

SENATE, No. 257

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator GIRGENTI

1 AN ACT concerning the establishment of health enterprise zones.

2

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

5

6 1. As used in this act:

7 "Authority" means the New Jersey Health Enterprise Zone
8 Authority created by section 2 of this act;

9 "Health enterprise zone" or "zone" means a health enterprise zone
10 designated by the authority pursuant to this act;

11 "Health enterprise zone development corporation" means a
12 nonprofit corporation or association created pursuant to section 5 of
13 this act;

14 "Qualified business" means any entity authorized to do business in
15 the State of New Jersey which is engaged in the active conduct of a
16 health-related trade or business in a health enterprise zone which meets
17 criteria established by the authority.

18 "Zone development plan" means a plan adopted by the governing
19 body of a qualifying municipality for the development of a health
20 enterprise zone therein, and for the direction and coordination of
21 activities of the municipality, zone businesses and community
22 organizations within the health enterprise zone toward the economic
23 betterment of the residents of the zone and the municipality;

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

1 2. There is created the New Jersey Health Enterprise Zone
2 Authority, which shall consist of 13 members as follows: the
3 Commissioner of Commerce, Energy and Economic Development who
4 shall be chair of the authority, the Commissioner of Health, the
5 Commissioner of Community Affairs; the Commissioner of Labor and
6 the State Treasurer, or their designees; two members of the Senate to
7 be appointed by the President of the Senate, who shall not be members
8 of the same political party; two members of the General Assembly to
9 be appointed by the Speaker of the General Assembly, who shall not
10 be members of the same political party; and four public members not
11 holding any other office, position or employment in the State
12 Government, nor any local elective office, who shall be appointed by
13 the Governor with the advice and consent of the Senate, and who shall
14 be qualified for their appointments by training and experience in the
15 areas of local government finance, health care, economic development
16 and redevelopment, or volunteer civic service and community
17 organization. No more than two public members shall be of the same
18 political party.

19

20 3. For purposes of compliance with Article V, Section IV,
21 paragraph 1 of the Constitution of the State of New Jersey, the
22 authority created by this act is allocated to the Department of
23 Commerce, Energy and Economic Development. All clerical and
24 professional assistants, and all personnel, procurement, budgetary and
25 other administrative services necessary or incidental to its proper
26 functioning shall be provided by and through that department.

27 It shall be the duty of the authority to:

28 a. Promulgate criteria for the designation of a zone pursuant to the
29 provisions of this act;

30 b. Receive and evaluate applications of municipalities for the
31 designation of a zone;

32 c. Enter into discussions with applying municipalities regarding
33 health zone development proposals;

34 d. Act as agent of the State with respect to zone development
35 plans, and in determining the State-furnished components to be
36 included in those plans;

37 e. Designate a zone in accordance with the provisions of this act
38 and promulgate rules and regulations necessary to carry out its duties
39 under this act;

40 f. Exercise continuing review and supervision of the
41 implementation of zone development plans;

42 g. Establish criteria for the designation of a qualified business
43 pursuant to the provisions of this act;

44 h. Assist and represent qualifying municipalities in any negotiations
45 with, or proceedings before, other agencies of State government or of
46 the federal government, to secure necessary or appropriate assistance,

1 support and cooperation of those agencies in the implementation of
2 zone development plans in accordance with the provisions of this act
3 and any other applicable State or federal law;

4 i. Upon request, assist agencies of municipal government in
5 gathering, compiling and organizing data to support an application for
6 designation of a zone, and in identifying and coordinating the elements
7 of a zone development proposal suitable for the zone sought to be
8 designated;

9 j. Provide assistance to State and local government agencies
10 relating to application for permits, licenses and other regulatory
11 approvals required by those agencies, to assure consideration and
12 expeditious handling of regulatory requirements of any qualified zone
13 business or zone neighborhood association. Regulatory agencies of
14 the State and its agencies and instrumentalities may agree to any
15 simplification, consolidation or other liberalization of procedural
16 requirements which may be requested by the authority and which is not
17 inconsistent with provisions of law; and

18 k. Exercise continuing review of the implementation of this act,
19 and to report annually to the Governor and the Legislature on the
20 effectiveness of health enterprise zones, including any
21 recommendations for legislation to improve the effectiveness of
22 operation of these zones. The report shall be submitted one year from
23 the effective date of this act, and annually thereafter.

