To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3206 with my recommendations for reconsideration.

This bill would revise the "Neighborhood Revitalization State Tax Credit Act" to expand the existing program in two ways. First, the bill would increase the annual total amount of credits allowable under the Neighborhood Revitalization State Tax Credit program from $10 million to $15 million. Second, the bill would expand the scope of the program to allow gross income taxpayers that have income attributable to a business to participate in the tax credit program. While I applaud the sponsors’ efforts to facilitate and promote private investment in distressed neighborhoods, I cannot approve the bill in its present form because of its adverse impact on existing budgetary obligations.

Without question, the Neighborhood Revitalization State Tax Credit program is a laudable program that effectively spurs investment in neighborhood revitalization and preservation projects across the State. Throughout the course of my Administration, I have supported the program and have provided for its continued operation. However, while I believe that the program is an important component of the State’s efforts to promote economic growth statewide, and I support the bill’s provisions that expand the program to include gross income
taxpayers, an expansion of the overall tax credits provided in the bill from $10 million to $15 million is inadvisable.

While this bill would remove $5 million of revenue to the State’s General Fund this year and each year thereafter, it does not identify any replacement funds or corresponding budget cuts to offset the revenue loss. As such, the provision of this bill increasing the annual total amount of the tax credit by $5 million runs counter to my continuing efforts to implement responsible budgetary practices that consider all spending and revenue-related initiatives within the context of the annual budget process.

As I have previously stated, I take my constitutional obligation to maintain a balanced budget very seriously and I take great pride in the strides my Administration has made to end the fiscal mismanagement that plagued the State in the years before I took Office. This tax credit bill, passed outside of the annual budget process and creating a $5 million negative impact on State revenues, represents a return to the ill-advised fiscal practices of the past.

Accordingly, I herewith return Assembly Bill No. 3206 and recommend that it be amended as follows:

Page 2, Title, Lines 2-4: Delete “and increasing the annual total amount of tax credits allowable from $10,000,000 to $15,000,000”

Page 3, Section 1, Line 25: Delete “$15,000,000” and insert “$10,000,000.”

Page 3, Section 2, Lines 28-47: Delete in their entirety

Page 4, Section 2, Lines 1-37: Delete in their entirety
Page 4, Section 3, Line 39:  
Delete “3.” And insert “2.”

Respectfully,
/s/ Chris Christie
Governor

[seal]

Attest:
/s/ Charles B. McKenna
Chief Counsel to the Governor