

[Third Reprint]

**ASSEMBLY, No. 4189**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

INTRODUCED SEPTEMBER 22, 2016

**Sponsored by:**

**Assemblyman REED GUSCIORA**

**District 15 (Hunterdon and Mercer)**

**Assemblywoman ELIZABETH MAHER MUOIO**

**District 15 (Hunterdon and Mercer)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**Assemblyman NICHOLAS CHIARAVALLOTI**

**District 31 (Hudson)**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Senator JEFF VAN DREW**

**District 1 (Atlantic, Cape May and Cumberland)**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**Co-Sponsored by:**

**Assemblywoman Jones, Assemblymen Barclay, Coughlin, Senators Ruiz and Stack**

**SYNOPSIS**

Extends duration of first five designated UEZs for two additional years; specifies permissible use of UEZ funds; requires DCA Commissioner to assess and issue report on UEZ program.

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on December 15, 2016, with amendments.

(Sponsorship Updated As Of: 12/20/2016)

1 AN ACT concerning certain urban enterprise zones, amending  
2 P.L.1983, c.303 and P.L.2001, c.347, and supplementing Title 52  
3 of the Revised Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 7 of P.L.1983, c.303 (C.52:27H-66) is amended to  
9 read as follows:

10 7. The authority shall designate enterprise zones from among  
11 those areas of qualifying municipalities determined to be eligible  
12 pursuant to P.L.1983, **[s.]** c.303 (C.52:27H-60 et seq.). No more  
13 than 32 enterprise zones shall be in effect at any one time. No more  
14 than one enterprise zone shall be designated in any one  
15 municipality. **[Except as otherwise provided by section 11 of**  
16 **P.L.2001, c.347 (C.52:27H-66.6), any designation granted shall be**  
17 **for a period of 20 years, beginning with the year in which a zone is**  
18 **eligible for an exemption to the extent of 50% of the tax imposed**  
19 **under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et**  
20 **seq.), and shall not be renewed at the end of that period.]** In  
21 designating enterprise zones the authority shall seek to avoid  
22 excessive geographic concentration of zones in any particular  
23 region of the State. At least six of the 10 additional enterprise zones  
24 authorized pursuant to section 3 of P.L.1993, c.367 shall be located  
25 in counties in which enterprise zones have not previously been  
26 designated and shall be designated within 90 days of the date of the  
27 submittal of an application and zone development plan. The  
28 authority shall accept applications within 90 days of the effective  
29 date of P.L.1993, c.367. Notwithstanding the provisions of  
30 P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the six  
31 additional enterprise zones to be designated by the authority  
32 pursuant to the criteria for priority consideration in this section shall  
33 be entitled to an exemption to the extent of **[50%]** 50 percent of the  
34 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
35 (C.54:32B-1 et seq.). The following criteria shall be utilized in  
36 according priority consideration for designation of these zones by  
37 the authority:

38 a. One zone shall be located in a county of the second class  
39 with a population greater than 595,000 and less than 675,000  
40 according to the latest federal decennial census and shall be located  
41 in the qualifying municipality in that county with the highest annual  
42 average number of unemployed persons and the highest average  
43 annual unemployment rate for the 1992 calendar year according to

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup>Assembly ACE committee amendments adopted October 6, 2016.

<sup>2</sup>Senate SEG committee amendments adopted December 12, 2016.

<sup>3</sup>Senate SBA committee amendments adopted December 15, 2016.

