

## **NJ RISE Program FAQ**

### **1. Q: What is the NJ RISE Program?**

A: The NJ RISE Program is a pilot program that provides grants to businesses principally located outside of New Jersey to re-assign their New Jersey-resident employees to work in New Jersey.

### **2. Q: Why was the NJ RISE Program created?**

A: The goal of NJ RISE is to encourage businesses principally located outside of New Jersey to re-assign New Jersey resident employees who are assigned to locations in states with “convenience of the employer income taxation” to locations in New Jersey. It is anticipated that the effect of the re-assignment will lead to increased revenue from the New Jersey Gross Income Tax.

### **3. Q: Who is eligible to apply for the NJ RISE Program?**

A: Businesses that meet the following criteria are eligible:

- The business has 25 or more U.S. Full-Time Employees.
- The business must submit a completed application to the NJEDA on or before July 1, 2028.
- The business is Principally Located in Another State.
- The business must be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD) and New Jersey Department of Environmental Protection (DEP).
- Re-assigned Employees are defined to include full-time employees and part-time employees (which includes employees leased through a professional employment organization but not independent contractor or individuals working on a consulting basis for the business).
- Valid NJ Tax Clearance Certificate.

**4. Q: How much funding is available through the NJ RISE Program?**

A: Up to \$20 million is available per state fiscal year, subject to continued appropriations. All grant awards to a business cannot exceed \$500,000 per business.

**5. Q: What are the fees associated with the NJ RISE Program?**

A: There are two fees associated with the program:

- Application fee: \$5,000
- Administrative fee: \$1,000

An administrative fee will be charged for routine updates to customer files such as company name changes and redesignations as a result of an internal reorganization and for extensions. Modifications that will not be accepted include mergers, acquisitions, spin-offs, separations, and divestitures.

\* All fees are non-refundable, unless funds are not available to support the application request.

**6. Q: What is the application deadline?**

A: The application deadline for the NJ RISE Program is July 1, 2028.

**7. Q: How can I learn more about the NJ RISE Program?**

A: The complete program specifications are available on our website. This FAQ is intended to provide a general overview. You can contact the NJ RISE Program team for more information at [njrise@njeda.gov](mailto:njrise@njeda.gov).

**8. Q: How many employees must I re-assign to be eligible for an award?**

A: There are no minimum of employees that must be re-assigned.

**9. Q: How will the award be calculated?**

A: The award is based upon the total of gross income tax (GIT) withholdings of the re-assigned employees. Example: Business re-assigns 5 employees whose combined projected GIT equals to \$200,000. The award amount will be \$200,000. CPA Certification, along with verification by the Division of Taxation will be required before an award is 100% disbursed.

**10. Q: When will the award be released?**

A: Upon application approval, businesses must execute a grant agreement and then submit a CPA Certification after completion of the selected tax year for receipt of 75% of the grant. The remaining 25% of the grant will be disbursed upon the Authority's receipt of a certification of the withholdings from the Division of Taxation.

**11. Q: Why is there a 25% retainage from the award amount?**

A: The NJ Economic Development Authority (EDA) will initially disburse 75% of the grant award upon verification of withholdings through a CPA certification. The remaining 25% will be withheld as a holdback until the Division of Taxation certifies the actual amount of withholdings for the reassigned employees. This holdback allows for adjustments to the final payment without requiring recapture if any discrepancies are reflected. However, as outlined in the grant agreement, any overpayments will be subject to recapture.

**12. Q: Can I have a business in New Jersey?**

A: Yes, but you must have a business principally located outside of New Jersey prior to submitting the application.

**13. Q: Will I need a New Jersey tax clearance when I apply for the award?**

A: Yes. A NJ Tax Clearance Certificate will be required to be submitted during the application period and maintained through disbursement. (Note: Certificates may be requested through the State of New Jersey's online [Premier Business Services \(PBS\) portal](#). Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance and ensure you pick New Jersey Economic Development Authority. See our website for step-by-step instructions at [www.njeda.com/njrise](http://www.njeda.com/njrise)).

**14. Q. Can you ensure my employees Personal identifiable information (PII) will be securely transmitted?**

A. We will provide you with a secure link to send the required documentation.

**15. Q. If we don't secure a property, would remote or hybrid work options be considered for employees?**

A. Yes. The incentives are based on tax withholdings and their assigned location.

**16. Q. Do you have to procure real estate in NJ? Lease, purchase?**

A. No, the company does not have to own/lease real estate in New Jersey, however, must show proof of the re-assignment location in New Jersey.

**17. Q. How much time do we have to complete the process from beginning to end?**

A. We like to say we can move as fast as you do. With that said, the quicker you submit the required documentation, the quicker we can process your application. Funds will be disbursed at the end of the selected tax year with the submission of the required documentation.

