

ASSEMBLY, No. 658

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ZECKER

1 AN ACT concerning urban enterprise zones and amending and
2 supplementing P.L.1983, c.303.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.1983, c.303 (C.52:27H-61) is amended to read
8 as follows:

9 2. The Legislature finds:

10 a. That there persist in this State, particularly in its urban centers,
11 areas of economic distress characterized by high unemployment, low
12 investment of new capital, blighted conditions, obsolete or abandoned
13 industrial or commercial structures, and deteriorating tax bases.

14 b. That the severe and persistent deterioration of these areas
15 demands vigorous and coordinated efforts by private and public
16 entities to restore their prosperity and enable them to resume
17 significant contributions to the economic and social life of the State.

18 c. That the economic revitalization of these areas requires
19 application of the skills and entrepreneurial vigor of private enterprise;
20 and it is the responsibility of government to provide a framework
21 within which encouragement be given to private capital investment in
22 these areas, disincentives to investment be removed or abated, and
23 mechanisms be provided for the coordination and cooperation of
24 private and public agencies in restoring the economic viability and
25 prosperity of these areas.

26 d. That the location of areas of economic distress are not
27 necessarily limited by political boundaries; that limiting the benefits
28 that result from zone designation along arbitrary political boundary
29 lines works to the detriment of both designated enterprise zones and
30 economically distressed areas that border designated zones; and that
31 a mechanism is needed by which designated zones may be expanded to
32 encompass a defined economically distressed area irrespective of

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 political boundary lines.

2 (cf: P.L.1983, c.303, s.2)

3

4 2. Section 3 of P.L.1983, c.303 (C.52:27H-62) is amended to read
5 as follows:

6 3. As used in this act:

7 a. "Enterprise zone" or "zone" means an urban enterprise zone
8 designated by the authority pursuant to this act and shall include an
9 expanded zone designated pursuant to P.L. , c. (pending before the
10 Legislature as this bill);

11 b. "Authority" means the New Jersey Urban Enterprise Zone
12 Authority created by this act;

13 c. "Qualified business" means any entity authorized to do business
14 in the State of New Jersey which, at the time of designation or
15 expansion as an enterprise zone, is engaged in the active conduct of a
16 trade or business in that zone; or an entity which, after that
17 designation or expansion but during the designation or expansion
18 period, becomes newly engaged in the active conduct of a trade or
19 business in that zone and has at least 25% of its full-time employees
20 employed at a business location in the zone, meeting one or more of
21 the following criteria:

22 (1) Residents within the zone, within another zone or within a
23 qualifying or contiguous municipality; or

24 (2) Unemployed for at least six months prior to being hired and
25 residing in New Jersey, and recipients of New Jersey public assistance
26 programs for at least six months prior to being hired, or either of the
27 aforesaid; or

28 (3) Determined to be economically disadvantaged pursuant to the
29 Jobs Training Partnership Act, Pub.L.97-300 (29 U.S.C.§1501 et
30 seq.);

31 d. "Qualifying municipality" means any municipality in which there
32 was, in the last full calendar year immediately preceding the year in
33 which application for enterprise zone designation is submitted pursuant
34 to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual average of
35 at least 2,000 unemployed persons, and in which the municipal average
36 annual unemployment rate for that year exceeded the State average
37 annual unemployment rate; except that any municipality which
38 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
39 seq.) shall qualify if its municipal average annual unemployment rate
40 for that year exceeded the State average annual unemployment rate.
41 The annual average of unemployed persons and the average annual
42 unemployment rates shall be estimated for the relevant calendar year
43 by the Office of Labor Statistics, Division of Planning and Research of
44 the State Department of Labor. For purposes of P.L.1983, c.303
45 (C.52:27H-60 et seq.), the seven municipalities in which the six
46 enterprise zones are to be designated pursuant to criteria according

1 priority consideration for designation of these zones pursuant to
2 section 7 of P.L.1983, c.303 (C.52:27H-66), shall be deemed
3 qualifying municipalities;

4 e. "Public assistance" means income maintenance funds
5 administered by the Department of Human Services or by a county
6 welfare agency;

