

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 846

STATE OF NEW JERSEY
218th LEGISLATURE

ADOPTED FEBRUARY 15, 2018

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Co-Sponsored by:

Senators Pou, Ruiz, Gopal and Stack

SYNOPSIS

Extends duration of first five designated UEZs until September 30, 2019; requires UEZ authority to assess and issue report on UEZ program.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



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
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 have
40 collected reduced rate revenues within the extended enterprise zone,
41 **【all such】** those revenues shall be deposited in the enterprise zone
42 assistance fund created pursuant to section 29 of P.L.1983, c.303
43 (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 urban 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 commencing
38 on the effective date of P.L. , c. (C.) (pending before the
39 Legislature as this bill) and ending on September 30, 2019. This
40 extension shall be in addition to the extension provided for in
41 section 11 of P.L.2001, c.347 (C.52:27H-66.6).

42 b. The authority shall notify all qualified businesses in the
43 enterprise zones extended pursuant to subsection a. of this section
44 that the benefits authorized by sections 16 through 20 of P.L.1983,
45 c.303 (C.52:27H-75 through C.52:27H-79) and by section 23 of
46 P.L.2004, c.65 (C.52:27H-87.1) have been extended to qualified
47 businesses, and the exemption provided by section 21 of P.L.1983,

1 c.303 (C.52:27H-80) will remain in effect for retail sales made by a
2 certified seller from a place of business, in the enterprise zones for a
3 period commencing on the effective date of P.L. , c. (C.)
4 (pending before the Legislature as this bill) and ending on
5 September 30, 2019.

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

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

21
22 4. (New section) In addition to the duties of the authority
23 required pursuant to section 6 of P.L.1983, c.303 (C.52:27H-65),
24 and any other provisions of law, the authority shall undertake a
25 review and analysis of the Urban Enterprise Zone program created
26 pursuant to the “New Jersey Urban Enterprise Zones Act,”
27 P.L.1983, c.303 (C.52:27H-60 et seq.), and shall report the findings
28 and recommendations of the authority to the Governor and,
29 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
30 Legislature, no later than the date the Governor transmits the budget
31 message for the fiscal year ending June 30, 2020 to the Legislature.
32 The authority may enter into an agreement with a third party,
33 including, but not limited to, a public institution of higher education
34 in the State or an independent consulting firm, for purposes of
35 preparing all or part of the report. The report shall include, but not
36 be limited to, an assessment of the following aspects of the “New
37 Jersey Urban Enterprise Zones Act,” P.L.1983, c.303 (C.52:27H-60
38 et seq.):

39 a. the appropriateness of the criteria evaluated when
40 designating an enterprise zone or UEZ-impacted business district;

41 b. any additional criteria that should be considered when
42 making or reviewing an enterprise zone designation;

43 c. whether the designation of a new, or the de-designation of an
44 existing, enterprise zone or UEZ-impacted business district furthers
45 the goals of the “New Jersey Urban Enterprise Zones Act,” and if
46 so, the municipalities, zones, or districts that should be designated
47 or de-designated;

- 1 d. impediments to obtaining an enterprise zone or UEZ-
- 2 impacted business district designation, or to de-designating an
- 3 existing enterprise zone or district;
- 4 e. the economic, employment, and demographic effects
- 5 attributable to the expiration of the first five enterprise zones;
- 6 f. business participation rates; and
- 7 g. whether an alternative, location-based program to assist
- 8 fiscally distressed municipalities is appropriate, and if so, the
- 9 parameters of such a program that would provide a sufficient return
- 10 on State investment.
- 11
- 12 5. This act shall take effect immediately.