ASSEMBLY COMMERCE, ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5470

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 24, 2025

The Assembly Commerce, Economic Development and Agriculture Committee reports favorably and with committee amendments Assembly Bill No. 5470.

As amended, this bill modifies certain provisions of the "New Jersey Aspire Program" (Aspire Program) related to the construction of institutional projects and distressed hospital projects.

Under the bill, the term "institutional project" is defined as a redevelopment project that is developed by, or in affiliation with, an institution of higher education with a research activity designation of Research 1 (R1) or Research 2 (R2) from the Carnegie Classification of Institutions of Higher Education, and for which at least 51 percent of the square footage of the project is dedicated for the use of qualified research and development. "Qualified research and development" is defined as research and development activities that are undertaken within a priority industry, including, but not limited to, technology, artificial intelligence, software development, financial services, financial services technology, film and digital media, advanced manufacturing, gaming, pharmaceuticals, biotechnology, transportation, logistics, and renewable energy.

The bill defines a "distressed hospital project" as a health care or health services center, hospital, or hospital system that: (1) operates a minimum of four general acute care hospitals licensed by the State; (2) incurred average annual expenses not less than $250,000 for the provision of charity care services, not including the value of charity care subsidies or reimbursements received through any governmental assistance program, as measured by the five most recent calendar years, immediately preceding the date of application for the program, for which audited financial statements are available; (3) and is owned or leased by an organization that is exempt from federal taxation pursuant to section 501(c)(3) of the federal Internal Revenue Code, including any wholly-owned subsidiary of an exempt organization, which organization or subsidiary has filed a bankruptcy petition pursuant to Title 11 of the United States Code.

The bill modifies the calculation of "project costs" for distressed hospital projects and institutional projects. For a distressed hospital project, the bill authorizes the inclusion of land costs, in an amount not to exceed 20 percent of the eligible project cost, within the calculation of "project cost." The bill also requires the calculation of the "project cost" of an institutional project to include the construction and completion of: research workspaces; meeting, classroom, dining, and dormitory spaces; and common areas, including, but not limited to, hallways, utility rooms, storage areas, and parking components.

The bill also makes certain changes related to the requirement for the developer of a redevelopment project to commit capital for the project. Under current law, the developer is required to contribute capital of at least 20 percent of the total project costs, except that if the project is located in a government-restricted municipality, the developer only is required to contribute capital of at least 10 percent of the total project cost. Instead, the bill provides that the developer of an institutional project is required to contribute capital of at least $30 million, regardless of the overall cost of the project, except when the project is located in a government-restricted municipality. The bill also exempts the developer of a distressed hospital project from this requirement.

Additionally, the bill permits the developer of a distressed hospital project to elect an eligibility period not to exceed five years, rather than require an eligibility period not to exceed 10 years for such a project. The bill also exempts distressed hospital projects from certain requirements of the Aspire Program, including: (1) the evaluation of the project's rate of return on investment and related requirements, including a requirement that a developer pay up to 20 percent of the amount in excess of the reasonable and appropriate rate of return on investment; and (2) the requirement to enter into a community benefits agreement for certain projects whose total project cost equals or exceeds $10 million.

The bill requires the authority to rescind an award and recapture all or part of any tax credits awarded, including all or part of any tax credits claimed by the developer, if a distressed hospital project ceases to operate any general acute care hospital during the eligibility period.

The bill also increases the amount of tax credits that may be awarded to a distressed hospital project or institutional project in most circumstances. Under the bill, a distressed hospital project is eligible for an incentive award equal to 85 percent of project costs, which incentive award is limited to a maximum value of $120 million. The bill provides that an institutional project is eligible for an incentive award equal to 80 percent of project costs, which incentive award is limited to a maximum value of $120 million.

The bill provides that an institutional project or a distressed hospital project is not subject to the net benefit analysis that is required for certain other redevelopment projects. Under current law, an

exemption from the net benefit analysis is only provided for investments in residential projects, food delivery sources, and health care or health services centers.

The bill also provides similar changes for institutional projects or distressed hospital projects that qualify as transformative projects under the Aspire Program. Under the bill, a distressed hospital project is required to include 200,000 or more square feet to qualify as a transformative project. The bill exempts qualified institutional projects and distressed hospital projects from the net benefit analysis requirement for transformative projects.

The bill also exempts distressed hospital projects that are transformative projects from requirements that the authority review the project financing gap and re-evaluate the developer's rate of return at certain intervals. The bill provides that distressed hospital projects are eligible for an incentive award equal to 85 percent of project costs. Under the bill, institutional projects are eligible for an incentive award equal to 80 percent of project costs. A transformative project of either type is eligible for an incentive award valued at up to $400 million or the amount of the project financing gap.

As amended and reported by the committee, Assembly Bill No. 5470 is identical to Senate Bill No. 4135 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) define a "distressed hospital project" to mean a health care or health services center, hospital, or hospital system that: operates a minimum of four general acute care hospitals licensed by the State; incurred average annual expenses not less than $250,000 for the provision of charity care services, not including the value of charity care subsidies or reimbursements received through any governmental assistance program, as measured by the five most recent calendar years, immediately preceding the date of application for the program, for which audited financial statements are available; and is owned or leased by an organization that is exempt from federal taxation pursuant to section 501(c)(3) of the federal Internal Revenue Code, including any wholly-owned subsidiary of an exempt organization, which organization or subsidiary has filed a bankruptcy petition pursuant to Title 11 of the United States Code;

(2) change the definition of "institutional project" to include a requirement that the redevelopment project be developed by, or in affiliation with, an institution of higher education with a research activity designation of Research 1 (R1) or Research 2 (R2) from the Carnegie Classification of Institutions of Higher Education;

(3) permit the developer of a distressed hospital project to elect an eligibility period not to exceed five years, rather than require an eligibility period not to exceed 10 years for such project;

(4) include land costs, in an amount not to exceed 20 percent of the eligible project cost, within the project cost of a distressed hospital project;

(5) exempt the developer of a distressed hospital project from the requirement to contribute capital based on a minimum percent of the total project cost. Under current law, a developer is required to contribute capital of at least 20 percent of the total project cost, with certain exceptions;

(6) exempt distressed hospital projects from the required evaluation of the project's rate of return on investment and related requirements, including a requirement that a developer pay up to 20 percent of the amount in excess of the reasonable and appropriate rate of return on investment;

(7) exempt a distressed hospital project from the requirement to enter into a community benefits agreement for certain projects whose total project cost equals or exceeds $10 million;

(8) require the authority to rescind an award and recapture all or part of any tax credits awarded, including all or part of any tax credits claimed by the developer, if a distressed hospital project ceases to operate any general acute care hospital during the eligibility period;

(9) provide that the developer of a distressed hospital project is to receive a total tax credit not to exceed 85 percent of the eligible project costs, which value is not to exceed $120 million;

(10) provide that a distressed hospital project that includes 200,000 or more square feet may qualify as a transformative project. These transformative projects would receive a total tax credit not to exceed 85 percent of the eligible project costs, subject to the existing aggregate limitations for all other transformative projects;

(11) exempt distressed hospital projects that are transformative projects from the requirement that the authority review the project financing gap and re-evaluate the developer's rate of return at certain intervals;

(12) exempt distressed hospital projects, including those that are transformative projects, from the net benefit test otherwise required under current law; and

(13) provide technical changes to the bill, including updating underlying statutory language to reflect recent enactments of law.