

ASSEMBLY, No. 2803

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Assemblyman DiGAETANO

1 AN ACT concerning the financing of the development of economic  
2 growth areas and supplementing Title 34 of the Revised Statutes.

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

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7 1. This act shall be known and may be cited as the "Economic  
8 Growth Act."

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10 2. The Legislature finds and declares that:

11 a. The development and expansion of retail, commercial and  
12 entertainment establishments can generate tangible long-term benefits  
13 for the State, its local political subdivisions and its citizens.

14 b. These benefits include increases in State sales tax and local  
15 property tax revenues and new employment opportunities, as well as  
16 the overall enhancement of life in New Jersey.

17 c. In order to develop these areas in a beneficial manner, it is in the  
18 public interest to provide the means to finance certain infrastructure  
19 costs of development and redevelopment and other costs, in order to  
20 open new avenues for private investment, create jobs, stimulate  
21 commercial, recreational, cultural, entertainment, civic and educational  
22 enterprises, and create favorable conditions for increases in economic  
23 activity, property values and employment opportunities.

24 d. The potential for substantial gains in new tax revenues, jobs and  
25 economic activity, and the potential enhancement to the quality of life  
26 in the State and for its citizens, justifies the use of State assistance to  
27 encourage private investment and to promote development and  
28 redevelopment projects that would not otherwise occur without such  
29 State assistance.

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31 3. As used in this act:

32 "Authority" means the New Jersey Economic Development  
33 Authority created pursuant to section 4 of P.L.1974, c.80 (C.34:1B-  
34 4).

35 "Bonds" means the bonds, notes, or other obligations issued by the  
36 authority, a developer or any other entity pursuant to this act to  
37 finance a development, project or project costs authorized by this act.

1 "Commissioner" means the Commissioner of Commerce and  
2 Economic Development.

3 "Department" means the Department of Commerce and Economic  
4 Development.

5 "Developer" or "redeveloper" means any person or entity  
6 establishing or creating a development pursuant to this act.

7 "Development" or "redevelopment" means a new retail, commercial  
8 or entertainment business, or similar enterprise, or complex, or the  
9 improvements or expansion of an existing development, or portion  
10 thereof, the activities of which generate or are anticipated to generate  
11 sales tax revenues or other revenues, within an economic growth area.

12 "Economic development plan" or "development plan" means a  
13 proposal or plan, submitted by a developer to the State Treasurer  
14 pursuant to section 5 of this act, which describes the potential benefits  
15 including, but not limited to, new economic activity, tax revenues and  
16 job creation, that are expected to flow from a proposed development.

17 "Economic growth area" or "growth area" means a designated  
18 geographic area or a new commercial, retail or entertainment business,  
19 or similar enterprise, or complex, or expansion thereof, in this State,  
20 generating or anticipated to generate sales tax revenues, pursuant to  
21 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or  
22 other revenues, that would not have been realized without State  
23 assistance to a development or project, as determined by the State  
24 Treasurer pursuant to this act.

25 "Economic Growth Fund" or "growth fund" means a special fund  
26 established in the State's General Fund pursuant to section 4 of this  
27 act.

28 "Project" means the purchasing, leasing, condemning or otherwise  
29 acquiring of land or other property, or an interest therein, in a growth  
30 area or, as necessary or convenient for the acquisition of any right-of-  
31 way or other easement to or from a growth area; the moving and  
32 relocation of persons or businesses displaced by the acquisition of land  
33 or property; the acquisition, construction, reconstruction or  
34 rehabilitation of land or property and improvements thereon, or the  
35 financing thereof, including demolition, clearance, removal, relocation,  
36 renovation, alteration, construction, reconstruction, fill or  
37 environmental enhancement, alteration or repair of any land, building,  
38 street, highway, utility, mass transit facility, service or other structure,  
39 infrastructure or improvement in a growth area or as necessary to  
40 effectuate a development plan for a development within a growth area,  
41 including infrastructure improvements outside a growth area which the  
42 State Treasurer determines are integral to the effectuation of a  
43 development, the acquisition, construction, reconstruction,  
44 rehabilitation or installation of public facilities and improvements of  
45 nonprofit corporations or other suitable public or private persons,  
46 firms, corporations or associations, including educational, cultural,

1 civic and recreational facilities including, but not limited to,  
2 convention centers, arenas and public meeting facilities, or the  
3 financing thereof; and all costs associated with any of the foregoing,  
4 including the payment of principal of and interest on bonds issued by  
5 a developer or any other entity, and the costs of administrative  
6 appraisals, legal, financial, economic and environmental analysis,  
7 engineering or cleanup, planning, design, architectural, surveying or  
8 other professional and technical services necessary to effectuate the  
9 purposes of this act.

