

ASSEMBLY, No. 3549

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 5, 2018

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

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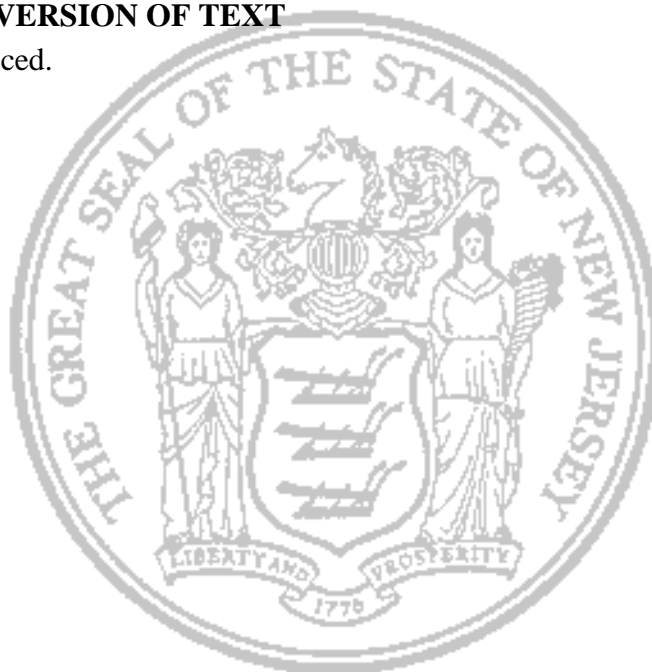
**Assemblyman Chiaravalloti, Assemblywoman Quijano, Assemblymen
Karabinchak, Burzichelli, Assemblywomen McKnight and Tucker**

SYNOPSIS

Extends duration of all urban enterprise zones for 10 years; specifies permissible use of funds.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/27/2018)

1 AN ACT concerning urban enterprise zones, amending P.L.1983,
2 c.303 and P.L.2001, c.347, and supplementing Title 52 of the
3 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
24 zones authorized pursuant to section 3 of P.L.1993, c.367 shall be
25 located in counties in which enterprise zones have not previously
26 been designated and shall be designated within 90 days of the date
27 of the 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
44 the estimate by the State Department of Labor and Workforce
45 Development;

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.

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

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

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

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

29 (2) the two municipalities submit a joint application and zone
30 development plan; and

31 (3) each of the municipalities has a population greater than
32 16,000 and less than 30,000 and a population density of more than
33 5,000 persons per square mile, according to the latest federal
34 decennial census; and

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

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

42

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

45 11. a. Notwithstanding the provisions of any law, rule,
46 regulation, or order to the contrary, the designation of an enterprise
47 zone by the authority pursuant to P.L.1983, c.303 (C.52:27H-60 et
48 seq.), which is located in a municipality in which the annual

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

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

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

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

44 (2) In the second five-year period during which the State shall
45 have collected reduced rate revenues within the extended enterprise
46 zone, 66 **【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
35 law, rule, or regulation to the contrary, the duration of each
36 enterprise zone that was designated prior to the effective date of
37 P.L. , c. (C.) (pending before the Legislature as this bill), is
38 hereby extended on a one-time basis for a period of 10 years,
39 beginning 90 days after the effective date of P.L. , c. (C.)
40 (pending before the Legislature as this bill), and expiring 10 years
41 thereafter. This extension shall occur notwithstanding the extension
42 provided for in section 11 of P.L.2001, 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) have been extended to
47 qualified businesses in the enterprise zones for a period of 10 years.

1 c. Notwithstanding the provisions of any law, rule, or
2 regulation to the contrary, after first depositing 10 percent of the
3 gross amount of all revenues received from the taxation of retail
4 sales made by certified vendors from business locations in an
5 enterprise zone into the account created in the name of the authority
6 in the enterprise zone assistance fund, the remaining 90 percent
7 shall be deposited immediately upon collection by the Department
8 of the Treasury throughout the 10-year extension period, where 50
9 percent of those remaining reduced rate revenues shall be deposited
10 in the enterprise zone assistance fund and 50 percent of those
11 remaining reduced rate revenues shall be deposited in the General
12 Fund.