24

25 4. The authority shall designate a health enterprise zone from
26 among those areas in qualifying municipalities as determined in
27 accordance with section 6 of this act.

28

29 5. The governing body of a qualifying municipality may, by
30 ordinance, create a nonprofit corporation pursuant to the provisions
31 of Title 15A of the New Jersey Statutes to act as the health zone
32 development corporation for the municipality. Any health zone
33 development corporation so created shall include on its board of
34 directors representatives of the government of the qualifying
35 municipality, members of the business community including medical
36 and health-related businesses, and representatives of community
37 organizations in the municipality, and the total membership of the
38 board of directors shall be broadly representative of businesses and
39 other community organizations within the municipality.

40 Notwithstanding the provisions of any other law to the contrary, a
41 health zone development corporation shall be considered to be a local
42 development corporation for the purpose of receiving any State
43 financial or technical assistance as may be available, and the creation
44 of a health zone development corporation shall not preclude a
45 qualifying municipality from creating another local development
46 corporation for the municipality with responsibilities not related to the

1 health enterprise zone, nor preclude that other corporation from
2 receiving State financial or technical assistance.

3 Before applying for designation of a health enterprise zone, the
4 municipal governing body shall cause a preliminary zone development
5 plan to be formulated, either by a zone development corporation or by
6 the governing body, with the assistance of those officers and agencies
7 of the municipality as the governing body may see fit. The preliminary
8 zone development plan shall set forth the boundaries of the proposed
9 health enterprise zone, findings of fact concerning the economic and
10 social conditions existing in the area proposed for a health enterprise
11 zone, and the municipality's policy and intentions for addressing these
12 conditions, and may include proposals respecting:

13 a. Utilizing the powers conferred on the municipality by law for the
14 purpose of stimulating investment in and economic development of the
15 proposed zone;

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

18 c. Securing the involvement in, and commitment to, zone economic
19 development by private entities, including zone neighborhood
20 associations, voluntary community organizations supported by
21 residents and businesses in the zone;

22 d. Utilizing the powers conferred by law to revise municipal
23 planning and zoning ordinances and other land use regulations as they
24 pertain to the zone, in order to enhance the attraction of the zone to
25 prospective health-related businesses and industries;

26 e. Increasing the availability and efficiency of support services,
27 public and private, generally used by and necessary to the efficient
28 functioning of health-related businesses and industries in the area, and
29 the extent to which the increase or improvement is to be provided and
30 financed by the municipal government or by other entities.

31

32 6. No municipality shall be determined to be a qualified
33 municipality unless it meets all the following criteria:

34 a. The rate of unemployment among residents in the area and
35 among residents of the municipality exceeds 1.5% of the national
36 unemployment rate as determined by the most recently available data
37 from the Bureau of Labor Statistics in the United States Department
38 of Labor;

39 b. At least 20% of the population of the area to be designated as
40 the health enterprise zone and of the population of the municipality
41 receive incomes below the poverty level, as defined by the United
42 States Department of Labor;

43 c. It is a city of the second class with a population greater than
44 137,000 and less than 142,000, according to the latest federal
45 decennial census.

46 d. There is a regional teaching hospital within the municipality.

1 7. a. In designating an eligible area as a health enterprise zone, the
2 authority shall accord preference to zone development plans which:

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

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

8 (3) Demonstrate the most substantial and reliable commitments of
9 resources by zone businesses, zone neighborhood associations,
10 health-related educational programs, voluntary community
11 organizations and other private entities to the economic success of the
12 zone;

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

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

20 (1) The adverse or beneficial effects of a health enterprise zone
21 located in the proposed area upon economic development activities or
22 projects of State or other public agencies which are in operation or are
23 approved for operation, in the qualifying municipality;

24 (2) The degree of commitment made by public and private entities
25 to utilize minority contractors and assure equal opportunities for
26 employment in connection with any construction or reconstruction to
27 be undertaken in the eligible area;

28 (3) The impact of the zone development plan upon the social,
29 natural and historic environment of the eligible area;

30 (4) The degree to which the implementation of the plan involves
31 the relocation of residents from the eligible area, and the adequacy of
32 commitments and provisions with respect thereto.

