ASSEMBLY COMMERCE, ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 6306

STATE OF NEW JERSEY

DATED: JANUARY 5, 2026

The Assembly Commerce, Economic Development and Agriculture Committee reports favorably Assembly Bill No. 6306.

This bill authorizes $2.5 billion in tax credits for certain economic development purposes, including up to $300 million in tax credits to support the development of certain sports and entertainment projects and the remaining amount of additional tax credits for the New Jersey Aspire (Aspire) Program and Emerge Program.

Specifically, the bill would make available up to $300 million in tax credits for sports and entertainment projects. Under the bill, a developer seeking tax credits for a sports and entertainment project, as that term is defined in the bill, would generally be subject to the same requirements and conditions as apply to redevelopment projects under the Aspire Program, except as otherwise specified in the bill.

The bill requires a developer seeking tax credits for a sports and entertainment project to submit an application to the New Jersey Economic Development Authority (authority) before June 30, 2027. Under current law, the deadline to submit applications under the Aspire Program is March 1, 2029.

Additionally, the bill provides that any fees imposed by the authority for a sports and entertainment project, including application fees, are required to be equal to the amount of the fees imposed for a transformative project under the Aspire Program.

Under the bill, a sports and entertainment project may be completed in a maximum of five phases. If the project is completed in phases, the bill requires the developer of the project to enter into a sports and entertainment project phase agreement with the authority for each phase. The bill provides that a sports and entertainment project phase agreement is a sub-agreement of the incentive award agreement that governs the timing, capital investment, and other applicable details concerning each respective phase of a sports and entertainment project.

Additionally, the bill provides that for a sports and entertainment project completed in phases, each phase is required to have a separate eligibility period, and the developer is required to

contribute capital of no less than 20 percent of the project costs for each phase. Under the bill, the developer of the project may elect a separate eligibility period for each phase of no less than five years. After completing each phase, the bill requires the developer to submit a certification to the authority attesting that the phase is completed. If the authority approves the certification, the bill provides that the tax credit certificate allowed to the developer would be increased by the tax credit amount corresponding to that phase.

However, notwithstanding the different eligibility periods for each phase, the bill provides that all conditions and requirements applicable during an eligibility period for any phase of the project would apply to the entire sports and entertainment project until the end of the eligibility period for the last phase.

The bill also requires that a sports and entertainment project is required to be completed, and the developer is to have completed its expenditure of eligible project costs, within six years of executing the incentive award agreement, except that the authority may, in its discretion, extend this deadline by up to one additional year.

The bill also provides that for a sports and entertainment project completed in phases, the final phase of the sports and entertainment project is required to be completed, and the developer is required to have completed its expenditure of eligible project costs, within 10 years of executing the incentive award agreement or the sports and entertainment phase agreement corresponding to the first phase of the sports and entertainment project, whichever was executed later.

Additionally, as required under the Aspire Program, the bill requires the developer of a sports and entertainment project to demonstrate a project financing gap, as that term is defined in the bill, subject to review by the authority.

The bill requires the authority to conduct an analysis of the developer's project financing gap in lieu of determining whether the developer’s actual rate of return on investment exceeds the reasonable and appropriate rate of return on investment at the time of board approval. The bill requires this analysis to be conducted in the same manner as the analysis conducted under the Aspire Program, except as otherwise provided in this bill, including the guidelines developed by the authority under this bill.

The bill also requires the developer of a sports and entertainment project to undergo a State fiscal impact analysis, conducted by the authority, to ensure that the gross economic benefit of the sports and entertainment facility to the State over the duration of the commitment period, as that term is defined in the bill, is at least 150 percent of the overall public assistance provided to the sports and entertainment project. In determining the gross economic benefits of the sports and entertainment facility, the bill requires the authority to consider the direct and indirect benefits to the State,

including local taxes that may benefit the State, as well as all such benefits to the State that result from the sports and entertainment facility over the duration of the commitment period. The authority may include induced benefits to the State in its analysis, including benefits derived from construction. Under the bill, the requirement to undergo this economic benefit analysis is imposed in lieu of the requirement for the developer of the project to undergo the net positive benefit test, as otherwise required under the Aspire Program.

Additionally, under current law, the Aspire Program requires the developer of certain projects with a project cost of at least $10 million to enter into a community benefits agreement with the authority and the county or municipality in which the redevelopment project is located, with certain exceptions. Instead, this bill requires the developer of a sports and entertainment project, without exception, to enter into a community benefits agreement with the authority and the municipality in which the project is located, following at least one previously advertised public hearing held by the municipality. The bill requires the community benefits agreement to provide for the creation of a community advisory committee to oversee the implementation of the agreement, monitor successes, ensure compliance with the terms of the agreement, and produce an annual public report. Under the bill, the community advisory committee is required to be comprised of representatives of diverse community groups and residents of the municipality in which the project is located.