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

19

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

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

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

43 The State Treasurer shall promulgate the rules and regulations
44 necessary to govern the administration of the fund for the purposes of
45 this section, which shall include, but not be limited to, regulations
46 requiring the establishment of separate bank accounts for funds
47 credited to the enterprise zone account of each municipality from the
48 enterprise zone assistance fund, commonly known as "first generation

1 funds," and funds generated from the repayments of loans to
2 individuals and businesses from the enterprise zone account of each
3 municipality and the proceeds from the sale of properties and
4 equipment acquired through the enterprise zone program, commonly
5 known as "second generation funds," and the review, compilation, and
6 monitoring of second generation fund quarterly reports submitted by
7 each enterprise zone.

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

13 b. The enterprise zone assistance fund shall be used for the
14 purpose of assisting qualifying municipalities in which enterprise
15 zones are designated in undertaking **public improvements,** economic
16 development projects **and in upgrading eligible municipal services**
17 in designated enterprise zones.

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

28 The proposal so adopted shall set forth a plan for the project **or**
29 **for the increase in eligible municipal services** and shall include:

30 (1) A description of the proposed project **or of the municipal**
31 **services to be increased**;

32 (2) An estimate of the total project costs **, or of the total costs of**
33 **increasing the municipal services**, and an estimate of the amounts of
34 funding necessary annually from the enterprise zone account;

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

37 (4) A statement of the time necessary to complete the project **, or**
38 **of the time during which the increased municipal services are to be**
39 **maintained**;

40 (5) A statement of the manner in which the proposed project **or**
41 **increase in municipal services** furthers the municipality's policy and
42 intentions for addressing **the** economic **and social conditions**
43 **existing** development in the **area of the** enterprise zone as set forth
44 in the zone development plan approved by the authority; and

45 (6) A description of the financial and programmatic controls and
46 reporting mechanisms to be used to guarantee that the funds will be

1 spent in accordance with the plan and that the project **【**or increased
2 municipal service**】** will accomplish its purpose.

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

36 **【**As used in this section, "eligible municipal services" means the
37 hiring of additional policemen or firemen assigned duties in the
38 enterprise zone, or the purchasing or leasing of additional police or
39 fire vehicles, equipment or apparatus to be used for the provision of
40 augmented or upgraded public safety services in the enterprise zone
41 and its immediate vicinities.**】**

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

1 (1) In the case of a project,] that the proposed project furthers the
2 policy and intentions of the zone development plan approved by the
3 authority, and that the estimated annual payments for the project from
4 the enterprise zone account to which the proposal pertains are not
5 likely to result in a deficit in that account [;

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

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

34 f. Upon certification by the authority of the annual amount to be
35 paid to a qualifying zone with respect to any project [or increase in
36 eligible municipal services], the State Treasurer shall pay in each year
37 to the qualifying municipality from the amounts deposited in the
38 enterprise zone assistance fund the amount so certified, within the
39 limits of the amounts credited to the enterprise zone account of the
40 qualifying municipality.

41 g. An amount not to exceed one-third of the amount deposited in
42 the account created in the name of the authority in the enterprise zone
43 assistance fund shall be used by the authority for the coordination and
44 administration of the program throughout the State, including but not
45 limited to costs for personnel, operating expenses and marketing. The
46 balance of the remaining amount shall be distributed to qualifying
47 municipalities in proportion to each municipality's contribution to the

1 enterprise zone assistance fund for the coordination and administration
2 of the program within the municipality, including but not limited to
3 costs for personnel, operating expenses and marketing.
4 (cf: P.L.2009, c.25, s.1)

5

6 5. This act shall take effect immediately.

7

8

9

STATEMENT

10

11 This bill extends the duration of each previously designated
12 urban enterprise zone (UEZ) for 10 years from the effective date of
13 the bill, thus continuing the participation of each zone in the Urban
14 Enterprise Zone Program. Each UEZ is to expire after the 10-year
15 extension period. The bill specifies that the 10-year extension of
16 each UEZ is to occur automatically by operation of law. The bill
17 authorizes qualifying retail businesses in the UEZs to continue to
18 charge and collect the State's sales and use tax (SUT) at one-half of
19 the normal rate.

20 The bill provides that, after dedicating 10 percent of the reduced-
21 rate SUT revenues to the New Jersey Urban Enterprise Zone
22 Authority during the 10-year extension period, of the remaining 90
23 percent of those remaining revenues collected, 50 percent are to be
24 appropriated for use by the UEZs and 50 percent are to be deposited
25 in the General Fund.

26 The bill restricts the use of funds by UEZs to economic
27 development and job creation purposes.