7 f. "Zone development corporation" means a nonprofit corporation
8 or association created or designated by the governing body of a
9 qualifying municipality or a contiguous municipality to formulate and
10 propose a preliminary zone development plan pursuant to section 9 of
11 P.L.1983, c.303 (C.52:27H-68) and to prepare, monitor, administer
12 and implement the zone development plan;

13 g. "Zone development plan" means a plan adopted by the
14 governing body of a qualifying municipality or a contiguous
15 municipality for the development or expansion of an enterprise zone
16 therein, and for the direction and coordination of activities of the
17 municipality or municipalities, zone businesses and community
18 organizations within the enterprise zone toward the economic
19 betterment of the residents of the zone and the municipality or
20 municipalities;

21 h. "Zone neighborhood association" means a corporation or
22 association of persons who either are residents of, or have their
23 principal place of employment in, a municipality in which an enterprise
24 zone has been designated pursuant to this act; which is organized
25 under the provisions of Title 15 of the Revised Statutes or Title 15A
26 of the New Jersey Statutes; and which has for its principal purpose the
27 encouragement and support of community activities within, or on
28 behalf of, the zone so as to (1) stimulate economic activity, (2)
29 increase or preserve residential amenities, or (3) otherwise encourage
30 community cooperation in achieving the goals of the zone
31 development plan; and

32 i. "Enterprise zone assistance fund" or "assistance fund" means the
33 fund created by section 29 of P.L.1983, c.303 (C.52:27H-88).

34 (cf: P.L.1993, c.367, s.1)

35

36 3. Section 6 of P.L.1983, c.303 (C.52:27H-65) is amended to read
37 as follows:

38 6. It shall be the duty of the authority to:

39 a. Promulgate criteria for the designation and expansion of zones
40 pursuant to the provisions of this act;

41 b. Receive and evaluate applications of municipalities for the
42 designation and expansion of zones;

43 c. Enter into discussions with applying municipalities regarding
44 zone development proposals;

45 d. Act as agent of the State with respect to zone development
46 plans, and in determining the State-furnished components to be

- 1 included in those plans;
- 2 e. Designate and expand zones in accordance with the provisions
3 of this act and promulgate rules and regulations necessary to carry out
4 its duties under this act;
- 5 f. Exercise continuing review and supervision of the
6 implementation of zone development plans;
- 7 g. Receive and evaluate proposals of [qualifying] municipalities in
8 which enterprise zones are designated for funding of projects and
9 increased eligible municipal services from the enterprise zone
10 assistance fund, and to certify annually to the State Treasurer amounts
11 to be paid from the enterprise zone assistance fund to support
12 approved projects and increased eligible municipal services in
13 designated enterprise zones;
- 14 h. Assist and represent [qualifying] municipalities in any
15 negotiations with, or proceedings before, other agencies of State
16 Government or of the federal government, to secure necessary or
17 appropriate assistance, support and cooperation of those agencies in
18 the implementation of zone development plans in accordance with the
19 provisions of this act and any other applicable State or federal law;
- 20 i. Upon request, assist agencies of municipal government in
21 gathering, compiling and organizing data to support an application for
22 designation of a zone or expansion of an existing zone, and in
23 identifying and coordinating the elements of a zone development
24 proposal suitable for the zone sought to be designated or expanded;
- 25 j. Provide assistance to State and local government agencies
26 relating to application for the security of permits, licenses and other
27 regulatory approvals required by those agencies, to assure
28 consideration and expeditious handling of regulatory requirements of
29 any zone business, zone business association or zone neighborhood
30 association; regulatory agencies of the State and its agencies and
31 instrumentalities may agree to any simplification, consolidation or
32 other liberalization of procedural requirements which may be
33 requested by the authority and which is not inconsistent with
34 provisions of law;
- 35 k. Assist the State in applying to, or entering into negotiations or
36 agreements with, the federal government, for federal enterprise zone
37 designations; and
- 38 l. Exercise continuing review of the implementation of this act,
39 and to report annually to the Governor and the Legislature on the
40 effectiveness of enterprise zones in addressing the conditions cited in
41 this act, including any recommendations for legislation to improve the
42 effectiveness of operation of those zones. The report shall be
43 submitted one year from the effective date of this act, and annually
44 thereafter.
- 45 (cf: P.L.1983, c.303, s.6)