The bill also authorizes the authority to rescind an award or recapture all or part of any tax credits awarded if: (1) the community advisory committee's annual report determines that the developer of a sports and entertainment project is not in compliance with the terms of the community benefits agreement; or (2) the developer of a sports and entertainment project fails to provide a certification at the time the developer submits its annual report to the authority, as required under the Aspire Program, under the penalty of perjury, that it is in compliance with the terms of the community benefits agreement.

In addition to the requirements imposed under the Aspire Program, the bill also requires the developer of a sports and entertainment project to enter into a workforce development agreement that includes the provision of opportunities for workforce hiring, training, or apprenticeship, or other measures determined appropriate by the authority.

Under the bill, a workforce development agreement is defined as a contractual relationship, as approved by the authority, over the term of the commitment period, which may be renewed annually, between a developer and a New Jersey-based: public or private university or college; public or private high school; workforce

development organization; vocational or technical school or institution; labor organization, business, or employer association, or nonprofit organization that provides workforce training, apprenticeship, and career development services; entities or consortia consisting of any of the aforementioned entities that develop and deliver workforce training programs; or any combination thereof.

However, the bill provides that a co-applicant may execute the workforce development agreement on behalf of the developer. Under the bill, a co-applicant may include any entity that: (1) is exempt from federal taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, or is a governmental entity; (2) contributes or contributed capital, real property, or services related to the project that directly affect and serve the anticipated residents, tenants, or customers of the tenants of the project; and (3) enters into an agreement with the developer that specifies the co-applicant's participation in the redevelopment project.

The bill also provides that during the commitment period, each worker employed to perform construction work at the sports and entertainment facility is required to be paid not less than the prevailing wage rate for the worker's craft or trade. In addition, the bill provides that during the commitment period, each worker employed to perform building services work at the sports and entertainment facility, whether pursuant to contract by the developer or a commercial tenant, commercial subtenant, or other commercial occupant, is required to be paid not less than the prevailing wage rate for the worker's craft or trade.

In addition to the requirements imposed under the Aspire Program, the bill provides that a sports and entertainment project is required to exceed the standards established by the authority in accordance with the green building manual prepared by the Commissioner of Community Affairs regarding the use of renewable energy, energy-efficient technology, and non-renewable resources to reduce environmental degradation and encourage long-term cost reduction. The bill also provides that the replacement or retrofitting of existing components and infrastructure at the sports and entertainment facility as part of the sports and entertainment project is required to result in a material reduction, as determined by the authority, of the energy usage, greenhouse gas emissions, and co-pollutant emissions for the components and infrastructure replaced.

Under the bill, the developer of a sports and entertainment project may receive a total tax credit award equal to 80 percent of the eligible project cost of the project or $300 million, whichever is less. However, the bill provides that for a sports and entertainment project that is completed in phases, the value of tax credits awarded for any single phase may not exceed $95 million, provided that any

eligible project costs, including the corresponding developer contributed capital, that could not be included in a phase due to the limitations of this bill may be included in a subsequent phase.

Under current law, the total value of tax credits that may be awarded under the Aspire Program, Emerge Program, and certain other economic development programs is limited to $11.5 billion over a nine-year period. The law also limits the amount of tax credits that may be annually awarded under each program during certain years within that nine-year period. This bill increases the maximum total value of tax credits that may be awarded during this period to $14 billion.

The bill authorizes an additional $1.25 billion in tax credits for the Aspire and Emerge Programs during each of the seventh and eighth years of the nine-year period, of which a total of up to $300 million is authorized for sports and entertainment projects, and which tax credits are authorized in addition to any amounts otherwise available for these purposes. The bill also provides that after the nine-year period, any uncommitted balance of tax credits available from this authorization may be available to be deployed by the authority in subsequent years for projects under those programs until all tax credits have been committed.

In addition, the bill amends current law to clarify that if a transfer of tax credits is made to transformative projects approved under the Aspire Program, from the amounts otherwise available under the Aspire Program or Emerge Program, the limitations based on location of a transformative project in certain counties are independent of the restrictions that apply to the award of tax credits otherwise available under the Aspire Program and Emerge Program.

Under current law, the Director of the Division of Taxation in the Department of the Treasury (director) is required to purchase unused tax credits awarded under certain specified economic development programs. This bill also requires the director to purchase unused tax credits awarded for sports and entertainment projects. Specifically, the bill requires the director to pay an amount equal to 85 percent of the credit amount, provided that the issuance date of the tax credit certificate or tax credit transfer certificate to the developer or the holder of such certificate occurred at least one year prior to the date of application to the director.