



MULTISTATE INCOME/FRANCHISE TAX

New Jersey manufacturing tax credit program Tax Alert

Overview

On August 13, 2025, New Jersey [Assembly Bill 5687](#) ("A.B. 5687") was enacted into law, establishing the Next New Jersey Manufacturing Program ("Program"). The Program is designed to encourage in-state manufacturing investment and job creation. The Program amends certain provisions of the New Jersey Economic Recovery Act of 2020 to facilitate the awarding of tax credits to eligible manufacturers and clean energy product manufacturers for capital investments in qualified business facilities.

This Tax Alert provides more details about the Program.

Program summary

As stated in A.B. 5687, The Next New Jersey Manufacturing Program is a "comprehensive tax credit program designed to drive substantial investment, foster the creation of new jobs, and position New Jersey as a leader in the manufacturing economy. The program will encourage a wide range of manufacturing activities benefitting various industries, including advanced manufacturing; non-retail food and beverage; life sciences; defense; and the production of components for clean energy technologies."

The Program establishes a tax credit for new or expanded manufacturing in the state equal to the lesser of:

- .1% of a qualifying company's total capital investment times the number of new full-time jobs created, or
- 25% of the total qualifying investment, or
- \$150,000,000.

To qualify for the Program, a company must:

- Make, acquire, or lease a minimum of \$10 million in capital investments in a qualified business facility in New Jersey,
- Create at least 20 full-time jobs in the state,
- Provide a median salary for the full-time jobs at the qualified business facility that is at least 120% of the median salary for manufacturing employees in the county where the project is located,

- Pay each worker employed to perform construction work or building services work at the qualified business facility a wage rate not less than the prevailing wage rate for the worker’s craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to the New Jersey Prevailing Wage Act,
- Be primarily engaged in activities of a manufacturer or clean energy manufacturer at a qualified facility,
- Enter into a collaborative relationship, evidenced by the provision of opportunities for workforce hiring, training, apprenticeship, or other measures determined appropriate, with New Jersey public or private colleges or universities, public or private high schools, or workforce development organizations, and
- Be compliant with other applicable state requirements, such as minimum environmental and sustainability standards, among others.

Beginning with fiscal year 2026, A.B. 5687 authorizes the New Jersey Economic Development Authority (“Authority”) to issue up to \$500 million in tax credits and reallocate uncommitted tax credits from the New Jersey Aspire and Emerge programs to the Next New Jersey Manufacturing Program. During the first two years of the Program, \$100 million is reserved for clean energy product manufacturers. If less than \$100 million in tax credits are awarded to clean energy product manufacturers during this period, any remaining funds become available to any eligible business beginning in the third year of the program.

Tax credits may be claimed over an eligibility period of up to five years, beginning with the tax period in which the Authority accepts certification of the eligible business that it has met the capital investment and employment requirements of the program. In any given year, no more than the amount of tax credits equal to the total credit amount awarded under the program divided by the duration of the eligibility period in years may be taken in any tax period.

Within three years of the tax period in which an eligible business is allowed a tax credit, an eligible business may apply to the Authority for a tax credit transfer certificate. The tax credit transfer certificate may be sold or assigned, in an amount not less than \$25,000 within three years of the tax period in which the eligible business receives the tax credit transfer certificate. The eligible business shall not sell or assign a tax credit transfer certificate for less than 85% of the transferred credit amount before considering any further discount to present value which shall be permitted.

A.B. 5687 is effective immediately and applications for the Program must be submitted in accordance with the manner to be prescribed by the Authority. All applications must be submitted prior to March 1, 2029.

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