



## Legislation Text

---

File #: 18-1136, Version: 1

---

### **AN ORDINANCE AMENDING TITLE X, CHAPTER 21, NEWARK PAYROLL TAX, SECTION 3, FOR TRANSFORMATIVE CORPORATE HEADQUARTERS PROJECTS.**

**WHEREAS**, the City of Newark (the "City") has the infrastructure to attract major corporate development opportunities, which can create thousands of job opportunities; and

**WHEREAS**, large corporations have approached the City with proposed development projects indicating the creation and economic development and employment opportunities for the City residents and the greater metropolitan area; and

**WHEREAS**, the Department of Economic and Housing Development has determined that it is in the City's economic interest to encourage such development opportunities within the City of Newark; and

**WHEREAS**, the Mayor of the City of Newark, the Director of the Department of Economic and Housing Development and the Director of Finance propose an amendment to Title X, Chapter 21, Newark Payroll Tax, Section 3 to include a new sub-section for Transformative Corporate Headquarters Projects.

**NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:**

**Section 1.** Title X, Chapter 21, Section 3 entitled "Definitions" is hereby amended to include a new definition; pursuant to N.J.S.A. 34:1B-257 for "Transformative Corporate Headquarters," "Capital Investment," "Eligible position or full-time job," and "Qualified Business Facility" as follows:

**A Transformative Corporate Headquarters** means the corporate headquarters of a business that is a qualified business facility at which the business intends to create at least 30,000 new full-time jobs in the City of Newark and make at least Three Billion Dollars and Zero Cents (\$3,000,000,000.00), in capital investment in the City of Newark.

**Capital investment** in a Transformative Corporate Headquarters means expenses by a business or any affiliate of the business incurred after application for:

a. site preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property; and

b. obtaining and installing furnishings and machinery, apparatus, or equipment, including but not limited to material goods subject to bonus depreciation under Sections 168 and 179 of the federal Internal Revenue Code (26 U.S.C. s.168 and s.179), for the operation of a

business on real property or in a building, structure, facility, or improvement to real property.

In addition to the foregoing, if a business acquires or leases a Transformative Corporate Headquarters, the capital investment made or acquired by the seller or owner, as the case may be, if pertaining primarily to the premises of the transformative corporate headquarters, shall be considered a capital investment by the business and, if pertaining generally to the Transformative Corporate Headquarters being acquired or leased, shall be allocated to the premises of the Transformative Corporate Headquarters on the basis of the gross leasable area of the premises in relation to the total gross leasable area in the Transformative Corporate Headquarters. The capital investment described herein may include any capital investment made or acquired within 24 months prior to the date of application so long as the amount of capital investment made or acquired by the business, any affiliate of the business, or any owner after the date of application equals at least 50 percent of the amount of capital investment, allocated to the premises of the Transformative Corporate Headquarters being acquired or leased on the basis of the gross leasable area of the premises in relation to the total gross leasable area in the Transformative Corporate Headquarters made or acquired prior to the date of application.

**Eligible position or full-time job** means a new full-time position at a transformative corporate headquarters, which the business has filled with a full-time employee of that business.

**Qualified business facility** means within any building, complex of buildings or structural components of buildings, and all machinery and equipment, at one or more sites zoned for that purpose located anywhere within this State, used in connection with the operation of a business.

**Section 2.** Title X, Chapter 21, Section 3, entitled "Tax Imposed" is hereby amended to include a new Section as follows:

- c. *Exemption for employers defined as Transformative Corporate Headquarters Projects pursuant to N.J.S.A. 34:1B-256 (Transformative Corporate Headquarters Economic Assistance Program).* For so long as any employer is qualified by the New Jersey Economic Development Authority ("NJEDA") as having a "Transformative Corporate Headquarters" located in the City of Newark, the employer will be exempt from the City payroll tax as follows:
- a. any employee that is a resident of the City of Newark shall be fully exempt from the payroll tax.
  - b. any employee not a resident of the City of Newark shall be exempt from half (50%) of the payroll tax;
  - c. the total cumulative exemption allowed under this provision for both Newark residents and Non-Newark residents shall not exceed One Billion Dollars and Zero Cents (\$1,000,000,000.00), and the payroll taxes shall revert back to City standards of Title X, Chapter 21, Section 3 upon reaching the One Billion Dollar and Zero Cents (\$1,000,000,000.00) limit. The payroll tax relative to any employee which is not included as an "eligible position" by the NJEDA, however, shall remain at one (1%) percent. In order for an employer to claim and pay a reduced payroll tax obligation pursuant to the provisions of this Subsection, the employer must provide the Director of Finance, with written evidence and documentation, to the Director's satisfaction, of each relevant employee's inclusion as an eligible position no later than February 1<sup>st</sup> of each calendar year the exemption is sought.

**Section 3.** If any Section, paragraph, Subsection, clause or provision of this Ordinance shall be adjudged by the courts to be invalid, such adjudication shall apply only to the Section, paragraph,

Subsection, clause or provisions to be adjudicated, and the remainder of the Ordinance shall be deemed valid and effective.

**Section 4.** Any ordinances or parts thereof in conflict with the provisions of this Ordinance are repealed to the extent of such conflict.

**Section 5.** This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

## **STATEMENT**

**An Ordinance Amending Title X, Chapter 21, Newark Payroll Tax, Section 3, for Transformative Corporate Headquarters Projects.**