10 "Project cost" means the cost of a project, within a growth area or  
11 located in adjacent locations, as determined by the State Treasurer, or  
12 the cost of a development, and of any and all property, rights,  
13 assessments, privileges, agreements and franchises deemed by the  
14 State Treasurer to be necessary or useful or convenient therefor or in  
15 connection therewith, the cost of issuance of bonds, including interest,  
16 engineering and inspection costs, legal expenses, costs of financial and  
17 other professional estimates and advice, organization, administrative,  
18 operating and other expenses of the State Treasurer or developer prior  
19 to and during the planning and implementation of a development, or  
20 project, including such provisions as the State Treasurer may  
21 determine for the payment, or security for payment, of principal of  
22 bonds during or after the implementation of any development, or  
23 project or project costs.

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25 4. a. The State Treasurer shall establish and maintain a special  
26 fund in the State's General Fund to be known as the "Economic  
27 Growth Fund" into which shall be deposited: (1) such moneys as shall  
28 be paid to the growth fund from sales tax revenues pursuant to section  
29 8 of this act; (2) such other tax revenues and other sums as shall be  
30 appropriated by the State for the purposes of the growth fund; (3)  
31 such moneys as shall be paid to the growth fund from a developer,  
32 redeveloper or other similar party; and (4) such moneys as shall be  
33 paid to the growth fund from any other governmental entity or from  
34 any other source.

35 b. If the State Treasurer determines that the criteria of sections 6  
36 and 7 of this act have been met, the Treasurer shall use the fund for  
37 the purposes set forth in this act including, but not limited to: (1)  
38 paying for projects and project costs; (2) paying grants, and paying the  
39 principal of and interest on bonds or other obligations issued or  
40 guaranteed pursuant to this act; and (3) prepaying the principal of and  
41 interest on bonds issued or guaranteed pursuant to this act.

42 c. Any revenues deposited in the growth fund shall not be  
43 considered part of the General Fund and shall not be commingled with  
44 General Fund moneys, and once deposited in the growth fund, such  
45 revenues may be paid as authorized by section 8 of this act.

- 1       5. A developer may submit a development plan to the State  
2 Treasurer who shall review the plan in consultation with the  
3 commissioner and the authority. The development plan shall include:  
4       a. a description of the proposed development or redevelopment,  
5 and growth area, an estimate of the project cost, and a proposed  
6 construction schedule;  
7       b. an estimate of the amount of new sales tax or other revenues  
8 that will be generated or anticipated to be generated as a consequence  
9 of the development or redevelopment for a period of thirty years;  
10       c. an assessment of the economic and social benefits of the  
11 development;  
12       d. a list and description of projects and projects costs for which  
13 assistance is sought;  
14       e. an estimate of the taxable value of the assessed project upon  
15 completion of the development; and  
16       f. such other information as the State Treasurer may require.  
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- 18       6. To qualify a development as eligible for State financing, the  
19 State Treasurer must determine that a development is located within  
20 a growth area, as described in the development plan, and will generate  
21 significant new sales tax or other revenues or economic benefits and  
22 and will create new jobs.  
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- 24       7. If the State Treasurer determines that a development is eligible  
25 for State financing pursuant to section 6 of this act, he shall thereafter  
26 determine, after consultation with the commissioner and the authority,  
27 that:  
28       a. the proposed development or redevelopment is likely to be  
29 realized, and would not be likely to be accomplished by a developer  
30 without the creation of a growth area and the allocation of State  
31 financing or other assistance to projects or project costs;  
32       b. the amount of sales tax or other revenues pledged from the  
33 growth fund is reasonably related to the amount needed by the  
34 developer or redeveloper to obtain the financing needed to effectuate  
35 the projects;  
36       c. the credit of the State of New Jersey will not be pledged;  
37       d. the creation of a growth area will contribute to the economic  
38 development of the State, and enhance the retail, commercial or  
39 entertainment activities available in the State and the quality of life  
40 therein;  
41       e. the size of the proposed growth area does not exceed the  
42 capacity of the area and the amount of sales tax or other revenues  
43 pledged from the growth fund does not exceed the amount necessary  
44 to accomplish the goals of achieving economic growth, creating new  
45 tax revenues and creating new jobs;  
46       f. providing financial assistance for projects and project costs will

1 benefit the State, its political subdivisions or its citizens; and  
2 g. the amount of sales tax revenue or other revenues pledged from  
3 the growth fund will not pose an inappropriate risk to or undue  
4 financial hardship on the State.

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6 8. If the State Treasurer determines that the proposed development  
7 or redevelopment meets the criteria set forth in sections 6 and 7 of this  
8 act, he is authorized to:

