

SENATE, No. 846

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

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Senators Pou and Ruiz

SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/26/2018)

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

39 a. One zone shall be located in a county of the second class
40 with a population greater than 595,000 and less than 675,000
41 according to the latest federal decennial census and shall be located
42 in the qualifying municipality in that county with the highest annual
43 average number of unemployed persons and the highest average
44 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.

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

1 zone, 66 **[2/3%]** and 2/3 percent of **[all]** those revenues shall be
2 deposited in the enterprise zone assistance fund, and 33 **[1/3%]** and
3 1/3 percent shall be deposited in the General Fund;

4 (3) In the third five-year period during which the State shall
5 have collected reduced rate revenues within the extended enterprise
6 zone, 33 **[1/3%]** and 1/3 percent of **[all]** those revenues shall be
7 deposited in the enterprise zone assistance fund, and 66 **[2/3%]** and
8 2/3 percent shall be deposited in the General Fund;

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

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

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

35

36 3. (New section) a. Notwithstanding the provisions of any
37 law, rule, or regulation to the contrary, the duration of each
38 enterprise zone that was designated prior to the effective date of
39 P.L. , c. (pending before the Legislature as this bill), is hereby
40 extended for a period of 10 additional years beyond the date the
41 zone was scheduled to expire prior to the effective date of P.L. ,
42 c. (pending before the Legislature as this bill). This extension
43 shall be in addition to the extension provided for in section 11 of
44 P.L.2001, c.347 (C.52:27H-66.6).

45 b. The authority shall notify all qualified businesses in the
46 enterprise zones extended pursuant to subsection a. of this section
47 that the benefits authorized by sections 16 through 20 of P.L.1983,

1 c.303 (C.52:27H-75 through C.52:27H-79) have been extended to
2 qualified businesses in the enterprise zones for a period of 10
3 additional years.

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

16 (1) In the first three-year period during which the State shall
17 have collected reduced rate revenues within the enterprise zones
18 extended pursuant to subsection a. of this section, those revenues
19 shall be deposited in the enterprise zone assistance fund;

20 (2) In the second three-year period during which the State shall
21 have collected reduced rate revenues within the enterprise zones
22 extended pursuant to subsection a. of this section, 66 and 2/3
23 percent of those revenues shall be deposited in the enterprise zone
24 assistance fund, and 33 and 1/3 percent shall be deposited in the
25 General Fund;

26 (3) In the third three-year period during which the State shall
27 have collected reduced rate revenues within the enterprise zones
28 extended pursuant to subsection a. of this section, 33 and 1/3
29 percent of those revenues shall be deposited in the enterprise zone
30 assistance fund, and 66 and 2/3 percent shall be deposited in the
31 General Fund; and

32 (4) In the final year during which the State shall have collected
33 reduced rate revenues within the enterprise zones extended pursuant
34 to subsection a. of this section, but not to exceed the life of the
35 enterprise zones, those revenues shall be deposited in the General
36 Fund.

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

42

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

45 29. a. There is created an enterprise zone assistance fund to be
46 held by the State Treasurer, which shall be the repository for all
47 moneys required to be deposited therein under section 21 of P.L.1983,
48 c.303 (C.52:27H-80) or moneys appropriated annually to the fund. All

1 moneys deposited in the fund shall be held and disbursed in the
2 amounts necessary to fulfill the purposes of this section and subject to
3 the requirements hereinafter prescribed. The State Treasurer may
4 invest and reinvest any moneys in the fund, or any portion thereof, in
5 legal obligations of the United States or of the State or of any political
6 subdivision thereof. Any income from, interest on, or increment to
7 moneys so invested or reinvested shall be included in the fund.

8 The State Treasurer shall maintain separate accounts for each
9 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et al.),
10 and one in the authority's name for the administration of the Urban
11 Enterprise Zone program. The State Treasurer shall credit to each
12 account an amount of the moneys deposited in the fund equal to the
13 amount of revenues collected from the taxation of retail sales made in
14 the zone and appropriated to the enterprise zone assistance fund, or
15 that amount of moneys appropriated to the fund and required to be
16 credited to the enterprise zone account of the qualifying municipality
17 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

18 The State Treasurer shall promulgate the rules and regulations
19 necessary to govern the administration of the fund for the purposes of
20 this section, which shall include, but not be limited to, regulations
21 requiring the establishment of separate bank accounts for funds
22 credited to the enterprise zone account of each municipality from the
23 enterprise zone assistance fund, commonly known as "first generation
24 funds," and funds generated from the repayments of loans to
25 individuals and businesses from the enterprise zone account of each
26 municipality and the proceeds from the sale of properties and
27 equipment acquired through the enterprise zone program, commonly
28 known as "second generation funds," and the review, compilation, and
29 monitoring of second generation fund quarterly reports submitted by
30 each enterprise zone.