1 the estimate by the State Department of Labor and Workforce  
2 Development;

3 b. Two zones shall be located in a county of the second class  
4 with a population greater than 445,000 and less than 455,000  
5 according to the latest federal decennial census, one of which shall  
6 be located in the qualifying municipality in that county with the  
7 highest annual average number of unemployed persons and the  
8 highest average annual unemployment rate for the 1992 calendar  
9 year according to the estimate by the State Department of Labor and  
10 Workforce Development, and one of which shall be located in the  
11 qualifying municipality in that county with the second highest  
12 annual average number of unemployed persons and the second  
13 highest average annual unemployment rate for the 1992 calendar  
14 year according to the estimate by the State Department of Labor and  
15 Workforce Development;

16 c. One zone shall be located in a county of the third class with  
17 a population greater than 84,000 and less than 92,000 according to  
18 the latest federal decennial census and shall be located in the  
19 qualifying municipality in that county with the highest annual  
20 average number of unemployed persons and the highest average  
21 annual unemployment rate for the 1992 calendar year according to  
22 the estimate by the State Department of Labor and Workforce  
23 Development;

24 d. One zone shall be located within two noncontiguous  
25 qualifying municipalities but comprised of not more than two  
26 noncontiguous areas each having a continuous border, if:

27 (1) both municipalities are located in the same county which  
28 shall be a county of the fifth class with a population greater than  
29 500,000 and less than 555,000 according to the latest federal  
30 decennial census;

31 (2) the two municipalities submit a joint application and zone  
32 development plan; and

33 (3) each of the municipalities has a population greater than  
34 16,000 and less than 30,000 and a population density of more than  
35 5,000 persons per square mile, according to the latest federal  
36 decennial census; and

37 e. One zone shall be located within a municipality having a  
38 population greater than 38,000 and less than 46,000 according to  
39 the latest federal decennial census if the municipality is located  
40 within a county of the fifth class with a population greater than  
41 340,000 and less than 440,000 according to the latest federal  
42 decennial census.

43 (cf: P.L.2004, c.75, s.2)

44

45 2. Section 11 of P.L.2001, c.347 (C.52:27H-66.6) is amended  
46 to read as follows:

47 11. a. Notwithstanding the provisions of any law, rule,  
48 regulation, or order to the contrary, the designation of an enterprise

1 zone by the authority pursuant to P.L.1983, c.303 (C.52:27H-60 et  
2 seq.), which is located in a municipality in which the annual  
3 average of unemployed persons is equal to or greater than 2,000, or  
4 the municipal average annual unemployment rate exceeds the State  
5 average annual unemployment rate, or an enterprise zone which is  
6 located in a municipality contiguous to a municipality in which an  
7 enterprise zone is designated pursuant to P.L.1983, c.303  
8 (C.52:27H-60 et seq.) and in which the annual average of  
9 unemployed persons is equal to or greater than 2,000 or the  
10 municipal average annual unemployment rate exceeds the State  
11 average annual unemployment rate, shall, following the expiration  
12 of the third five-year period during which the State shall have  
13 collected reduced rate revenues within the zone as provided in  
14 subsection c. of section 21 of P.L.1983, c.303 (C.52:27H-80), be  
15 extended by the authority **【**, on a one-time basis,**】** for a period of 16  
16 years, within 90 days after the effective date of P.L.2001, c.347  
17 (C.52:27H-66.2 et al.), or within 90 days after the expiration of that  
18 third five-year period, whichever is later.

19 b. During the 90-day period provided for in subsection a. of  
20 this section, the authority shall notify all qualified businesses in the  
21 enterprise zone that the benefits authorized by sections 16 through  
22 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be  
23 extended to qualified businesses in the enterprise zone commencing  
24 with the designation of the extended enterprise zone and continuing  
25 as long as a zone retains its designation as an extended enterprise  
26 zone.

27 c. Notwithstanding **【any other】** the provisions of any law, rule,  
28 or regulation to the contrary, 90 days after the expiration of the  
29 period provided for in subsection c. of section 21 of P.L.1983, c.303  
30 (C.52:27H-80), except as provided in subsection b. of section 6 of  
31 P.L.1996, c.124 (C.13:1E-116.6), and after first depositing 10  
32 percent of the gross amount of all revenues received from the  
33 taxation of retail sales made by certified vendors from business  
34 locations in an extended enterprise zone designated pursuant to  
35 subsection a. of this section, to which this exemption shall apply,  
36 into the account created in the name of the authority in the  
37 enterprise zone assistance fund established pursuant to section 29 of  
38 P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be  
39 deposited immediately upon collection by the Department of the  
40 Treasury, as follows:

