

# SENATE ECONOMIC GROWTH COMMITTEE

## STATEMENT TO

### **SENATE, No. 846**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JANUARY 25, 2018

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 846.

As amended and reported, this bill extends the duration of each previously designated urban enterprise zone (UEZ) for 10 years beyond their current expiration date, or the effective date of this bill, whichever is later, thus continuing the participation of each zone in the Urban Enterprise Zone Program for an additional 10 year period. The bill specifies that the 10-year extension of each UEZ will occur automatically by operation of law. The bill authorizes qualifying retail businesses in the UEZs to continue to charge and collect the State's sales and use tax (SUT) at one-half of the normal rate.

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

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

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

The committee amended the bill to specify that the 10 year extension is to extend from the later of the current expiration date, or the effective date of the bill, so that every UEZ gets a minimum extension of 10 years.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.