

ASSEMBLY, No. 505

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ROBERTS

1 AN ACT allowing for the designation of municipal development
2 financing districts and supplementing Title 52 of the Revised
3 Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. This act shall be known and may be cited as the "Municipal
9 Development Financing Act."

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11 2. The Legislature finds and determines that the State has
12 participated in or otherwise encouraged the development of
13 public-private partnerships with the goal of revitalizing certain
14 municipalities through the construction of major entertainment
15 facilities, and it is appropriate that a share of the new revenues derived
16 from this revitalization be made available to those municipalities to
17 allow for the provision of services to support those new facilities and
18 to provide sufficient financial flexibility to those municipalities in order
19 to allow for and promote further revitalization efforts on the part of
20 those municipalities.

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22 3. As used in this act:

23 "District" means the municipal development financing district
24 established by a municipality and approved by the State Treasurer
25 pursuant to section 4 of P.L. , c. (C.) (pending before the
26 Legislature as this bill).

27 "Entertainment facility" means any privately or publicly owned and
28 operated entertainment facility within the State of New Jersey such as
29 a theater, stadium, museum, arena, racetrack or other place where
30 performances, concerts, exhibits, games or contests are held and for
31 which an entry fee is charged, excluding any stadium or arena operated
32 by an institution of higher education in this State.

33 "Project" means any capital project or any other public
34 improvement, service, facility or equipment which a municipality is
35 legally authorized to undertake, purchase or provide.

1 4. a. Any municipality with a population of greater than 84,000
2 and less than 87,500 in a county of the second class with a population
3 of greater than 470,000 and less than 503,000 according to the latest
4 federal decennial census may by ordinance establish a Municipal
5 Development Financing District. The district shall be a contiguous
6 area of compact shape within the municipality and shall include an
7 entertainment facility with at least 5000 fixed seats which began
8 operation on or after January 1, 1994. For the purposes of P.L. , c.
9 (C.) (pending before the Legislature as this bill), the date of
10 operation shall be established by the date of issuance of the first
11 certificate of occupancy for the entertainment facility. If a boundary
12 of the district is a body of water, any establishment situated on the
13 body of water and accessible from the district by a dock or ramp shall
14 be considered within the district.

15 The district may include any portion of the municipality,
16 notwithstanding designation as an enterprise zone pursuant to section
17 7 of P.L.1983, c.303 (C.52:27H-66).

18 b. Any municipality which has adopted an ordinance pursuant to
19 subsection a. of this section shall submit the ordinance to the State
20 Treasurer who shall certify the area as a Municipal Development
21 Financing District upon a determination that it meets the rules and
22 regulations adopted pursuant to Section 9 of P.L. , c. (C.)
23 (pending before the Legislature as this bill).

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25 5. a. Fifty percent of all sales tax revenues derived within the
26 district upon (1) receipts of retail sales, except retail sales of motor
27 vehicles, of alcoholic beverages as defined in the "Alcoholic beverage
28 tax law," R.S.54:41-1 et seq., cigarettes as defined in the "Cigarette
29 Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and of manufacturing
30 machinery, equipment or apparatus, made by a certified vendor from
31 a place of business owned or leased and regularly operated by the
32 vendor for the purpose of making retail sales; (2) receipts from the
33 sale of food and drink subject to taxation pursuant to subsection (c) of
34 section 3 of the "Sales and Use Tax Act," P.L.1966, c.30
35 (C.54:32B-3), but excluding sales of food and drink sold through coin
36 operated vending machines; (3) the rent for the occupancy of a room
37 or rooms in a hotel subject to taxation pursuant to subsection (d) of
38 section 3 of the "Sales and Use Tax Act"; and (4) admission charges
39 subject to taxation pursuant to subsection (e) of section 3 of the "Sales
40 and Use Tax Act," as certified by the Director of the Division of
41 Taxation, shall be remitted to the chief finance officer of the
42 municipality to be used for municipal purposes.

43 The State Treasurer may deduct from amounts so retained prior to
44 deposit in the fund an amount equal to that necessary to compensate
45 the Division of Taxation for costs actually incurred by that division in
46 administering the provisions of P.L. , c. (C.) (pending before the

1 Legislature as this bill).

2 b. The remaining fifty percent of all sales tax revenues derived
3 within the district, as provided in subsection a. of this section, less
4 those amounts deducted by the State Treasurer for administrative
5 costs, shall be deposited into a Municipal Development Assistance
6 Fund to be used for the purposes prescribed in section 8 of P.L. , c.
7 (C.) (pending before the Legislature as this bill), except as
8 provided in subsection c. of this section.

