



BDO Seidman, LLP
Accountants and Consultants

September 2004

Credits & Incentives Alert

Subject: New Jersey Amended BEIP Grant Program

Are you or your clients considering a relocation, expansion, or consolidation of facilities? To help ensure the most cost effective move, contact the Business Credits & Incentives Team at **BDO Seidman, LLP**. This practice is staffed by national leaders in the planning, negotiation, compliance, and monitoring of Federal, State, County, and Municipal relocation credits and incentives of all kinds.

The Credits & Incentives Practice is a vital part of the tax practice of **BDO Seidman**, and one of the largest tax advisory practices in the U.S. With over 35 offices and 250 independent alliance firm locations in the U.S., **BDO Seidman** has the bench strength and coverage to serve you.

As a member firm of **BDO International**, BDO Seidman, LLP belongs to a worldwide network of independent professional firms that combined offer 23,000 partners and staff operating in 99 countries and nearly 600 offices. So whether your move is from New York to Los Angeles, or Birmingham to Beijing, let our team help you minimize your cost and maximize your return on investment.

Credits & Incentives Team Leadership:

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Jurisdiction:

Affecting all firms expanding within or relocating to New Jersey.

Effective Date:

Immediately.

Background:

Business Employment Incentive Program (“BEIP”) Grant makes direct payments in the form of cash grants to expanding or relocating businesses that create new jobs in New Jersey. The negotiable incentives grant, which may be for a maximum of 10 years, could equal up to 80 percent of the total amount of state personal income taxes withheld by a taxpayer during the calendar year on all new employees hired. To qualify for this program, the taxpayer must create at least 75 new jobs in a non-urban area and 25 jobs in an urban area. The New Jersey Economic Development Authority (“EDA”) is directed to give greater consideration to positions that average 1.5 times the minimum employee wage during the grant agreement. In addition, the taxpayer would be required to maintain the project in New Jersey for at least 1.5 times the number of years of the grant. For example, if the taxpayer qualified for a ten-year grant, it would then be required to retain the minimum threshold number of employees in New Jersey for 15 years.

Revised BEIP Grant:

The new BEIP regulations lower the eligibility threshold to the creation of 25 jobs at any site within New Jersey. The job creation threshold is further lowered to 10 new jobs for those businesses within the biotechnology, emerging technology, pharmaceutical, financial services and logistics industries. Further, the standard BEIP award has now been set to at least 50 percent of the total amount of state personal income taxes withheld on new employees within New Jersey.

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Revised BEIP Grant...(continued)

Although highly discretionary, the 80 percent maximum award is still available, through negotiations with the EDA, for projects resulting in a substantial investment in New Jersey. Finally, the new BEIP enhancements permit all new positions created in New Jersey by a company with a BEIP Grant to be factored into the BEIP job creation threshold, including those New Jersey jobs filled by Pennsylvania and New York residents which were previously excluded from counting towards the job creation threshold as part of the BEIP eligibility and compliance process.

BDO Seidman Contacts:

Please contact any of the following members of the Business Incentives Team to discuss this opportunity:

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