41 (1) In the first five-year period, during which the State shall  
42 have collected reduced rate revenues within the extended enterprise  
43 zone, **【all such】** those revenues shall be deposited in the enterprise  
44 zone assistance fund **【created pursuant to section 29 of P.L.1983,**  
45 **c.303 (C.52:27H-88)】**;

46 (2) In the second five-year period during which the State shall  
47 have collected reduced rate revenues within the extended enterprise  
48 zone, **【2/3%】** and 2/3 percent of **【all】** those revenues shall be

1 deposited in the enterprise zone assistance fund, and 33 **[1/3%]** and  
2 1/3 percent shall be deposited in the General Fund;

3 (3) In the third five-year period during which the State shall  
4 have collected reduced rate revenues within the extended enterprise  
5 zone, 33 **[1/3%]** and 1/3 percent of **[all]** those revenues shall be  
6 deposited in the enterprise zone assistance fund, and 66 **[2/3%]** and  
7 2/3 percent shall be deposited in the General Fund;

8 (4) In the **[final]** sixteenth year during which the State shall  
9 have collected reduced rate revenues within the extended enterprise  
10 zone, but not to exceed the life of the enterprise zone, **[all]** those  
11 revenues shall be deposited in the General Fund.

12 The revenues required to be deposited in the enterprise zone  
13 assistance fund **[under]** pursuant to this section shall be used for  
14 the purposes of **[that]** the enterprise zone assistance fund and for  
15 the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88),  
16 subject to annual appropriations being made for those purposes and  
17 uses.

18 d. The designation as an extended enterprise zone pursuant to  
19 this section shall terminate if the authority determines that the  
20 municipality in which the zone is located fails to meet the criteria of  
21 subsection a. of this section for three consecutive years. Any  
22 enterprise zone which loses its designation as an extended  
23 enterprise zone pursuant to this subsection shall be eligible to re-  
24 apply to the authority for designation as an extended enterprise zone  
25 pursuant to the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.).  
26 If the authority approves its application, an urban enterprise zone  
27 designation may be extended to the applicant in accordance with the  
28 schedules set forth in P.L.1983, c.303 (C.52:27H-60 et seq.),  
29 beginning at the point where the enterprise zone was located on  
30 **[such]** those schedules on the effective date of P.L.2001, c.347  
31 (C.52:27H-66.2 et al.).

32 (cf: P.L.2001, c.347, s.11)

33

34 3. (New section) a. Notwithstanding the provisions of any law,  
35 rule, or regulation to the contrary, the duration of the first five  
36 enterprise zones that were designated pursuant to P.L.1983, c.303  
37 (C.52:27H-60 et seq.), are hereby extended for a period of two  
38 additional years beyond the date the enterprise zones were  
39 scheduled to expire prior to the effective date of P.L. , c. (C. )  
40 (pending before the Legislature as this bill). This extension shall be  
41 in addition to the extension provided for in section 11 of P.L.2001,  
42 c.347 (C.52:27H-66.6).

43 b. The authority shall notify all qualified businesses in the  
44 enterprise zones extended pursuant to subsection a. of this section  
45 that the benefits authorized by sections 16 through 20 of P.L.1983,  
46 c.303 (C.52:27H-75 through C.52:27H-79) <sup>3</sup>and by section 23 of  
47 P.L.2004, c.65 (C.52:27H-87.1)<sup>3</sup> have been extended to qualified

1 businesses<sup>3</sup>, and the exemption provided by section 21 of P.L.1983,  
2 c.303 (C.52:27H-80) will remain in effect for retail sales made by a  
3 certified seller from a place of business,<sup>3</sup> in the enterprise zones for  
4 a period of two additional years.