1 4. Section 8 of P.L.1983, c.303 (C.52:27H-67) is amended to read
2 as follows:

3 8. The governing body of any qualifying municipality or the
4 governing body of any municipality that is contiguous to an existing
5 enterprise zone may, by ordinance, create or designate a nonprofit
6 corporation established pursuant to the provisions of Title 15 of the
7 Revised Statutes or Title 15A of the New Jersey Statutes to act as the
8 zone development corporation for the municipality. Any zone
9 development corporation so created or so designated shall include on
10 its board of directors representatives of the government of the
11 **[qualifying]** municipality, members of the business community thereof,
12 and representatives of community organizations in the municipality,
13 and the total membership of the board of directors shall be broadly
14 representative of businesses and communities within the municipality.

15 Notwithstanding the provisions of any other law to the contrary, a
16 zone development corporation shall be considered to be a local
17 development corporation for the purpose of receiving any State
18 financial or technical assistance as may be available, and the creation
19 of a zone development corporation shall not preclude a **[qualifying]**
20 municipality from creating another local development corporation for
21 the municipality with responsibilities not related to the enterprise zone,
22 nor preclude that other corporation from receiving State financial or
23 technical assistance.

24 (cf: P.L.1993, c.367, s.4)

25

26 5. (New section) Whenever the authority expands a zone pursuant
27 to the provisions of P.L. , c. (C.)(pending before the
28 Legislature as this bill), the qualifying municipality and the adjacent
29 municipality or municipalities shall merge zone development
30 corporations in accordance with procedures adopted by the authority.
31 The authority may require a municipality that has not created a zone
32 development corporation to do so for the purpose of merger.

33

34 6. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to read
35 as follows:

36 9. Before applying for designation of an enterprise zone or
37 expansion of a zone by a contiguous municipality, the municipal
38 governing body of the qualifying municipality, or, in the case of a zone
39 expansion, the governing body of the municipality into which the
40 enterprise zone would be expanded, shall cause a preliminary zone
41 development plan to be formulated, either by a zone development
42 corporation or by the governing body, with the assistance of those
43 officers and agencies of the municipality as the governing body may
44 see fit. The preliminary zone development plan shall set forth the
45 boundaries of the proposed enterprise zone or of the area into which
46 a zone would be expanded, findings of fact concerning the economic

1 and social conditions existing in the area proposed for an enterprise
2 zone or an area into which a zone would be expanded, and the
3 municipality's policy and intentions for addressing these conditions,
4 and may include proposals respecting:

5 a. Utilizing the powers conferred on the municipality by law for the
6 purpose of stimulating investment in and economic development of the
7 proposed zone or area into which a zone would be expanded;

8 b. Utilizing State assistance through the provisions of this act
9 relating to exemptions from, and credits against, State taxes;

10 c. Securing the involvement in, and commitment to, zone economic
11 development by private entities, including zone neighborhood
12 associations, voluntary community organizations supported by
13 residents and businesses in the zone or area into which a zone would
14 be expanded;

15 d. Utilizing the powers conferred by law to revise municipal
16 planning and zoning ordinances and other land use regulations as they
17 pertain to the zone, or area into which a zone would be expanded in
18 order to enhance the attraction of the zone or area into which a zone
19 would be expanded to prospective developers;

20 e. Increasing the availability and efficiency of support services,
21 public and private, generally used by and necessary to the efficient
22 functioning of commercial and industrial facilities in the area, and the
23 extent to which the increase or improvement is to be provided and
24 financed by the municipal government or by other entities.

25 (cf: P.L.1983, c.539, s.1)

26
27 7. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
28 read as follows:

29 10. An area defined by a continuous border within one qualifying
30 municipality or within two or more contiguous qualifying
31 municipalities and two noncontiguous areas each having a continuous
32 border within two noncontiguous qualifying municipalities shall be
33 eligible for designation as a zone; and an area defined by a continuous
34 border within a qualifying municipality and a contiguous municipality
35 shall be eligible for zone expansion if:

36 a. It has been designated an "area in need of rehabilitation"
37 pursuant to Article VIII, Section I, paragraph 6 of the Constitution of
38 the State of New Jersey and P.L.1977, c.12 (C.54:4-3.95 et seq.); or
39 is qualified for that designation in the judgment of the authority; and

40 b. It meets the criteria established by the authority pursuant to this
41 act relating to the incidence of poverty, unemployment and general
42 economic distress.