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

36 b. The enterprise zone assistance fund shall be used for the
37 purpose of assisting qualifying municipalities in which enterprise
38 zones are designated in undertaking **public improvements,** economic
39 development projects **and in upgrading eligible municipal services**
40 in designated enterprise zones.

41 c. The governing body of a qualifying municipality in which an
42 enterprise zone is designated and the zone development corporation
43 created or designated by the municipality for that enterprise zone may,
44 by resolution jointly adopted after public hearing, propose to undertake
45 **an economic development** project **for the public improvement of**
46 the enterprise zone or to increase eligible municipal services **in the**
47 enterprise zone, and to fund that project **or increase in eligible**

1 municipal services】 from moneys deposited in the enterprise zone
2 assistance fund and credited to the account maintained by the State
3 Treasurer for the enterprise zone.

4 The proposal so adopted shall set forth a plan for the project 【or
5 for the increase in eligible municipal services】 and shall include:

6 (1) A description of the proposed project 【or of the municipal
7 services to be increased】;

8 (2) An estimate of the total project costs 【, or of the total costs of
9 increasing the municipal services】, and an estimate of the amounts of
10 funding necessary annually from the enterprise zone account;

11 (3) A statement of any other revenue sources to be used to finance
12 the project 【or to fund the increase in eligible municipal services】;

13 (4) A statement of the time necessary to complete the project 【, or
14 of the time during which the increased municipal services are to be
15 maintained】;

16 (5) A statement of the manner in which the proposed project 【or
17 increase in municipal services】 furthers the municipality's policy and
18 intentions for addressing 【the】 economic 【and social conditions
19 existing】 development in the 【area of the】 enterprise zone as set forth
20 in the zone development plan approved by the authority; and

21 (6) A description of the financial and programmatic controls and
22 reporting mechanisms to be used to guarantee that the funds will be
23 spent in accordance with the plan and that the project 【or increased
24 municipal service】 will accomplish its purpose.

25 As used in this section, "project" means an activity funded by the
26 zone assistance fund through the qualified municipality and
27 implemented by the zone development corporation 【, including the
28 purchasing, leasing, condemning, or otherwise acquiring of land or
29 other property, or an interest therein, in the enterprise zone or as
30 necessary for a right-of-way or other easement to or from the
31 enterprise zone; the relocating and moving of persons or businesses
32 displaced by the acquisition of land or property; the rehabilitation and
33 redevelopment of land or property, including demolition, clearance,
34 removal, relocation, renovation, alteration, construction,
35 reconstruction, installation or repair of land or a building, street,
36 highway, alley, utility, service or other structure or improvement】
37 which will lead to the creation of new jobs and increased economic
38 activity within the zone 【; the purchase and installation of closed
39 circuit television surveillance systems or other related equipment and
40 those expenses associated with homeland security and domestic
41 preparedness; the acquisition, construction, reconstruction,
42 rehabilitation, or installation of public facilities and improvements,
43 except buildings and facilities for the general conduct of government
44 and schools;】 , such as: the establishment of revolving loan 【or grant】
45 programs for qualified businesses in the zone to encourage private
46 investment and job creation, 【matching grant programs for the

1 establishment or operation of pedestrian malls, special improvement
2 districts and tax increment districts, or other appropriate entity;] and
3 marketing, advertising and special event activities that will lead to
4 increased economic activity or encourage private investment and job
5 creation in the zone, but not including the expenditures therefor which
6 are required to be reported pursuant to "The New Jersey Campaign
7 Contributions and Expenditures Reporting Act," P.L.1973, c.83
8 (C.19:44A-1 et al.) and the costs associated therewith including the
9 costs of [an administrative appraisal,] economic [and environmental]
10 analyses [, environmental remediation, engineering, planning, design,
11 architectural, surveying or other professional or managerial services].