5 c. Notwithstanding the provisions of any law, rule, or  
6 regulation to the contrary, within 90 days after the date each  
7 enterprise zone was scheduled to expire prior to the effective date  
8 of P.L. , c. (C. ) (pending before the Legislature as this  
9 bill), and after first depositing 10 percent of the gross amount of all  
10 revenues received from the taxation of retail sales made by  
11 qualified businesses from business locations in each enterprise  
12 zone, to which this exemption shall apply, into the account created  
13 in the name of the authority in the enterprise zone assistance fund  
14 established pursuant to section 29 of P.L.1983, c.303 (C.52:27H-  
15 88), the remaining 90 percent shall be deposited immediately in the  
16 **1**enterprise zone assistance fund General Fund<sup>1</sup> upon collection  
17 by the Department of the Treasury.

18 d. The revenues required to be deposited in the enterprise zone  
19 assistance fund pursuant to subsection c. of this section shall be  
20 used for the purposes of the assistance fund and for the uses  
21 prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88), subject  
22 to annual appropriations being made for those purposes and uses.  
23

24 4. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to  
25 read as follows:

26 29. a. There is created an enterprise zone assistance fund to be  
27 held by the State Treasurer, which shall be the repository for all  
28 moneys required to be deposited therein under section 21 of P.L.1983,  
29 c.303 (C.52:27H-80) or moneys appropriated annually to the fund. All  
30 moneys deposited in the fund shall be held and disbursed in the  
31 amounts necessary to fulfill the purposes of this section and subject to  
32 the requirements hereinafter prescribed. The State Treasurer may  
33 invest and reinvest any moneys in the fund, or any portion thereof, in  
34 legal obligations of the United States or of the State or of any political  
35 subdivision thereof. Any income from, interest on, or increment to  
36 moneys so invested or reinvested shall be included in the fund.

37 The State Treasurer shall maintain separate accounts for each  
38 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et  
39 **[al.] seq.**), and one in the authority's name for the administration of  
40 the Urban Enterprise Zone program. The State Treasurer shall credit  
41 to each account an amount of the moneys deposited in the fund equal  
42 to the amount of revenues collected from the taxation of retail sales  
43 made in the zone and appropriated to the enterprise zone assistance  
44 fund, or that amount of moneys appropriated to the fund and required  
45 to be credited to the enterprise zone account of the qualifying  
46 municipality pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

47 The State Treasurer shall promulgate **[the]** rules and regulations  
48 necessary to govern the administration of the fund for the purposes of

1 this section, which shall include, but not be limited to, regulations  
2 requiring the establishment of separate bank accounts for funds  
3 credited to the enterprise zone account of each municipality from the  
4 enterprise zone assistance fund, commonly known as "first generation  
5 funds," and funds generated from the repayments of loans to  
6 individuals and businesses from the enterprise zone account of each  
7 municipality and the proceeds from the sale of properties and  
8 equipment acquired through the enterprise zone program, commonly  
9 known as "second generation funds," and the review, compilation, and  
10 monitoring of second generation fund quarterly reports submitted by  
11 each enterprise zone.

12 Any individual, including an individual who is not directly  
13 employed by a municipality, with the authority to administer, allocate,  
14 or approve the use of zone assistance funds is subject to the "Local  
15 Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et seq.),  
16 unless the individual is a State employee or a special State officer.

17 b. The enterprise zone assistance fund shall be used for the  
18 purpose of assisting qualifying municipalities in which enterprise  
19 zones are designated in undertaking **[public improvements,]** economic  
20 development projects **[and in upgrading eligible municipal services]**  
21 in designated enterprise zones.

22 c. The governing body of a qualifying municipality in which an  
23 enterprise zone is designated and the zone development corporation  
24 created or designated by the municipality for that enterprise zone may,  
25 by resolution jointly adopted after public hearing, propose to undertake  
26 **[a] an economic development project [for the public improvement of**  
27 **the enterprise zone or to increase eligible municipal services]** in the  
28 enterprise zone, and to fund that project **[or increase in eligible**  
29 **municipal services]** from moneys deposited in the enterprise zone  
30 assistance fund and credited to the account maintained by the State  
31 Treasurer for the enterprise zone.

