

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4700

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4700 (1R), with committee amendments.

As amended, this bill, the “Food Desert Elimination Act,” establishes the Food Desert Elimination Program (program) and requires the New Jersey Economic Development Authority (authority) to administer the program. The bill further requires the authority, in consultation with the Department of Agriculture, to initially designate no more than 75 physical boundaries of food desert communities in the State.

The program provides tax credits to certain supermarkets and grocery stores that newly open in food desert communities. Under the program, a taxpayer that opens the first supermarket or grocery store in each designated food desert community after the bill’s effective date will be allowed a credit against certain taxes due, in an amount equal to the total amount the taxpayer is assessed in property taxes by the municipality in which the supermarket or grocery store is located, during the first full tax year for the property where the supermarket or grocery store is open for business to the public, and for the three subsequent tax years after opening.

Under the program, the authority will also be required to direct the Director of the Division of Alcoholic Beverage Control in the Department of Law and Public Safety to issue a special retail distribution permit to the first supermarket or grocery store that is established in each food desert community after the bill’s effective date. The permit holder would be entitled to sell alcoholic beverages in original containers for consumption off the premises of the supermarket or grocery store. The permit would be restricted to the premises of the supermarket or grocery store for which the permit was issued, and will not be transferrable for use in connection with another premises. The bill provides that the special retail distribution permit is to be used in a manner consistent with a plenary retail distribution license issued pursuant to current law, and is to be subject to any other fees and regulations promulgated by the director.

Under current law, a municipality may only issue one plenary retail distribution license for every 7,500 persons residing in that municipality. This limitation on the number of plenary retail distribution licenses would not apply to the issuance of a special retail distribution permit under the program. In addition, current law prohibits a person from holding an interest in more than two retail licenses unless that person held more than two retail licenses prior to August 3, 1962. This limitation also would not apply to the issuance of a special retail distribution permit.

The special retail distribution permit's initial issuance fee is based upon the average sales price of plenary retail distribution licenses during the five years preceding the bill's enactment in the municipality in which the supermarket or grocery store is located. If less than three licenses have been sold in the municipality within the previous five years, the municipality is required to obtain an appraisal, at the applicant's expense, to determine the appropriate fair market value of the permit. The initial issuance fee is to be reduced by the fair market value of the limitation on the permit's transferability.

The bill takes effect on the first day of the seventh month after enactment, but the authority and the Division of Alcoholic Beverage Control are permitted to take administrative action in advance of the effective date, as necessary to effectuate the bill.

COMMITTEE AMENDMENTS:

The committee amended the bill:

- 1) to remove the requirement that the authority only designate food desert communities in urban areas,
- 2) to require the authority to consult with the Department of Community Affairs regarding food desert community designations,
- 3) to specify that the authority is permitted, rather than required, to consider population size and density in the process of making these designations,
- 4) and to make additional corresponding changes.

FISCAL IMPACT:

The OLS finds the fiscal impact of this bill to be indeterminate.

There will be an indeterminate State revenue loss from tax credits issued to eligible taxpayers, and an indeterminate State revenue gain from issuance of special liquor licenses and from impact on State taxes of increased economic activity that would not occur but for the bill.

There will also be an indeterminate local revenue gain from ratable growth that could result from the bill encouraging supermarkets to be established that would not otherwise be established but for the bill, and an indeterminate increase in State expenditures to administer the program.