9 a. (1) allocate up to one-half of the sales tax revenues received  
10 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1  
11 et seq.) from the taxation of retail sales within a growth area, into the  
12 growth fund for such period of time, not exceeding 30 years, as he  
13 determines is necessary and desirable to effectuate the purposes of this  
14 act; (2) with respect to the allocation of sales tax revenues authorized  
15 by this subsection, the State Treasurer, notwithstanding any other law,  
16 rule, regulation or order to the contrary, is further authorized to  
17 collect the revenues and deposit them in the growth fund and make the  
18 allocations authorized by this subsection from the growth fund without  
19 having to deposit the revenues into the State's General Fund and the  
20 revenues shall not be commingled with or considered to be part of the  
21 State's General Fund; (3) maintain separate accounts in the growth  
22 fund and allocate such moneys for a project or project costs in an  
23 amount sufficient to ensure their payment and the payment of principal  
24 of and interest on bonds issued pursuant to this act; and (4) apply  
25 moneys in the growth fund, which in his judgment, after consideration  
26 of the anticipated debt service obligations of a project and evaluation  
27 of the need to establish any reserve funds, exceed the amount needed  
28 to meet the requirements of paragraph (3) of this subsection, to other  
29 purposes of this act or for such other lawful purposes as are deemed  
30 appropriate by the State Treasurer;

31 b. make and enter into contracts or agreements with the authority  
32 to provide for conduit financing for projects or project costs through  
33 the issuance by the authority of bonds to be secured by moneys in the  
34 growth fund to pay for projects or project costs, provided that such  
35 bonds shall not constitute obligations of the growth fund, nor of the  
36 State of New Jersey or its General Fund but shall be obligations of the  
37 developer; and provided further that the payment of principal of and  
38 interest on any of the bonds shall not exceed the amounts in the  
39 growth fund;

40 c. make direct grants to developers, government agencies or others  
41 to fund a project or project costs;

42 d. make and enter into contracts or agreements with public  
43 agencies, nonprofit corporations or other suitable public or private  
44 persons, firms, corporations or associations, and make loans or grants  
45 to, or guarantee the obligations of, any other public agency or  
46 corporation, or other suitable public or private person as may be

1 necessary, convenient or incidental to the execution of projects or  
2 projects costs on such terms as he deems appropriate;

3 e. enter into agreements or engage in other transactions with, and  
4 accept grants, loans, appropriations or other assistance or cooperation  
5 from, the United States or any agency thereof, or from the State or a  
6 county or municipal governing body or any agency thereof, or any  
7 nonprofit corporation or other suitable public or private person, firm,  
8 corporation or association in furtherance of the purposes of this act on  
9 such terms as he deems appropriate;

10 f. hire or consult with consultants, or to enter into agreements with  
11 public or private agencies; and

12 g. pay for projects and project costs, specifically including  
13 payments to a developer, as reimbursement for projects or project  
14 costs incurred by a developer, in accordance with a redevelopment  
15 agreement entered into by the developer for or with respect to a  
16 project.

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18 9. Before allocating or pledging any sales tax or other revenues,  
19 and prior to the issuing of any bonds, incurring any obligations or  
20 guaranteeing or entering into contracts or agreements concerning the  
21 obligations of any other entity with respect to the project costs of any  
22 project, the State Treasurer shall adopt a final revenue allocation plan  
23 for the project. That plan shall include:

24 a. a description of the growth area, a description of the project or  
25 project costs to be financed, including the projected cost and  
26 construction schedule of the development;

27 b. a description of the development to be undertaken, including an  
28 estimate of the sales tax or other revenues anticipated to be generated  
29 from the development; and

30 c. a description of the sales tax or other revenues to be pledged to  
31 the support of the project.

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33 10. Moneys in the growth fund may be invested in the State of  
34 New Jersey Cash Management Fund established pursuant to section 1  
35 of P.L.1977, c.281 (C.52:18A-90.4). The State Treasurer may also  
36 invest and reinvest moneys in the growth fund, or any portion thereof,  
37 in such financial instruments as he deems appropriate. Any income  
38 from, interest on, or increment to moneys so invested or reinvested  
39 shall be included in the growth fund.

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41 11. The Department of the Treasury shall adopt, pursuant to the  
42 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
43 seq.), rules and regulations as may be necessary to effectuate the  
44 purposes of this act.

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46 12. This act shall take effect immediately.

## STATEMENT

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This bill 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 also permits the Treasurer to deposit into the Economic Growth Fund up to one-half of the sales tax revenues that are received from economic growth areas designated in economic growth plans to be submitted to the Treasurer by developers. Although the revenues deposited into the Economic Growth Fund are derived from the State sales tax or other revenues collected by the Treasurer, the revenues shall not be considered part of the General Fund and shall not be commingled with the General Fund moneys.

The bill provides that the moneys deposited in the Economic Growth 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 order to be eligible for State financing from the Economic Growth Fund, a developer may submit a development plan to the State Treasurer who shall review the plan, in consultation with the Commissioner of Commerce and Economic Development and the New Jersey Economic Development Authority, in accordance with criteria contained in the bill.

The bill requires the State Treasurer to determine that a proposed development will generate significant new sales tax or other revenues and new jobs before granting eligibility for State financing to a proposed development. The bill further requires the State Treasurer to make certain findings concerning the feasibility of the proposed development and the ability of the developer to complete the proposed development.

The bill is intended to provide a mechanism to encourage economic growth in this State and to promote the creation of new tax revenues and jobs that would not be likely to occur in the absence of State assistance.

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Authorizes the issuance of bonds to finance development of projects in economic growth areas.