

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2621

STATE OF NEW JERSEY

DATED: JUNE 16, 1997

The Assembly Local Government Committee reports favorably Assembly Bill No. 2621.

Assembly Bill No. 2621 would allow for the sharing of retail sales tax revenues by the State with certain municipalities and under certain circumstances. Specifically, the bill allows any municipality with a population of greater than 84,000 and less than 87,500 in a county of the second class with a population of greater than 470,000 and less than 503,000 according to the latest federal decennial census having an entertainment facility with at least 5,000 fixed seats which began operation on or after January 1, 1994 to delineate a Municipal Development Financing District, by ordinance. These provisions effectively limit the applicability of the bill to the city of Camden.

Under the terms of the bill, fifty percent of those sales taxes collected within the district derived from retail sales, with certain exceptions; sales of food and drink; hotel room occupancy; and admission charges must be returned to the municipality in which the district is situated by the State Treasurer to be used for municipal purposes, subject to any financial oversight or supervision which may prevail within the municipality. The district must be a contiguous area of compact shape and must include within it the entertainment facility. The State Treasurer shall certify the area as a Municipal Development Financing District upon a determination that it meets the criteria set forth in the bill. The bill provides for a reporting procedure on the part of vendors whose sales are subject to the bill's provisions and requires the State Treasurer to promulgate such rules and regulations as are necessary in order to effectuate the bill's provisions.

The bill requires that the remaining three percent sales tax collected in any Municipal Development Financing District be placed in an account designated for the municipality by the State Treasurer, to be used for projects which are defined in the bill. Those projects are defined broadly to include any capital project or other public improvement which furthers the municipality's economic revitalization goals and which is legally authorized. The municipality shall propose the project by resolution adopted after public hearing and the proposal shall set forth a plan which includes a project description, estimate of project costs, statement of other revenues to be used to fund the project, estimated time necessary to complete the project, and other

significant information of similar nature. The bill permits the State Treasurer to revoke the approval if the payments made from the fund are not being used in accordance with the terms of the approval.

Those amounts which are otherwise to be deposited into the Municipal Development Assistance Fund under the provisions of this bill which are generated in an urban enterprise zone shall be allocated as otherwise provided in the "New Jersey Urban Enterprise Zones Act." Other retail sales tax revenues which are exempted under this bill, generated in a designated urban enterprise zone which receives the benefit of the retail sales tax exemption and which are payable into the Municipal Development Assistance Fund shall be payable to the municipal account as provided for in this bill.