

The New Jersey Economic Recovery Act of 2020: An Overview of the Brownfields Redevelopment Incentive Program

The New Jersey Economic Recovery Act of 2020, a seven-year, \$14 billion package of incentive programs intended to encourage New Jersey job growth, property development and redevelopment, community partnerships, and numerous other economic development initiatives, was signed into law by Governor Phil Murphy on January 7, 2021.

This Client Alert focuses on the Brownfields Redevelopment Incentive Program enacted under the new legislation. The program represents an expansion of New Jersey's incentives for developers to clean up and redevelop abandoned, idle or underutilized industrial or commercial properties, so called "Brownfields," where expansion or redevelopment has been hindered due to environmental site conditions.

Background

New Jersey has had a Brownfield redevelopment incentives program since 1997, pursuant to which qualifying developers have been able to enter into agreements with the New Jersey Economic Development Authority (EDA) allowing for reimbursement of up to 75% of their remediation costs as particular tax revenues are generated following cleanup and redevelopment of qualified sites. That program, pursuant to which reimbursements have primarily been based on retail sales taxes, remains in place. A developer who is in the existing program is not eligible to seek further Brownfield incentives for the same project.

What's New

The new incentives will become available upon filing of an initial set of regulations being developed by EDA. While we will have to await publication of the implementing regulations to analyze the full extent of benefits and conditions, here is a preview of key points based on the legislation:

Next Steps

The EDA will be promulgating initial regulations regarding the Brownfields Redevelopment Incentive Program. The initial set will be effective for up to six months. We will keep you updated on this and other developments related to the New Jersey Economic Recovery Act of 2020.

Please contact the authors of this Alert with questions concerning the incentives outlined in this overview or to discuss your specific business circumstances.

David B. Farer is a partner and Co-Chair of the firm's [Environmental Department](#). He concentrates his practice on the impact of environmental laws on transactions and real property, and has extensive experience related to the cleanup and redevelopment of contaminated properties including brownfields. dfarer@greenbaumlaw.com | 732.476.2476

Daniel Flynn is Counsel in the [Environmental Department](#). His practice focuses on the environmental aspects of real property and business transactions, site remediation projects, environmental litigation management and avoidance, and compliance with environmental health and safety (EHS) regulations. dflynn@greenbaumlaw.com | 732.476.2678

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David B. Farer
Partner
732.476.2476
Email