32 The proposal so adopted shall set forth a plan for the project **[or**  
33 **for the increase in eligible municipal services]** and shall include:

34 (1) A description of the proposed project **[or of the municipal**  
35 **services to be increased]**;

36 (2) An estimate of the total project costs **[, or of the total costs of**  
37 **increasing the municipal services]**, and an estimate of the amounts of  
38 funding necessary annually from the enterprise zone account;

39 (3) A statement of any other revenue sources to be used to finance  
40 the project **[or to fund the increase in eligible municipal services]**;

41 (4) A statement of the time necessary to complete the project **[, or**  
42 **of the time during which the increased municipal services are to be**  
43 **maintained]**;

44 (5) A statement of the manner in which the proposed project **[or**  
45 **increase in municipal services]** furthers the municipality's policy and  
46 intentions for addressing **[the] economic [and social conditions**

1 existing] development in the [area of the] enterprise zone as set forth  
2 in the zone development plan approved by the authority; and

3 (6) A description of the financial and programmatic controls and  
4 reporting mechanisms to be used to guarantee that the funds will be  
5 spent in accordance with the plan and that the project [or increased  
6 municipal service] will accomplish its purpose.

7 As used in this section, "project" means an activity funded by the  
8 zone assistance fund through the qualified municipality and  
9 implemented by the zone development corporation [, including the  
10 purchasing, leasing, condemning, or otherwise acquiring of land or  
11 other property, or an interest therein, in the enterprise zone or as  
12 necessary for a right-of-way or other easement to or from the  
13 enterprise zone; the relocating and moving of persons or businesses  
14 displaced by the acquisition of land or property; the rehabilitation and  
15 redevelopment of land or property, including demolition, clearance,  
16 removal, relocation, renovation, alteration, construction,  
17 reconstruction, installation or repair of land or a building, street,  
18 highway, alley, utility, service or other structure or improvement]  
19 which will lead to the creation of new jobs and increased economic  
20 activity within the zone [; the purchase and installation of closed  
21 circuit television surveillance systems or other related equipment and  
22 those expenses associated with homeland security and domestic  
23 preparedness; the acquisition, construction, reconstruction,  
24 rehabilitation, or installation of public facilities and improvements,  
25 except buildings and facilities for the general conduct of government  
26 and schools;] , such as: the establishment of revolving loan [or grant]  
27 programs for qualified businesses in the zone to encourage private  
28 investment and job creation, [matching grant programs for the  
29 establishment or operation of pedestrian malls, special improvement  
30 districts and tax increment districts, or other appropriate entity;] and  
31 marketing, advertising, and special event activities that will lead to  
32 increased economic activity or encourage private investment and job  
33 creation in the zone, but not including the expenditures therefor which  
34 are required to be reported pursuant to "The New Jersey Campaign  
35 Contributions and Expenditures Reporting Act," P.L.1973, c.83  
36 (C.19:44A-1 et [al.] seq.) and the costs associated therewith including  
37 the costs of [an administrative appraisal,] economic [and  
38 environmental] analyses [, environmental remediation, engineering,  
39 planning, design, architectural, surveying or other professional or  
40 managerial services].

41 [As used in this section, "eligible municipal services" means the  
42 hiring of additional policemen or firemen assigned duties in the  
43 enterprise zone, or the purchasing or leasing of additional police or  
44 fire vehicles, equipment or apparatus to be used for the provision of  
45 augmented or upgraded public safety services in the enterprise zone  
46 and its immediate vicinities.]



