

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 2803

STATE OF NEW JERSEY

DATED: NOVEMBER 25, 1997

Assembly Bill No. 2803 (1R) of 1997 authorizes the State Treasurer to establish a special fund in the State's General Fund to be known as the "Economic Growth Fund." The bill permits the Treasurer to deposit into the fund up to one-half of new sales tax and other revenues that are received from eligible economic growth areas designated in economic growth plans to be submitted to the Treasurer by developers. Revenues deposited into the fund shall not be considered part of the General Fund and shall not be commingled with other General Fund moneys. The moneys deposited in the fund may be used to pay for the principal and interest on bonds to finance, within a designated economic growth area or in certain adjacent locations, economic development projects that the Treasurer determines would not be undertaken without State financing. In accordance with the provisions of the bill, a developer may seek eligibility for State financing from the fund by submitting a development plan to the Treasurer.

The Office of Legislative Services (OLS) cannot estimate the fiscal impact of the bill on the State's General Fund, as it cannot determine the number of eligible economic development growth plans which would be submitted to or approved by the State Treasurer. The OLS notes, however, that the establishment of the proposed dedicated fund represents a potential loss of income to the State, since additional sales tax revenues realized as a result of economic development would, but for the provisions of this bill, inure to the General Fund.

The OLS further notes that although section 4 of the bill provides that fund revenues may be used for the payment or prepayment of the principal and interest on bonds or other obligations issued or guaranteed under the bill, section 8 further specifies that such bonds shall not constitute obligations of the growth fund, nor of the State of New Jersey or its General Fund, but shall be obligations of the developer.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.