43 (cf: P.L.1993, c.367, s.5)

44
45 8. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
46 read as follows:

1 13. a. In designating eligible areas as enterprise zones and in
2 expanding existing zones in accordance with the provisions of
3 P.L. , c. (C.)(pending before the Legislature as this bill), the
4 authority shall accord preference to zone development plans which:

5 (1) Have the greatest potential for success in stimulating primarily
6 new economic activity in the area;

7 (2) Are designed to address the greatest degree of urban distress,
8 as measured by existing levels of unemployment, poverty, and property
9 tax arrearages;

10 (3) Demonstrate the most substantial and reliable commitments of
11 resources by [zone] businesses, [zone] neighborhood associations,
12 voluntary community organizations and other private entities to the
13 economic success of the zone or expanded zone;

14 (4) Demonstrate the most substantial effort and commitment by the
15 municipality or municipalities to encourage economic activity in the
16 area and to remove disincentives for job creation compatible with the
17 fiscal condition of the municipality or municipalities.

18 b. In addition to the considerations set forth in subsection a. of this
19 section, the authority in evaluating a zone development plan for
20 designation or expansion purposes shall consider:

21 (1) The likelihood of attracting federal assistance to projects in the
22 eligible area, and of obtaining federal designation of the area as an
23 enterprise zone for federal tax purposes;

24 (2) The adverse or beneficial effects of an enterprise zone or an
25 expanded zone located at the proposed area upon economic
26 development activities or projects of State or other public agencies
27 which are in operation, or are approved for operation, in the qualifying
28 municipality and contiguous municipalities;

29 (3) The degree of commitment made by public and private entities
30 to utilize minority contractors and assure equal opportunities for
31 employment in connection with any construction or reconstruction to
32 be undertaken in the eligible area;

33 (4) The impact of the zone development plan upon the social,
34 natural and historic environment of the eligible area;

35 (5) The degree to which the implementation of the plan involves the
36 relocation of residents from the eligible area, and the adequacy of
37 commitments and provisions with respect thereto.

38 (cf: P.L.1983, c.303, s.13)

39
40 9. (New section) a. Any municipality that is contiguous to an
41 existing zone may designate an area that is within the municipal
42 boundary, that is contiguous to the existing zone and that has been set
43 forth in the zone development plan as an expansion area. The
44 municipality may then make written application to the authority to
45 have the designated area appended to the contiguous zone and be
46 eligible for State and federal assistance offered to enterprise zones or

1 either type of assistance. The application shall include the zone
2 development plan adopted for the area and any other information as
3 the authority may require.

4 b. Upon receipt of an application from the municipality the
5 authority shall review the application to determine whether the area
6 described in the application qualifies for State assistance under the
7 criteria of P.L.1983, c.303 (C.52:27H-60 et seq.). Notwithstanding
8 any provision of law to the contrary, the authority shall append an
9 expansion area to a contiguous enterprise zone if the area satisfies
10 zone criteria regardless of whether the applicant municipality satisfies
11 the definition of qualified municipality.

12 The authority shall complete its review within 90 days of receipt of
13 an application, but may extend this time period by an additional 60
14 days if necessary. If the authority denies the application, it shall
15 inform the municipality of that fact in writing setting forth the reasons
16 for the denial.

17 c. The expansion of an enterprise zone by the authority shall take
18 effect upon the adoption by the municipality of an ordinance accepting
19 that designation.

20

21 10. Section 15 of P.L.1983, c.303 (C.52:27H-74) is amended to
22 read as follows:

23 15. Except as otherwise specified in this act, a qualified business
24 in an enterprise zone shall be eligible to receive from among those
25 benefits authorized in sections 16 through 20 of this act as are
26 determined by the authority. The authority shall state in writing to the
27 qualifying municipality at the time of designation, and the contiguous
28 municipality at the time of expansion, its determinations as to which
29 of those benefits are to apply in an enterprise zone.