9 c. Notwithstanding the provisions of subsection b. of this section
10 to the contrary, if any portion of the district is included within a
11 designated urban enterprise zone in which an exemption from receipts
12 of retail sales has been granted pursuant to section 21 of P.L.1983,
13 c.303 (C.52:27H-80), the retail sales tax exemption shall not apply and
14 instead, 50 percent of the retail sales tax collected pursuant to
15 subsection a. of this section within that area designated as an
16 enterprise zone shall be remitted to the chief financial officer of the
17 municipality to be used for municipal purposes and the remaining 50
18 percent shall be deposited into the Municipal Development Assistance
19 Fund as provided in subsection b. herein to the account of that
20 municipality pursuant to section 8 of P.L. , c. (C.)
21 (pending before the Legislature as this bill).

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23 6. Any vendor making sales from a location within the district
24 required to collect tax pursuant to the "Sales and Use Tax Act",
25 P.L.1966, c.30 (C.54:32B-1 et seq.) shall register with the Director of
26 the Division of Taxation in a manner prescribed by the director and file
27 a return in such form and with such information as the director shall
28 prescribe by rule or regulation as necessary to determine the municipal
29 share of the tax.

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31 7. Any vendor making sales from a location within the district
32 required to register under P.L. , c. (C.) (pending before the
33 Legislature as this bill) shall, on or before the dates required pursuant
34 to section 17 of the "Sales and Use Tax Act," P.L.1966, c.30
35 (C.54:32B-17), forward to the director the sales tax collected in the
36 preceding return period and make and file a return for the preceding
37 return period with the director on a form containing any information
38 that the Division of Taxation in the Department of the Treasury shall
39 prescribe by rule or regulation in order to determine the municipal
40 share of the tax.

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42 8. a. There is created a Municipal Development Assistance Fund
43 to be held by the State Treasurer, which shall be the repository for all
44 moneys required to be deposited therein under subsection b. of section
45 5 of P.L. , c. (C.) (pending before the Legislature as this
46 bill) or moneys appropriated annually to the fund. All moneys

1 deposited in the fund shall be held and disbursed in the amounts
2 necessary to fulfill the purposes of this section and subject to the
3 requirements hereinafter prescribed. The State Treasurer may invest
4 and reinvest any moneys in the fund, or any portion thereof, in legal
5 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 b. The State Treasurer shall maintain separate accounts for each
9 municipality which has an approved Municipal Development Financing
10 District designated under section 4 of P.L. , c. (C.) (pending
11 before the Legislature as this bill). The State Treasurer shall credit to
12 each account an amount of the moneys deposited in the fund equal to
13 the amount of revenues collected from the taxation of retail sales made
14 in the district as provided in subsection b. of section 5 of P.L. , c.
15 (C.) (pending before the Legislature as this bill) and
16 appropriated to the Municipal Development Assistance Fund.

17 c. The Municipal Development Assistance Fund shall be used for
18 the purpose of assisting municipalities which have established
19 municipal development financing districts in undertaking public
20 improvements and economic development projects in those
21 municipalities.

22 d. A governing body which has designated an approved municipal
23 development financing district may, by ordinance, propose to
24 undertake a project for the public improvement of the municipality and
25 to fund that project from moneys deposited in the Municipal
26 Development Assistance Fund and credited to the account maintained
27 by the State Treasurer for the municipality.

28 The proposal so adopted shall set forth a plan for the project and
29 shall include:

- 30 (1) A description of the proposed project;
- 31 (2) An estimate of the total project costs and an estimate of the
32 amounts of funding necessary annually from the municipal account;
- 33 (3) A statement of any other revenue sources to be used to finance
34 the project;
- 35 (4) A statement of the time necessary to complete the project;
- 36 (5) A statement of the manner in which the proposed project
37 furthers the municipality's policy and intentions for addressing
38 municipal economic and social conditions; and
- 39 (6) A description of the financial and programmatic controls and
40 reporting mechanisms to be used to guarantee that the funds will be
41 spent in accordance with the plan and that the project will accomplish
42 its purpose.