12 [As used in this section, "eligible municipal services" means the
13 hiring of additional policemen or firemen assigned duties in the
14 enterprise zone, or the purchasing or leasing of additional police or
15 fire vehicles, equipment or apparatus to be used for the provision of
16 augmented or upgraded public safety services in the enterprise zone
17 and its immediate vicinities.]

18 d. Upon adoption by the governing body of the qualifying
19 municipality and by the zone development corporation, the proposal
20 shall be sent to the authority for its evaluation and approval. The
21 authority shall approve the proposal if it shall find [:

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

27 (2) In the case of an increase in eligible municipal services, that
28 the proposal furthers the policy and intentions of the zone development
29 plan approved by the authority; that the qualifying municipality has
30 furnished satisfactory assurances that the additional policemen or
31 firemen to be hired, or the additional vehicles, equipment or apparatus
32 to be purchased or leased, shall be used to augment or upgrade public
33 safety in the enterprise zone, and shall not be used in other areas of the
34 municipality; that the qualifying municipality shall annually
35 appropriate for the increased eligible municipal services an amount
36 equal to 20% of the amount of annual payments for the eligible
37 municipal services from the enterprise zone account and shall not
38 request for the increased eligible municipal services an amount equal
39 to more than 35% of the amount of annual payments into the enterprise
40 zone account, unless the municipality and the authority have entered
41 into an agreement or agreements to the contrary prior to July 1, 1992;
42 and that the estimated annual payments for the eligible municipal
43 services from the enterprise zone account to which the proposal
44 pertains are not likely to result in a deficit in that account].

45 e. If the authority shall approve the proposal, it shall annually,
46 upon its receipt of a written statement from the governing body of the
47 qualifying municipality and the zone development corporation, certify

1 to the State Treasurer the amount to be paid in that year from the
2 enterprise zone account in the enterprise zone assistance fund with
3 respect to each approved project **【or increase in eligible municipal**
4 **services approved】**. The authority may at any time revoke its approval
5 of a project **【or an increase in eligible municipal services】** if it finds
6 that the annual payments made from the enterprise zone assistance
7 fund are not being used as required by this section.

8 f. Upon certification by the authority of the annual amount to be
9 paid to a qualifying zone with respect to any project **【or increase in**
10 **eligible municipal services】**, the State Treasurer shall pay in each year
11 to the qualifying municipality from the amounts deposited in the
12 enterprise zone assistance fund the amount so certified, within the
13 limits of the amounts credited to the enterprise zone account of the
14 qualifying municipality.

15 g. An amount not to exceed one-third of the amount deposited in
16 the account created in the name of the authority in the enterprise zone
17 assistance fund shall be used by the authority for the coordination and
18 administration of the program throughout the State, including but not
19 limited to costs for personnel, operating expenses and marketing. The
20 balance of the remaining amount shall be distributed to qualifying
21 municipalities in proportion to each municipality's contribution to the
22 enterprise zone assistance fund for the coordination and administration
23 of the program within the municipality, including but not limited to
24 costs for personnel, operating expenses and marketing.

25 (cf: P.L.2009, c.25, s.1)

26
27 5. This act shall take effect immediately.

28
29
30 STATEMENT

31
32 This bill extends the duration of each previously designated
33 urban enterprise zone (UEZ) for 10 years beyond the date each zone
34 is scheduled to expire, thus continuing the participation of each
35 zone in the Urban Enterprise Zone Program. The bill specifies that
36 the 10-year extension of each UEZ will occur automatically by
37 operation of law. The bill authorizes qualifying retail businesses in
38 the UEZs to continue to charge and collect the State's sales and use
39 tax (SUT) at one-half of the normal rate.

40 The bill provides that, after dedicating 10 percent of the reduced-
41 rate SUT revenues to the New Jersey Urban Enterprise Zone
42 Authority:

43 1) during the first three-year extension period, the remaining
44 revenues collected will be appropriated for use by the UEZs;

45 2) during the second three-year extension period, 66 and 2/3
46 percent of the remaining revenues collected will be appropriated for
47 use by the UEZs and the remaining 33 and 1/3 percent will be

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1 deposited in the General Fund;

2 3) during the third three-year extension period, 33 and 1/3
3 percent of the remaining revenues collected will be appropriated for
4 use by the UEZs and the remaining 66 and 2/3 percent will be
5 deposited in the General Fund; and

6 4) in the final year, all remaining revenues will be deposited in
7 the General Fund.

8 The bill amends current law to restrict the use of funds to
9 economic development and job creation purposes.