30 (cf: P.L.1983, c.303, s.15)

31

32 11. Section 17 of P.L.1983, c.303 (C.52:27H-76) is amended to
33 read as follows:

34 17. Any qualified business subject to the provisions of the
35 "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1
36 et seq.), as employing a larger number of persons at a place of business
37 located within an enterprise zone designated or expanded pursuant to
38 this act than at all other places of business of the taxpayer within the
39 State, shall be exempt from the net worth tax imposed pursuant to
40 subsection (a) of section 5 of P.L.1945, c.162 (C.54:10A-5(a)), and
41 from the tax imposed by subsection (f) of that section (C.54:10A-5(f)),
42 for a period of 20 tax years from the date of designation or for a
43 period of years commencing on the date of expansion and expiring
44 when the designation of the enterprise zone expires or expansion
45 the enterprise zone, or for a period of 20 tax years from the date upon
46 which the taxpayer is first subject to the provisions of the

1 "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1
2 et seq.), whichever date is later. The termination of the designation
3 of an enterprise zone at the end of a 20 year designation period shall
4 not terminate the exemption provided under this section if the
5 exemption was granted prior to the end of the designation period. The
6 provisions of this section are subject to the phase-out provisions of
7 P.L.1982, c.55 (C.54:10A-4 et seq.).
8 (cf: P.L.1983, c.303, s.17)

9

10 12. Section 19 of P.L.1983, c.303 (C.52:27H-78) is amended to
11 read as follows:

12 19. Any qualified business subject to the provisions of the
13 "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1
14 et seq.), as actively engaged in the conduct of business from a location
15 within an enterprise zone designated pursuant to this act, which
16 business at that location consists primarily of manufacturing or other
17 business which is not retail sales or warehousing oriented, shall receive
18 an enterprise zone employee tax credit against the amount of tax
19 imposed under the "Corporation Business Tax Act (1945)," P.L.1945,
20 c.162 (C.54:10A-1 et seq.), as hereinafter provided:

21 a. A one-time credit of \$1,500.00 for each new full-time,
22 permanent employee employed at that location who is a resident of the
23 [qualifying] municipality in which the designated enterprise zone is
24 located, or any other qualifying municipality in which an urban
25 enterprise zone is located, and who immediately prior to employment
26 by the taxpayer was unemployed for at least 90 days, or was
27 dependent upon public assistance as the primary source of income;

28 b. A one-time credit of \$500.00 for each new full-time, permanent
29 employee employed at that location who is a resident of a [qualifying]
30 municipality in which a designated or expanded enterprise zone is
31 located, or any other qualifying municipality in which an urban
32 enterprise zone is located, who does not meet the requirements of
33 subsection a. of this section, and who was not, immediately prior to
34 employment by the taxpayer, employed at a location within the
35 [qualifying] municipality;

36 c. A qualified business which is not entitled to an employee tax
37 credit under this section, but meets the eligibility criteria pursuant to
38 the provisions of subsection c. of section 27 of P.L.1983, c.303
39 (C.52:27H-86), shall receive a one-time credit in an amount equal to
40 8% of each new investment made by the qualified business in the
41 enterprise zone under an agreement approved by the authority.

42 This credit shall be applied against the taxpayer's corporation
43 business tax liability subject to the limitations and carry forward
44 provisions set forth in section 18 of P.L.1983, c.303 (C.52:27H-77);
45 provided, however, that a qualified business shall not claim an
46 employee tax credit and an investment tax credit authorized pursuant

1 to this subsection in the same year regardless of whether those credits
2 were earned for the tax year or carried forward from a previous year.

3 d. The enterprise zone employee tax credit shall be allowed in the
4 tax year immediately following the tax year in which the new full-time,
5 permanent employee was first employed by the taxpayer, and shall be
6 permitted in any tax year of a 20 year period from the date of
7 designation or expansion of the enterprise zone, or of a period of 20
8 tax years from the date within that designation period upon which the
9 taxpayer is first subject to the provisions of the "Corporation Business
10 Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), whichever
11 date is later and the termination of the designation of an enterprise
12 zone at the end of a 20 year designation period shall not terminate the
13 eligibility period provided under this section;

14 e. A tax credit shall be permitted under this section only for those
15 new full-time, permanent employees who have been employed for at
16 least six continuous months by the taxpayer during the tax year for
17 which the tax credit is claimed.