33

34 8. a. A qualifying municipality may designate any area set forth in
35 the zone development plan as a health enterprise zone.

36 b. Upon receipt of an application from a qualifying municipality the
37 authority shall review the application to determine whether the area
38 described in the application qualifies for State assistance under the
39 criteria of this act.

40 c. Upon organization the authority shall establish a date for the
41 receipt of initial applications for designation under this act, which shall
42 be within six months of the effective date of this act. Thereafter, the
43 authority shall complete its review within 60 days of receipt of an
44 application, but may extend this time period by an additional 60 days
45 if necessary. If the authority denies the application, it shall inform the

1 municipality of that fact in writing setting forth the reasons for the
2 denial.

3 d. The designation of a health enterprise zone by the authority shall
4 take effect upon the adoption by the qualifying municipality of an
5 ordinance accepting that designation.

6
7 9. Except as otherwise specified in this act, a qualified business in
8 a health enterprise zone shall be eligible to receive those benefits
9 authorized in sections 10 through 14 of this act as are determined by
10 the authority. The authority shall state in writing to the qualifying
11 municipality at the time of designation its determinations as to which
12 of those benefits are to apply in a given health enterprise zone.

13 Any qualified business that receives any benefit provided pursuant
14 to sections 10 through 14 of this act shall annually certify to the
15 authority that it is a qualified business. Failure to supply the
16 certification or willful falsification of data in the certification will result
17 in a fine of not more than ten times the benefits received, nor more
18 than two years in prison.

19
20 10. Any qualified business subject to the provisions of the
21 Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1
22 et seq.), as employing a larger number of persons at a place of business
23 located within a health enterprise zone designated pursuant to this act
24 than at all other places of business of the taxpayer within the State,
25 may be exempt from the net worth tax imposed pursuant to subsection
26 (a) of section 5 of P.L.1945, c.162 (C.54:10A-5(a)), and from the tax
27 imposed by subsection (f) of that section (C.54:10A-5(f)). The
28 provisions of this section are subject to the phase-out provisions of
29 P.L.1982, c.55 (C.54:10A-4 et seq.).

30
31 11. a. Any qualified business subject to the provisions of the
32 Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1
33 et seq.), actively engaged in the conduct of a health-related business,
34 as determined by the authority, from a location within a health
35 enterprise zone designated pursuant to this act, which business at that
36 location consists primarily of manufacturing or other business which
37 is not retail sales or warehousing oriented, may receive a health
38 enterprise zone employee tax credit against the amount of tax imposed
39 under the Corporation Business Tax Act (1945), P.L.1945, c.162
40 (C.54:10A-1 et seq.), as hereinafter provided:

41 (1) A one-time credit of \$1,500 for each new full-time, permanent
42 employee employed at that location who is a resident of the qualifying
43 municipality in which the designated health enterprise zone is located,
44 and who immediately prior to employment by the taxpayer was
45 unemployed for at least 90 days, or was dependent upon public
46 assistance as the primary source of income;

1 (2) A one-time credit of \$500 for each new full-time, permanent
2 employee employed at that location who is a resident of a qualifying
3 municipality in which the designated health enterprise zone is located,
4 or any other qualifying municipality in which a health enterprise zone
5 is located, who does not meet the requirements of paragraph (1) of
6 this subsection, and who was not, immediately prior to employment by
7 the taxpayer, employed at a location within the qualifying municipality.

8 b. If approved by the authority, the health enterprise zone
9 employee tax credit shall be allowed in the tax year immediately
10 following the tax year in which the new full-time, permanent employee
11 was first employed by the taxpayer.

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

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

24

25 12. Health enterprise zone employee tax credits provided pursuant
26 to section 11 of this act shall not reduce a taxpayer's tax liability under
27 the Corporation Business Tax Act (1945), P.L.1945, c.162
28 (C.54:10A-1 et seq.) in any tax year by more than 50% of the amount
29 otherwise due, but employee tax credits remaining and unused in a tax
30 year may be carried forward by the taxpayer to the next succeeding tax
31 year and applied against 50% of the amount of tax otherwise due in
32 that succeeding tax year.