**18. Q. Considering the law's implementation in January 2023, can companies qualify retroactively if their actions occurred before the second quarter of 2024?**

A. Unfortunately, employee reassignments cannot be made retroactive to before the application's completion. Businesses can choose to claim the reimbursement for either the current tax year or the following one.

**19. Q. If the applicant is a CPA firm, can the CPA certification be issued by that CPA firm (the applicant, a different team though to try maintaining the independence) or must it be by another CPA firm?**

A. No, they must be an outside firm.

**20. Q. What is the latest fiscal year one can apply?**

A. If a business that has their fiscal year end between January 1 – July 1, applies between January 1- July 1, 2028, they will be in their fiscal year 2029. As such, if a business can receive the grant for the following tax year, they will be eligible for their fiscal year 2030.

**21. Q. What is the definition of part-time employee?**

A. An employee who employed for consideration for at less than 34 hours a week.

**22. Q. Is there a requirement on how long the re-assigned employee must be with the business before the application?**

A. No, as long as the re-assignment takes place after the submission of an application.

**23. Q. Are there any compliance requirements the applicant is required to comply with after receiving the award?**

A. There will be no compliance monitoring after the award is disbursed.

**24. Q. When can I begin re-assigning employees?**

A. Once an application is submitted and fee is paid, you can begin to re-assign resident employees to a New Jersey location.

**25. What does it mean to select a tax year?**

A. During the application process, you will be prompted into selecting the tax year that will be used to tally up the gross income tax (GIT) withholding for the re-assigned resident employees for basis of an award amount up to \$500,000. An example will be if an applicant chooses 2025 as their tax year and calculations of their total GIT for re-assigned employees are \$300,000, that will be the award amount for the selected tax year of 2025.

**26. Can the applicant move employees sooner to get them on the NJ payroll?**

A. Yes, the program allows flexibility for applicants to re-assign NJ residents to NJ as soon as they apply. However, please note, applicants that move employees *prior to* application approval carries the risk of ineligibility.

**27. Can the award be split across two tax years?**

A. No, the award cannot be split if we are basing the award on a certain tax period. Our rules require the business to select *either* the tax year of application *or* the following tax year for withholding reimbursement. This selection applies to all re-assigned employees associated with the grant.

**28. If an employee chooses a tax year that differs from the current application year, can they be reassigned immediately, or do they have to wait until their chosen tax year begins before being reassigned?**

A. Yes, resident employees can be moved after the submission of an application and do not have to wait until the selected year if it precedes the year the application is submitted. An example will be, if we are in the year of 2025 and an applicant completes in application June 1, 2025 and select 2026 to be the tax year to count withholdings, they do not have to wait until 2026 to move those resident employees.

## **DEFINITIONS**

The definitions below may not include the entire definition for the terms as are provided in the NJ RISE program specifications.

- “Business Principally Located In Another State” means a business that has a primary place of business outside of New Jersey, as determined by the Authority, in its sole discretion, which may consider factors such as revenue size, job count, customer base, square footage, and the location of the actual seat of management or control of the corporation.
  
- “Employee” means a person who is employed by a business in the United States for consideration. An “Employee” shall also include a person who is employed pursuant to an employer leasing agreement in accordance with N.J.S.A. 34:8-67 et seq. between a business and a professional employment organization. “Employee” shall not include any person who works as an independent contractor or on a consulting basis for the business.
  
- “Full-Time Employee” means an Employee who is employed for consideration for at least 35 hours a week.
  
- “Grant Award Cap” means the maximum amount of the award at approval and stated in the grant agreement.
  
- “Re-assigned Employee” means a Resident Employee that before application is assigned to a location in a State with Convenience of the Employer Income Taxation and after approval is assigned to a location in New Jersey. “Re-assigned Employee” shall not include any Resident Employee assigned to a location in a State with Convenience of the Employer Income Taxation within three months prior to the date of the completed application absent the Authority’s acceptance of satisfactory documentation submitted by the business to demonstrate a bona fide assignment.

- “Resident Employee” means a Full-Time Employee or part-time Employee who is a New Jersey resident taxpayer.
- “State With Convenience Of The Employer Income Taxation” means a state that imposes an income or compensation tax that requires employee compensation to be sourced to an employer’s location if the nonresident employee renders the personal services from an out-of-state location for the convenience of the nonresident employee and not due to the necessity of the employer, excluding any state with a reciprocal agreement with New Jersey concerning the taxation of income.
- “Withholdings” has the same meaning as that used in N.J.S.A. 54A:7-1 to -7 and N.J.A.C. 18:35-7.1 to -7.11 and, for purposes of this program, will be determined by the Division of Taxation.