

# 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.

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

#### Summary of Changes

On January 11, 2016, Governor Chris Christie signed Senate Bill 3232 into law to convert the New Jersey Business Employment Incentive Program (BEIP) cash grant to a refundable and sellable tax credit. The new tax credits will be remitted via a delayed installment schedule:

- Grants accrued for 2008 - 2013:
  - 2017: 30%
  - 2018: 30%
  - 2019: 20%
  - 2020: 10%
  - 2021: 10%
- 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%

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, with a cash refund 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 that could be sold to another business for no less than 90% of the credit value.

#### BEIP Overview

Established in 1996, the BEIP was previously NJ's primary business attraction tool, awarding cash grants based on a percentage of withholding taxes attributable to newly created jobs. The Program has issued more than \$1.5 billion in payments, spanning 465 agreements. Administered by the NJ Economic Development Authority (NJEDA), the BEIP sunset in 2013, and was supplanted by a tax credit through the Grow NJ Assistance Program. However, many agreements remain active through 2025. The NJEDA reports that \$785 million is currently owed to more than 200 business for prior performance years, and estimates total obligations to approach \$1.267 billion.

#### 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.