33

34 13. Retail sales of tangible personal property, except motor
35 vehicles, and sales of services to a qualified business for the exclusive
36 use or consumption of such business within a health enterprise zone
37 may be exempt from the taxes imposed under the "Sales and Use Tax
38 Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

39

40 14. Receipts of retail sales of health-related manufacturing
41 machinery, equipment or apparatus, made by a certified vendor from
42 a place of business owned or leased and regularly operated by the
43 vendor for the purpose of making retail sales, and located in the
44 designated health enterprise zone established pursuant to this act, may
45 be exempt to the extent of 50% of the tax imposed under the "Sales
46 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.). Any vendor,

1 which is a qualified business having a place of business located in a
2 designated health enterprise zone, may apply to the Director of the
3 Division of Taxation in the Department of the Treasury for
4 certification pursuant to this section. The director may certify a
5 vendor if he shall find that the vendor owns or leases and regularly
6 operates a place of business located in the designated health enterprise
7 zone for the purpose of making retail sales, that items are regularly
8 exhibited and offered for retail sale at that location, and that the place
9 of business is not utilized primarily for the purpose of catalogue or
10 mail order sales. The certification under this section shall remain in
11 effect during the time the business retains its status as a qualified
12 business meeting the eligibility criteria pursuant to this act. However,
13 the director may at any time revoke a certification granted pursuant to
14 this section if he shall determine that the vendor no longer complies
15 with the provisions of this section.

16 Notwithstanding any other provisions of law to the contrary, all
17 revenues received from the taxation of retail sales made by certified
18 vendors from business locations in the designated health enterprise
19 zone to which this exemption shall apply, shall be deposited
20 immediately upon collection by the Department of the Treasury in the
21 health enterprise zone assistance fund created pursuant to section 20
22 of this act.

23 The revenues required to be deposited in the health enterprise zone
24 assistance fund pursuant to this section shall be used for the purposes
25 of that fund and for the uses prescribed in section 20 of this act,
26 subject to annual appropriations being made for those purposes and
27 uses.

28

29 15. Within 90 days of the enactment of this act, the Director of the
30 Division of Taxation in the Department of the Treasury shall
31 promulgate such rules and regulations as may be necessary to
32 effectuate the provisions of sections 10 through 14 of this act, and the
33 Commissioner of Commerce, Energy and Economic Development shall
34 promulgate such rules and regulations as may be necessary to
35 effectuate the provisions of section 9 of this act.

36

37 16. The Department of Labor shall develop and coordinate the
38 delivery of skill training programs necessary to meet the needs of
39 qualifying businesses.

40

41 17. In order to carry out the purposes of this act, any municipality
42 or State agency may exempt a designated health enterprise zone from
43 the provisions of any regulation, in whole or in part, promulgated by
44 that entity or agency, but the health enterprise zone shall not be
45 exempted from the provisions of any regulation, except upon finding
46 by the State or municipal agency, as appropriate, that the exemption

1 would not endanger the health and safety of the citizens of the State.

2

3 18. The authority shall conduct a continuing review of all State
4 regulations and shall recommend to the appropriate administrative
5 bodies the modification or waiver of regulations promulgated by that
6 agency in order to contribute to the implementation of this act.

7

8 19. To be eligible for any of the incentives provided under this act
9 a qualified business must demonstrate to the satisfaction of the
10 authority that:

11 a. The business will create new employment in the municipality;
12 and

13 b. The business will not create unemployment in other areas of the
14 State, including the municipality in which the zone is located.

15

16 20. a. There is created a health enterprise zone assistance fund to
17 be held by the State Treasurer, which shall be the repository for all
18 moneys required to be deposited therein pursuant to section 14 of this
19 act or moneys appropriated annually to the fund. All moneys
20 deposited in the fund shall be held and disbursed in the amounts
21 necessary to fulfill the purposes of this section and subject to the
22 requirements hereinafter prescribed. The State Treasurer may invest
23 and reinvest any moneys in the fund, or any portion thereof, in legal
24 obligations of the United States or of the State or of any political
25 subdivision thereof. Any income from, interest on, or increment to
26 moneys so invested or reinvested shall be included in the fund.

