These tax credits are available for up to seven years.

Below are key highlights of the Program.

Eligibility

To be eligible for the Program, a project must meet various eligibility criteria at the time of application. Notable criteria include:

- The creation of at least 35 new, full-time jobs. In some circumstances, this requirement may be lowered to 25 if a business is primarily engaged in a targeted industry or for a small business with less than 100 employees, as this would represent a 25% increase to its overall workforce.

- Targeted industries include advanced transportation and logistics, advanced manufacturing, clean energy, life sciences, information and high technology, finance and insurance, professional services, film and digital media and non-retail food and beverage businesses, including those involved in food innovation.
- The business must ensure that at least 80% of incentivized employees' work time is spent in New Jersey and 80% of the withholdings of the new full-time jobs are subject to New Jersey personal income tax.
- The project must be located in an incentive-eligible location as defined by the NJEDA. Eligible locations include specific government-restricted municipalities, distressed municipalities, employment/investment corridors, qualified opportunity zones and more.
- Businesses must meet minimum capital investment requirements based upon a dollar amount per square foot as determined by the type of project (renovation or new construction) and the use of the space (industrial, warehousing, logistics, R&D or office space).
- Issued tax credits must yield a minimum net positive economic benefit to the state of 200% to 400%, depending on project location.
- If a business is awarded credits, it must commit to stay in New Jersey for at least 1.5 times the duration of the tax credit period.

Tax Credits

The Program's credit awards are calculated on an annual per-job basis, with base credits for jobs ranging between \$500 and \$4,000 per job depending on project location and certain project categories. Bonuses may increase the per-job calculation to \$8,000 depending on the project location, industry and alignment with certain Program policy objectives.

Tax credits awarded through the Program can be used to offset the corporate business tax. For other types of taxpayers, such credits can be transferred for no less than 85% of their value or surrendered to the Division of Taxation for 90% of the value of the credits.

The Application Process

Pre-applications for those interested in the Program are now available through the NJEDA. If one's pre-application appears to fit within the Program's parameters, the NJEDA's Emerge team will set up an initial meeting to begin the full application process. Applicants will be responsible for a one-time, non-refundable application fee and a one-time, refundable approval fee on a tiered basis based on the number of new or retained full-time jobs, ranging between \$5,000 and \$15,000 per project.

If you could potentially benefit from the Emerge Program and want additional information, please contact [Alan Goldenberg](#), Leader of Anchin's State and Local Tax group, or your Anchin Relationship Partner.