18 f. A newly employed employee shall not be deemed a new full-time,
19 permanent employee for the purposes of this section unless the total
20 number of full-time, permanent employees, including the newly
21 employed employee, employed by the employer in the zone during the
22 calendar year exceeds the greatest number of full-time, permanent
23 employees employed in the zone by the employer during any prior
24 calendar year during the period commencing with the date of zone
25 designation.

26 (cf: P.L.1988, c.93, s.4)

27

28 13. Section 27 of P.L.1983, c.303 (C.52:27H-86) is amended to
29 read as follows:

30 27. To be eligible for any of the incentives provided under this act
31 a qualified business must demonstrate to the satisfaction of the
32 authority that:

33 a. The business will create new employment in the municipality or
34 municipalities; and

35 b. The business will not create unemployment in other areas of the
36 State, including the municipality or municipalities in which the zone is
37 located.

38 c. For the purposes of eligibility for the incentives provided under
39 sections 17, 19, 20, and 21 of P.L.1983, c.303 (C.52:27H-76,
40 52:27H-78, 52:27H-79, and 52:27H-80, respectively), a qualified
41 business shall not be required to meet the requirements of subsection
42 a. of this section, if:

43 (1) At the time of designation of the enterprise zone or at the time
44 zone designation is extended by expansion to the location of a
45 business, the qualified business had been engaged in the active conduct
46 of a trade or business in that zone or in the added area of that zone for

1 at least one year prior to that designation or expansion;
2 (2) The qualified business employs fewer than 50 employees;
3 (3) The qualified business has entered into an agreement, approved
4 by the authority, with the governing body of the [qualifying]
5 municipality or municipalities in which the enterprise zone is located,
6 under which the qualified business agrees to undertake an investment
7 in the enterprise zone in lieu of the employment of new employees. An
8 investment permitted under an agreement shall be in an amount and of
9 a nature which the municipal governing body or bodies and the
10 authority find shall contribute substantially to the economic
11 attractiveness of the enterprise zone, and may include, but shall not be
12 limited to:

13 (a) The improvement of the exterior appearance or customer
14 facilities of the property constituting the place of business of the
15 qualified business within the zone; provided that the improvement is
16 of a permanent nature and not required to meet existing ordinances or
17 code regulations; or

18 (b) Monetary contributions to the [qualifying] municipality or
19 municipalities to undertake improvements to increase the safety or
20 attractiveness of the zone to businesses which may wish to locate there
21 or to consumer visitors to the zone, including, but not limited to litter
22 clean-up and control, landscaping, parking areas and facilities,
23 recreational and rest areas and facilities, repair or improvements to
24 public streets, curbing, sidewalks and pedestrian thoroughfares, street
25 lighting, or increased police, fire or sanitation services in the enterprise
26 zone.

27 In order to meet the requirements of paragraph (3) of this
28 subsection, an investment shall be in an amount no less than \$5,000.00
29 if the qualified business employs 10 or fewer employees, or if the
30 qualified business employs more than 10 employees, not less than the
31 amount produced by multiplying the number of employees employed
32 by the qualified business by \$500.00. A qualified business shall be
33 required to make an investment for each year the qualified business
34 does not meet the requirements of subsection a. of this section. In
35 order to receive the incentives permitted by this section, the business
36 shall provide written evidence of the investment to the authority.

37 (cf: P.L.1993, c.367, s.8)

38

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

41 29. a. There is created an enterprise zone assistance fund to be
42 held by the State Treasurer, which shall be the repository for all
43 moneys required to be deposited therein under section 21 of P.L.1983,
44 c.303 (C.52:27H-80) or moneys appropriated annually to the fund. All
45 moneys deposited in the fund shall be held and disbursed in the
46 amounts necessary to fulfill the purposes of this section and subject to

1 the requirements hereinafter prescribed. The State Treasurer may
2 invest and reinvest any moneys in the fund, or any portion thereof, in
3 legal obligations of the United States or of the State or of any political
4 subdivision thereof. Any income from, interest on, or increment to
5 moneys so invested or reinvested shall be included in the fund.

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

17 The State Treasurer shall promulgate the rules and regulations
18 necessary to govern the administration of the fund for the purposes of
19 this section.