1 d. Upon adoption by the governing body of the qualifying  
2 municipality and by the zone development corporation, the proposal  
3 shall be sent to the authority for its evaluation and approval. The  
4 authority shall approve the proposal if it shall find **【**:

5 (1) In the case of a project,**】** that the proposed project furthers the  
6 policy and intentions of the zone development plan approved by the  
7 authority, and that the estimated annual payments for the project from  
8 the enterprise zone account to which the proposal pertains are not  
9 likely to result in a deficit in that account **【**;

10 (2) In the case of an increase in eligible municipal services, that  
11 the proposal furthers the policy and intentions of the zone development  
12 plan approved by the authority; that the qualifying municipality has  
13 furnished satisfactory assurances that the additional policemen or  
14 firemen to be hired, or the additional vehicles, equipment or apparatus  
15 to be purchased or leased, shall be used to augment or upgrade public  
16 safety in the enterprise zone, and shall not be used in other areas of the  
17 municipality; that the qualifying municipality shall annually  
18 appropriate for the increased eligible municipal services an amount  
19 equal to 20% of the amount of annual payments for the eligible  
20 municipal services from the enterprise zone account and shall not  
21 request for the increased eligible municipal services an amount equal  
22 to more than 35% of the amount of annual payments into the enterprise  
23 zone account, unless the municipality and the authority have entered  
24 into an agreement or agreements to the contrary prior to July 1, 1992;  
25 and that the estimated annual payments for the eligible municipal  
26 services from the enterprise zone account to which the proposal  
27 pertains are not likely to result in a deficit in that account**】**.

28 e. If the authority shall approve the proposal, it shall annually,  
29 upon its receipt of a written statement from the governing body of the  
30 qualifying municipality and the zone development corporation, certify  
31 to the State Treasurer the amount to be paid in that year from the  
32 enterprise zone account in the enterprise zone assistance fund with  
33 respect to each approved project **【**or increase in eligible municipal  
34 services approved**】**. The authority may at any time revoke its approval  
35 of a project **【**or an increase in eligible municipal services**】** if it finds  
36 that the annual payments made from the enterprise zone assistance  
37 fund are not being used as required by this section.

38 f. Upon certification by the authority of the annual amount to be  
39 paid to a qualifying zone with respect to any project **【**or increase in  
40 eligible municipal services**】**, the State Treasurer shall pay in each year  
41 to the qualifying municipality from the amounts deposited in the  
42 enterprise zone assistance fund the amount so certified, within the  
43 limits of the amounts credited to the enterprise zone account of the  
44 qualifying municipality.

45 g. An amount not to exceed one-third of the amount deposited in  
46 the account created in the name of the authority in the enterprise zone  
47 assistance fund shall be used by the authority for the coordination and  
48 administration of the program throughout the State, including but not

1 limited to costs for personnel, operating expenses, and marketing. The  
2 balance of the remaining amount shall be distributed to qualifying  
3 municipalities in proportion to each municipality's contribution to the  
4 enterprise zone assistance fund for the coordination and administration  
5 of the program within the municipality, including but not limited to  
6 costs for personnel, operating expenses, and marketing.  
7 (cf: P.L.2009, c.25, s.1)

8  
9 5. (New section) The Commissioner of Community Affairs, in  
10 consultation with other departments and agencies as the commissioner  
11 deems appropriate, shall undertake a review and analysis of the Urban  
12 Enterprise Zone program created pursuant to the "New Jersey Urban  
13 Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.), and  
14 shall report the commissioner's findings and recommendations to the  
15 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
16 19.1), to the Legislature no later than six months from the effective  
17 date of P.L. , c. (C. ) (pending before the Legislature as this  
18 bill). The report shall assess, without limitation, whether, as the  
19 enterprise zones created by P.L.1983, c.303 (C.52:27H-60 et seq.)  
20 expire, an alternative, location-based program to assist fiscally  
21 distressed municipalities is appropriate, and, if so, the commissioner  
22 shall recommend the parameters of such a program that would provide  
23 a sufficient return on State investment.

24  
25 6. This act shall take effect immediately and shall <sup>1</sup>take effect  
26 on remain inoperative until January 1, 2017. If enacted after  
27 January 1, 2017, this act shall be retroactive to<sup>1</sup> January 1, 2017.