

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### ASSEMBLY, No. 2803

# STATE OF NEW JERSEY

DATED: NOVEMBER 6, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2803 (1R).

Assembly Bill No. 2803 (1R) 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 State Treasurer to deposit into the 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 fund are derived from the State Sales and Use Tax or other revenues collected by the State Treasurer, the revenues shall not be considered part of the General Fund and shall not be commingled with other General Fund moneys.

The bill provides that 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 State Treasurer determines would not be undertaken without State financing.

A developer may seek eligibility for State financing from the fund by submitting a development plan to the State Treasurer for review.

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 requires that developers who submit plans to the State Treasurer shall include a provision that contracts for the acquisition, construction, reconstruction or rehabilitation of land or property and improvements thereon provide for a payment of not less than the prevailing wage to workers thereon. The bill authorizes the State Treasurer to require developers and their project contractors to provide guarantee payment bonds for construction work pertaining to developments receiving State financing.

The bill (1) limits the total amount of State grants that may be

provided for a project or project costs, when combined with other grants received by operation of State law, to no more than 50% of the new sales tax revenues, other revenues or economic benefits generated or anticipated to be generated annually by a development; and (2) requires the State Treasurer to coordinate efforts in connection with the review and approval of economic development plans submitted under this bill, to the maximum extent feasible, with the New Jersey Redevelopment Authority, in order to promote the most efficient use of State resources.

The bill clarifies that an economic growth area may include a Regional Growth Area, Pinelands Town or Pinelands Village, designated pursuant to the Pinelands Comprehensive Management Plan adopted pursuant to P.L.1979, c.111 (C.13:18A-1 et seq.) and prohibits the designation of an economic growth area in a designated urban enterprise zone.

**FISCAL IMPACT:**

In the legislative fiscal estimate to this bill, the Office of Legislative Services (OLS) stated that the fiscal impact could not be estimated. The number of eligible economic development growth plans to be submitted cannot be determined. The OLS did note that the establishment of the proposed dedicated fund represents a potential loss of income to the State since additional sales tax revenue, under the bill, would not be considered part of the General Fund.