20 b. The enterprise zone assistance fund shall be used for the
21 purpose of assisting [qualifying] municipalities in which enterprise
22 zones are designated in undertaking public improvements , economic
23 development projects and in upgrading eligible municipal services in
24 designated enterprise zones.

25 c. The governing body of a [qualifying] municipality or the
26 governing bodies of municipalities in which an enterprise zone is
27 designated and the zone development corporation created or
28 designated by the municipality or merged by the municipalities for that
29 enterprise zone may, by resolution jointly adopted after public hearing,
30 propose to undertake a project for the public improvement of the
31 enterprise zone or to increase eligible municipal services in the
32 enterprise zone, and to fund that project or increase in eligible
33 municipal services from moneys deposited in the enterprise zone
34 assistance fund and credited to the account maintained by the State
35 Treasurer for the enterprise zone.

36 The proposal so adopted shall set forth a plan for the project or for
37 the increase in eligible municipal services and shall include:

38 (1) A description of the proposed project or of the municipal
39 services to be increased;

40 (2) An estimate of the total project costs, or of the total costs of
41 increasing the municipal services, and an estimate of the amounts of
42 funding necessary annually from the enterprise zone account;

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

45 (4) A statement of the time necessary to complete the project, or
46 of the time during which the increased municipal services are to be

1 maintained;

2 (5) A statement of the manner in which the proposed project or
3 increase in municipal services furthers the municipality's policy and
4 intentions for addressing the economic and social conditions existing
5 in the area of the enterprise zone as set forth in the zone development
6 plan approved by the authority; and

7 (6) A description of the financial and programmatic controls and
8 reporting mechanisms to be used to guarantee that the funds will be
9 spent in accordance with the plan and that the project or increased
10 municipal service will accomplish its purpose.

11 As used in this section, "project" means an activity funded by the
12 zone assistance fund through the [qualified] municipality or
13 municipalities within which the zone is located and implemented by the
14 zone development corporation, including the purchasing, leasing,
15 condemning, or otherwise acquiring of land or other property, or an
16 interest therein, in the enterprise zone or as necessary for a
17 right-of-way or other easement to or from the enterprise zone; the
18 relocating and moving of persons or businesses displaced by the
19 acquisition of land or property; the rehabilitation and redevelopment
20 of land or property, including demolition, clearance, removal,
21 relocation, renovation, alteration, construction, reconstruction,
22 installation or repair of a land or a building, street, highway, alley,
23 utility, service or other structure or improvement which will lead to
24 increased economic activity within the zone; the acquisition,
25 construction, reconstruction, rehabilitation, or installation of public
26 facilities and improvements, except buildings and facilities for the
27 general conduct of government and schools; the establishment of
28 revolving loan or grant programs for qualified businesses in the zone
29 to encourage private investment and job creation, matching grant
30 programs for the establishment or operation of pedestrian malls,
31 special improvement districts and tax increment districts, or other
32 appropriate entity; and the costs associated therewith including the
33 costs of an administrative appraisal, economic and environmental
34 analyses, environmental remediation, engineering, planning, design,
35 architectural, surveying or other professional or managerial services
36 necessary to effectuate the project.

37 As used in this section, "eligible municipal services" means the
38 hiring of additional policemen or firemen assigned duties in the
39 enterprise zone, or the purchasing or leasing of additional police or
40 fire vehicles, equipment or apparatus to be used for the provision of
41 augmented or upgraded public safety services in the enterprise zone
42 and its immediate vicinities.

43 d. Upon adoption by the governing body of the [qualifying]
44 municipality or the governing bodies of the municipalities within which
45 the zone is located and by the zone development corporation, the
46 proposal shall be sent to the authority for its evaluation and approval.