43 e. Upon adoption by the governing body of the municipality, the
44 proposal shall be sent to the State Treasurer for evaluation and
45 approval. The State Treasurer shall approve the proposal upon a
46 finding that the proposed project furthers the municipality's policy and

1 intentions for addressing municipal economic and social conditions,
2 thereby contributing to an increase in the municipality's economic
3 self-sufficiency;

4 f. The State Treasurer may at any time revoke the approval of a
5 project upon a finding that the payments made from the Municipal
6 Development Assistance Fund are not being used as required by this
7 section.

8 g. Upon certification by the State Treasurer of the annual amount
9 to be paid to a municipality with respect to any project, the State
10 Treasurer shall pay in each year to the municipality from the amounts
11 deposited in the Municipal Development Assistance Fund the amount
12 so certified, within the limits of the amounts credited to the municipal
13 account.

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15 9. The State Treasurer shall promulgate those rules and regulations
16 necessary to effectuate the purposes of this act pursuant to the
17 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
18 seq.).

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20 10. This act shall take effect immediately and shall be applicable to
21 sales taxes imposed on and after the first day of the sixth month
22 following enactment.

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STATEMENT

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27 This bill would allow for the sharing of retail sales tax revenues by
28 the State with certain municipalities and under certain circumstances.
29 Specifically, the bill allows any municipality with a population of
30 greater than 84,000 and less than 87,500 in a county of the second
31 class with a population of greater than 470,000 and less than 503,000
32 according to the latest federal decennial census having an
33 entertainment facility with at least 5,000 fixed seats which began
34 operation on or after January 1, 1994 to delineate a Municipal
35 Development Financing District, by ordinance. These provisions
36 effectively limit the applicability of the bill to the city of Camden.

37 Under the terms of the bill, fifty percent of those sales taxes
38 collected within the district derived from retail sales, with certain
39 exceptions, sales of food and drink, hotel room occupancy and
40 admission charges, as set forth in the bill, must be returned to the
41 appropriate municipality by the State Treasurer to be used for
42 municipal purposes. The district must be a contiguous area of
43 compact shape and must include within it the entertainment facility.
44 The State Treasurer shall certify the area as a Municipal Development
45 Financing District upon a determination that it meets the rules and
46 regulations adopted pursuant to the bill. The bill provides for a

1 reporting procedure on the part of vendors whose sales are subject to
2 the bill's provisions and requires the State Treasurer to promulgate
3 such rules and regulations as are necessary in order to effectuate the
4 bill's provisions.

5 The bill requires that the remaining three percent sales tax collected
6 in any Municipal Development Financing District be placed in an
7 account designated for the municipality by the State Treasurer, to be
8 used for projects which are defined in the bill. Those projects are
9 defined broadly to include any capital project or other public
10 improvement which furthers the municipality's economic revitalization
11 goals and which is legally authorized. The municipality shall propose
12 the project by ordinance and the proposal shall set forth a plan which
13 includes a project description, estimate of project costs, statement of
14 other revenues to be used to fund the project, estimated time necessary
15 to complete the project, and other significant information of similar
16 nature. The bill permits the State Treasurer to revoke the approval if
17 the payments made from the fund are not being used in accordance
18 with the terms of the approval.

19 The bill also provides for an exemption from 50 percent of the retail
20 sales tax with exceptions for motor vehicles and manufacturing
21 machinery, equipment or apparatus, alcoholic beverages and
22 cigarettes, which is the same exemption that exists in some enterprise
23 zones under the "New Jersey Urban Enterprise Zones Act," P.L.1983,
24 c.303 (C.52:27H-60 et seq.). Those amounts which are otherwise to
25 be deposited into the Municipal Development Assistance Fund under
26 the provisions of this bill which are generated in an urban enterprise
27 zone shall be allocated as otherwise provided in the "New Jersey
28 Urban Enterprise Zones Act." Other retail sales tax revenues which
29 are exempted under this bill, generated in a designated urban
30 enterprise zone which receives the benefit of the retail sales tax
31 exemption and which are payable into the Municipal Development
32 Assistance Fund shall be payable to the municipal account as provided
33 for in this bill.

34 In the event of an overlap between an urban enterprise zone in
35 which a 50 percent exemption from the retail sales tax has been
36 granted and a Municipal Development Financing District, the retail
37 sales tax exemption granted pursuant to the "Urban Enterprise Zones
38 Act," P.L.1983, c.303 (C.52:27H-60 et seq.) shall not apply and
39 instead, the retail sales tax paid shall be allocated in accordance with
40 the provisions of section 5 of the bill.

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45 "Municipal Development Financing Act."