

# Legislative Alert

## NJ BEIP UPDATE

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

For more information, please contact:

Brian P. Corde  
Managing Partner  
(732) 410-4568  
bcorde@atlasinsight.com

### *Target Audience: Companies With An Active NJ BEIP Grant*

#### Summary of Changes

On June 30, 2016, Governor Chris Christie signed to a law Senate Bill 2376/Assembly Bill 4002, which modifies the tax credit issuance schedule for Business Employment Incentive Program ("BEIP") grantees that elected to convert their cash grants to tax credits.

At the recommendation of the State Treasurer as a means to address a projected budget shortfall, the revised schedule defers tax credits accrued during the 2008 – 2013 performance years, which were scheduled for FY 2017 and FY 2018, increasing estimated State revenues by \$133 million and \$53 million, respectively.

The revised issuance schedule is as follows (new credit amounts in green):

- Grants accrued for 2008 - 2013:
  - 2017: **5%** (changed from 30%)
  - 2018: **20%** (changed from 30%)
  - 2019: **25%** (changed from 20%)
  - 2020: **25%** (changed from 10%)
  - 2021: **25%** (changed from 10%)

The remainder of the issuance schedule remains unchanged:

- Grants accrued for 2014 & 2015: 2019 - 2022 at 25% annually
- Grants accrued for 2016 & 2017: 2020 - 2022 at 33% annually
- Grants accrued for 2018 & 2019: 2022 - 2023 at 50% annually
- Grants accrued for 2020 - 2023: 2023 - 2024 at 50% annually
- Grants accrued for 2024 & 2025: 2025 at 100%

Senate Bill 3232 permitting BEIP grantees to convert their cash grants to refundable and sellable tax credits was passed in January of 2016, and provided for the original issuance schedule.

#### BEIP Tax Credits

The tax credits will be applicable against corporate, gross income, or insurance premium tax liabilities. Credits that exceed the applicable tax liabilities will be deemed an overpayment, and a cash refund will be issued to the company. The Bill also allows for a business that does not pay corporate business taxes to apply for a tax credit transfer certificate which could be sold to another business for no less than 75% of the face value of the credit.

#### Recommended Action

If your company has an active BEIP Agreement, the experts at Atlas Insight can help ensure compliance with this new legislation, manage future BEIP claims, and monetize the tax credits. Please contact Atlas Insight for a consultation today.

