

The Wall Street Journal
Jan. 9, 2013

Upping Ante In Bid for Jobs

By [HEATHER HADDON](#)

A key New Jersey lawmaker is set to introduce a bill Monday that would usher in the biggest revision in years to the state's tax-incentive programs, which have been an important element of Gov. Chris Christie's economic-development agenda.

Proposed by Assemblyman Al Coutinho, whose opinion carries significant weight in state economic-development affairs, the legislation would consolidate five tax-incentive programs into two—one for job creation and the other for spurring development—and would put additional weight on bringing new jobs to the state, over preserving those deemed "at risk" of leaving.

New Jersey has developed one of the nation's most aggressive tax-incentive programs for commercial buildings and has distributed at least \$1.7 billion in tax credits and other enticements over the past two years to lure businesses to the state, keep jobs from leaving or to spark development. The state estimates its two biggest programs have created about 6,100 new jobs and retained about 8,900 deemed at risk of leaving.

Mr. Coutinho's proposal comes as the state is close to having awarded as much as legally allowed on its two main incentive programs. They would need to be reauthorized this year to continue.

Mr. Coutinho's bill would make it easier for businesses to obtain awards by removing minimum investments in some cases and would remove a cap on how much the state can award businesses in some programs.

While Mr. Coutinho said he wasn't "fixing anything that is wrong" with the current programs, his bill would address several criticisms of the state's economic-development policies. For instance, the biggest program, the Urban Transit Hub Tax Credit, would join another program and be opened beyond its original focus on a handful of struggling cities. The program also had been criticized for subsidizing companies for moving within the state, including just a few miles down the road.

Mr. Coutinho, a Democrat, said he hammered out the bill after seven months of negotiations with some of New Jersey's largest real-estate developers, commerce groups, unions and planning advocates. "The idea of the incentives is really to grow jobs and bring new people in," said Mr. Coutinho, chairman of the Assembly's Commerce and Economic Development Committee. "We are trying to improve on" current policies.

The state Economic Development Authority has closely followed the bill's developments and has weighed in on its creation, Mr. Coutinho said. Erin Gold, a spokeswoman for the authority, said the agency doesn't comment on pending legislation. She said the authority "is aware of the

ongoing conversations related to the state's incentive programs." Mr. Christie, a Republican, has been supportive of the state's tax-incentive programs in the past. His office didn't respond to requests for comment.

Sen. Ray Lesniak, chairman of the Senate's Economic Growth Committee, said he was still considering Mr. Coutinho's bill.

During the recession in 2008, the transit hub program was launched to provide tax-increment financing to help large projects in nine cities. A similar program focusing on suburban areas—Grow New Jersey—was begun last year. Under the bill, a revised Grow New Jersey program would give qualifying businesses incentives of at least \$2,000 a year over 10 years for retaining and creating jobs. More credits would be allotted for certain jobs—such as technology and manufacturing—and in some places.

Recipients would also have to build a new development or rehab an old one. Businesses would apply the credits to their overall corporate state tax liability.

While the state still has three smaller tax incentive programs, companies have come to look for financing under the urban hub and Grow New Jersey programs, and the uncertainty about their fate is stalling deals, said Ted Zangari, a Newark attorney who works on large real estate projects.

The revamped Economic Redevelopment and Growth Grant would provide tax increment financing for projects, with greater awards in cities and areas with a poverty rate of at least 20% as defined by the U.S. Census. That could open up development to rural areas that are poor, such as counties in South Jersey.

Chris Sturm, the senior director of state policy for New Jersey Future, said her planning organization has supported the state's tax incentive programs for "transforming downtowns" in Newark, Jersey City and New Brunswick.

But Ms. Sturm was concerned about programs that could provide incentives in less-densely populated areas of the state.

"One of the strengths of New Jersey's current economic incentive programs is that they encourage growth in places with appropriate infrastructure," said Ms. Sturm, who has been involved in discussions on the bill. "We are looking to see that smart growth focus maintained."