27 The State Treasurer shall promulgate the rules and regulations
28 necessary to govern the administration of the fund for the purposes of
29 this section.

30 b. The health enterprise zone assistance fund shall be used for the
31 purpose of assisting a qualifying municipality in which a health
32 enterprise zone is designated in undertaking public improvements and
33 in upgrading eligible municipal services in designated enterprise zones.

34 c. The governing body of a qualifying municipality in which a
35 health enterprise zone is designated and the zone development
36 corporation created by the municipality for that health enterprise zone
37 may, by resolution jointly adopted after public hearing, propose to
38 undertake a project for the public improvement of the health enterprise
39 zone or to increase eligible municipal services in the health enterprise
40 zone, and to fund that project or increase in eligible municipal services
41 from moneys deposited in the health enterprise zone assistance fund
42 and credited to the account maintained by the State Treasurer for the
43 health enterprise zone.

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

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

3 (2) An estimate of the total project costs, or of the total costs of
4 increasing the municipal services, and an estimate of the amounts of
5 funding necessary annually from the health enterprise zone account;

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

8 (4) A statement of the time necessary to complete the project, or
9 of the time during which the increased municipal services are to be
10 maintained; and

11 (5) A statement of the manner in which the proposed project or
12 increase in municipal services furthers the municipality's policy and
13 intentions for addressing the economic and social conditions existing
14 in the area of the health enterprise zone as set forth in the zone
15 development plan approved by the authority.

16 As used in this section, "project" means the purchasing, leasing,
17 condemning, or otherwise acquiring of land or other property, or an
18 interest therein, in the health enterprise zone or as necessary for a
19 right-of-way or other easement to or from the health enterprise zone;
20 the relocating and moving of persons displaced by the acquisition of
21 land or property; the rehabilitation and redevelopment of land or
22 property, including demolition, clearance, removal, relocation,
23 renovation, alteration, construction, reconstruction, installation or
24 repair of a land or a building, street, highway, alley, utility, service or
25 other structure or improvement; the acquisition, construction,
26 reconstruction, rehabilitation, or installation of public facilities and
27 improvements, except buildings and facilities for the general conduct
28 of government and schools; and the costs associated therewith,
29 including the costs of an administrative appraisal, economic and
30 environmental analyses or engineering, planning, design, architectural,
31 surveying or other professional services necessary to effectuate the
32 project.

33 As used in this section, "eligible municipal services" means the
34 hiring of additional police or firefighters assigned duties in the health
35 enterprise zone, or the purchasing or leasing of additional police or
36 fire vehicles, equipment or apparatus to be used for the provision of
37 augmented or upgraded public safety services in the health enterprise
38 zone and its immediate vicinities.

39 d. Upon adoption by the governing body of the qualifying
40 municipality and by the zone development corporation, the proposal
41 shall be sent to the authority for its evaluation and approval. The
42 authority shall approve the proposal if it finds:

43 (1) In the case of a project, that the proposed project furthers the
44 policy and intentions of the zone development plan approved by the
45 authority, and that the estimated annual payments for the project from
46 the health enterprise zone account to which the proposal pertains are

1 not likely to result in a deficit in that account;

2 (2) In the case of an increase in eligible municipal services, that the
3 proposal furthers the policy and intentions of the zone development
4 plan approved by the authority; that the qualifying municipality has
5 furnished satisfactory assurances that the additional police or
6 firefighters to be hired, or the additional vehicles, equipment or
7 apparatus to be purchased or leased, shall be used to augment or
8 upgrade public safety in the health enterprise zone, and shall not be
9 used in other areas of the municipality; that the qualifying municipality
10 shall annually appropriate for the increased eligible municipal services
11 an amount equal to 20% of the amount of annual payments for the
12 eligible municipal services from the health enterprise zone account;
13 and that the estimated annual payments for the eligible municipal
14 services from the health enterprise zone account to which the proposal
15 pertains are not likely to result in a deficit in that account.