1 The authority shall approve the proposal if it shall find:

2 (1) In the case of a project, that the proposed project furthers the
3 policy and intentions of the zone development plan approved by the
4 authority, and that the estimated annual payments for the project from
5 the enterprise zone account to which the proposal pertains are not
6 likely to result in a deficit in that account;

7 (2) In the case of an increase in eligible municipal services, that the
8 proposal furthers the policy and intentions of the zone development
9 plan approved by the authority; that the [qualifying] municipality has
10 or municipalities have, as appropriate, furnished satisfactory
11 assurances that the additional policemen or firemen to be hired, or the
12 additional vehicles, equipment or apparatus to be purchased or leased,
13 shall be used to augment or upgrade public safety in the enterprise
14 zone, and shall not be used in other areas of the municipality; that the
15 [qualifying] municipality or municipalities shall annually appropriate
16 for the increased eligible municipal services an amount equal to 20%
17 of the amount of annual payments for the eligible municipal services
18 from the enterprise zone account and shall not request for the
19 increased eligible municipal services an amount equal to more than
20 35% of the amount of annual payments into the enterprise zone
21 account, unless the municipality and the authority have entered into an
22 agreement or agreements to the contrary prior to July 1, 1992; and
23 that the estimated annual payments for the eligible municipal services
24 from the enterprise zone account to which the proposal pertains are
25 not likely to result in a deficit in that account.

26 e. If the authority shall approve the proposal, it shall annually,
27 upon its receipt of a written statement from the governing body of the
28 qualifying municipality and the contiguous municipality, if applicable,
29 and the zone development corporation, certify to the State Treasurer
30 the amount to be paid in that year from the enterprise zone account
31 in the enterprise zone assistance fund with respect to each project or
32 increase in eligible municipal services approved. The authority may at
33 any time revoke its approval of a project or an increase in eligible
34 municipal services if it finds that the annual payments made from the
35 enterprise zone assistance fund are not being used as required by this
36 section.

37 f. Upon certification by the authority of the annual amount to be
38 paid to a qualifying zone with respect to any project or increase in
39 eligible municipal services, the State Treasurer shall pay in each year
40 to the qualifying municipality and contiguous municipality, if
41 appropriate, from the amounts deposited in the enterprise zone
42 assistance fund the amount so certified, within the limits of the
43 amounts credited to the enterprise zone account of the [qualifying
44 municipality] designated zone.

45 g. An amount not to exceed one-third of the amount deposited in
46 the account created in the name of the authority in the enterprise zone

1 assistance fund shall be used by the authority for the coordination and
2 administration of the program throughout the State, including but not
3 limited to costs for personnel, operating expenses and marketing. The
4 balance of the remaining amount shall be distributed to qualifying
5 municipalities and contiguous municipalities, if appropriate, in
6 proportion to each municipality's contribution to the enterprise zone
7 assistance fund for the coordination and administration of the program
8 within the municipality, including but not limited to costs for
9 personnel, operating expenses and marketing.

10 (cf: P.L.1993, c.367, s.9)

11

12 15. This act shall take effect immediately.

13

14

15

STATEMENT

16

17 Since adoption of the "New Jersey Urban Enterprise Zone Act,"
18 P.L.1983, c.303 (C.52:27H-60 et seq.) it has become apparent that the
19 decision to designate urban enterprise zones, subject to limited
20 exceptions, along or within municipal boundary lines has at times
21 worked to the detriment of both designated zones and adjacent areas
22 that have not received zone designation. This is particularly apparent
23 where zone boundaries are along municipal boundaries that divide
24 defined areas of economic distress which is the case of the Bloomfield
25 border with Newark and the Paterson and Passaic borders with
26 Clifton.

27 By dividing a defined economically distressed area along arbitrary
28 municipal boundary lines that fail to recognize the borders of the
29 economically distressed area, rather than revitalizing the area, the
30 problems characteristic of economically distressed areas are
31 exacerbated. While the portion of the area within the zone may begin
32 to revitalize, that revitalization is frustrated by the continual presence
33 of the bordering distressed area. More troubling, while the area within
34 the zone begins to improve, distressed areas that border the zone
35 continue to deteriorate thus frustrating underlying attempts to
36 revitalize the area as a whole.

37 It is therefore the intention of this bill to establish a procedure by
38 which existing UEZ's may be expanded in order to encompass a
39 defined economically distressed area. The bill would allow a
40 municipality that borders on an existing UEZ to formulate a zone
41 development plan to expand the existing zone to include a distressed
42 area of the municipality that is contiguous with the existing zone. The
43 municipality may then apply to the UEZ authority to have the area
44 appended to the contiguous zone and be eligible for assistance offered
45 to enterprise zones.

- 1 _____
- 2
- 3 Authorizes expansion of existing UEZs to include contiguous
- 4 economically distressed areas.