

# **Policy Briefing: Tax Incentive Legislation (ACS 1571/56 & S1956)**

February 17, 2021

# Agenda

- Legislation Overview
- Legislation Impact
- Talking Points
- Take Action

# What it does...

- Imposes prevailing wage requirement on private projects that receive tax abatements or tax exemptions (PILOTs)
  - Exception for non-profit
- Imposes prevailing wage on any “public work” to which any public body is a party, or which is paid for in whole or in part out of the funds of a public body
- Expands the application of prevailing wage to “public work” on a property or premise leased by a public body – current law only applies to properties 55% leased by a public body, the new bill reduces the percentage to 35%
  - Exception under 20,000 square foot

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  - Exception for non-profit
- Imposes prevailing wage on any "public work" to which any public body is a party, or which is paid for in whole or in part out of the funds of a public body
- Expands the scope of public work to which the prevailing wage law only applies to public work on a project where the new bill reduces the prevailing wage requirement
- Exception for non-profit

- "Public work" means construction, reconstruction, demolition, alteration, custom fabrication, or repair work, or maintenance work, including painting and decorating, done under contract and paid for in whole or in part out of the funds of a public body...
- "Maintenance work" means the repair of existing facilities when the size, type or extent of such facilities is not thereby changed or increased. "Maintenance work" also means any work on a maintenance-related project that exceeds the scope of work and capabilities of in-house maintenance personnel, requires the solicitation of bids, and has an aggregate value exceeding \$50,000.

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# How it impacts downtowns...

## Projects it Affects

- **Most redevelopment projects**
  - Environmental remediation
  - Historic preservation
- **Infrastructure and community benefits agreements**
- **Affordable housing**
  - Settlement Agreements
  - Trust Fund Projects

## Consequences

- **Negotiate larger incentive or longer term**
- **Increase project height and/or density**
- **Reduce or eliminate infrastructure or community benefit projects**
- **Fewer affordable units**
- **Worst case – project not feasible**

# Talking Points

- Are there projects in your downtown that benefitted from a tax incentive? Would it have still been feasible with a 20-30% cost increase?
- Are there projects in the pipeline that will include a tax incentive? Will they still be feasible with a 20-30% cost increase?
- Are your affordable housing projects in jeopardy?
- Do you have affordable housing trust funds to spend?

# Take Action

- Call *and* write your legislators – share specific examples
- Call *and* write the Assembly Appropriations Committee Members
  - We will alert you when the bill is scheduled – anticipated 2/24 or 3/3
- Join the coalition
  - ABC, APA-NJ, BANNJ, BCONE, BLSJ, CIANJ, DNJ, ICSC, NJ IEC, Metro Builders & Contractors Assoc. NJ, MXD NJ, NAIOP NJ, NJBIA, NJBA, NJLM, Shore Builders Assoc. of Central Jersey
- Tell us how your outreach goes at [policy@downtownnj.com](mailto:policy@downtownnj.com)

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