16 e. If the authority shall approve the proposal, it shall annually,
17 upon its receipt of a written statement from the governing body of the
18 qualifying municipality and the zone development corporation, certify
19 to the State Treasurer the amount to be paid in that year from the
20 health enterprise zone account in the health enterprise zone assistance
21 fund with respect to each project or increase in eligible municipal
22 services approved. The authority may at any time revoke its approval
23 of a project or an increase in eligible municipal services if it finds that
24 the annual payments made from the health enterprise zone assistance
25 fund are not being used as required by this section.

26 f. Upon certification by the authority of the annual amount to be
27 paid to a qualifying municipality with respect to any project or increase
28 in eligible municipal services, the State Treasurer shall pay in each year
29 to the qualifying municipality from the amounts deposited in the health
30 enterprise zone assistance fund the amount so certified, within the
31 limits of the amounts credited to the health enterprise zone account of
32 the qualifying municipality.

33

34 21. Section 15 shall take effect immediately, the remainder of the
35 act shall take effect on the 90th day following enactment and the act
36 shall expire three years after the effective date.

37

38

39

STATEMENT

40

41 This bill provides for the establishment of a health enterprise zone
42 in one municipality in the State for a three-year period. A municipality
43 which meets all of the bill's criteria with respect to unemployment,
44 poverty, population, and the presence of a teaching hospital may apply
45 for designation as a health enterprise zone. Presently, the only
46 municipality in the State which meets these criteria is Paterson.

1 In addition, the bill creates a 13-member Health Enterprise Zone
2 Authority.

3 The bill is modeled after the "New Jersey Urban Enterprise Zone
4 Act," P.L.1983, c.303 (C.52:27H-60 et seq.) and provides tax
5 incentives similar to those provided in that act to qualifying businesses
6 within the health enterprise zone. Tax incentives which may be
7 provided to qualified business located in the health enterprise zone
8 include:

9 1) an exemption from the net worth tax imposed pursuant to
10 subsections (a) and (f) of section 5 of P.L.1945, c.162 (C.54:10A-5(a)
11 and (f)) for certain qualified businesses subject to the Corporation
12 Business Tax Act;

13 2) employee tax credits against the amount of tax imposed under
14 the Corporation Business Tax Act, for qualified businesses subject to
15 that act, in the following amounts:

16 - a one-time credit of \$1,500 for each new full-time, permanent
17 employee employed at that location who is a resident of the
18 municipality in which the health enterprise zone is located, and who
19 immediately prior to employment by the taxpayer was unemployed for
20 at least 90 days, or was dependent upon public assistance as the
21 primary source of income; and

22 - a one-time credit of \$500 for each new full-time, permanent
23 employee employed at that location who is a resident of the
24 municipality in which the enterprise zone is located who does not meet
25 the requirements of the preceding paragraph, and who was not,
26 immediately prior to employment by the taxpayer, employed at a
27 location within the municipality.

28 These tax credits, however, cannot reduce a taxpayer's tax liability
29 under the Corporation Business Tax Act by more than 50% of the
30 amount otherwise due in any given year.

31 3) An exemption from the sales tax for retail sales of tangible
32 personal property, except motor vehicles, and sales of services to a
33 qualified business for the exclusive use or consumption of such
34 business within the enterprise zone; and

35 4) A 50% reduction in the sales tax for retail sales of health-related
36 manufacturing machinery, equipment or apparatus, made by a certified
37 vendor from a place of business owned or leased and regularly
38 operated by the vendor for the purpose of making retail sales, and
39 located in the enterprise zone. All revenues received from the taxation
40 of retail sales made by certified vendors from business locations in the
41 health enterprise zone to which this sales tax exemption would apply,
42 would be deposited immediately upon collection by the Department of
43 the Treasury. These tax receipts will be deposited into the health
44 enterprise zone assistance fund, created in the bill.

45 The funds in the health enterprise zone assistance fund can be used
46 by the municipality: (1) to undertake public improvements, such as

1 purchasing land for a right-of-way, demolition and relocation of
2 persons displaced by the acquisition of land or property; and (2)
3 upgrade municipal services, such as hiring additional police and
4 firemen, in the enterprise zone.

5 The bill also provides that a qualifying municipality may create a
6 nonprofit corporation to act as the local health zone development
7 corporation for the purpose of receiving any State financial or
8 technical assistance as may be available.

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12

13 Provides for establishment of health enterprise zones.