ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

SENATE, No. 800

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 13, 1996

The Assembly Appropriations Committee reports favorably Senate Bill No. 800 (2R), with committee amendments.

Senate Bill No. 800 (2R), as amended, creates the New Jersey Redevelopment Authority (NJRA) to assist in the revitalization of New Jersey's urban areas. The bill establishes the authority in, but not of, the Department of Commerce and Economic Development and confers the necessary powers. The NJRA is given bonding authority with an annual bonding cap of $100 million.

In addition, the bill creates a framework under which properties declared as abandoned based on their condition may be acquired in an abbreviated manner and redeveloped. The bill also authorizes the use of payments in lieu of taxes as a financing method for redevelopment projects.

The bill establishes an empowerment neighborhood program through which certain municipalities may be made eligible for financial assistance from the NJRA. The Office of Neighborhood Empowerment will be in, but not of, the Department of Community Affairs.

Finally, the bill also sets forth procedures for remediating contaminated properties.

As amended, this bill is identical to A-1820 as amended and reported by this committee.

FISCAL IMPACT:

The bill appropriates $9 million from the General Fund to the NJRA in, but not of, the Department of Commerce and Economic Development. In addition, the bill appropriates $1 million from the General Fund to the Office of Neighborhood Empowerment in, but not of, the Department of Community Affairs.

The bill sets aside a portion of the aggregate amount of loans and loan guarantees made by the Economic Development Authority for NJRA projects. In addition, the bill makes available funds out of pre-existing bond issues for projects in empowerment neighborhoods or enterprise communities and provides that consideration be given to

funding such projects, as may be practicable in an empowerment zone or enterprise community, as well as other NJRA projects, out of the "Water Supply Bond Act of 1981," the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," and the "1992 New Jersey Employment and Workforce Development Act."

COMMITTEE AMENDMENTS:

The committee amendments affect the organization of the NJRA by removing a provision preventing a legislator from being one of the legislative appointees to the NJRA and providing that the Commissioner of Commerce and Economic Development, or a public member of the authority appointed by the commissioner, chair the authority (a procedure similar to that for chairing the New Jersey Economic Development Authority).

The amendments affect NJRA funds by providing that the Commissioner of Commerce and Economic Development establish the rates and maturities of NJRA loans, rather than the State Treasurer; removing a redundant provision concerning investment of New Jersey Redevelopment Investment Fund monies; removing a provision requiring the Treasurer to approve any interest-free loans; and removing a provision requiring the Treasurer or the Director of the Division of Budget and Accounting to approve expenditures from the fund for administrative costs.

The amendments affect abandoned property procedures by changing a criterion for determining property is abandoned from a requirement that required substantial environmental remediation has not been substantially completed within 12 months of the DEP order to a finding by the public officer that the condition of the property makes it harmful to the welfare, including the economic welfare, of municipal residents; clarifying that the filing of a copy of the notice to the reputed owner of a property placed on the abandoned list has the same effect as a filed notice of pending litigation; changing a bonding condition allowing an owner to remove an environmentally compromised property from the abandoned property list from a DEP certification that a cash or bond is sufficient to cover the cost of required cleanup to a certification by an owner-retained licensed engineer; and requiring the owner of environmentally compromised property to enter into a memorandum of agreement with DEP or administrative consent order to get the property off the abandoned property list and avoid forfeiture of cash or bond.

The amendments provide that neighborhood empowerment plans will be developed by local sponsors with the guidance of a community director under the direction of, and with the participation of, residents, community-based organizations, the private sector and the municipal government. (Local sponsors may be a municipality, county, public or private county and municipal development agency, district management corporation, community action board, or any other such organization.)

The amendments delete sections governing resources that may be made available from three bond acts ("Water Supply Bond Act of 1981," "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," and "1992 New Jersey Employment and Workforce Development Act"), and provide that the authority is allowed to apply for funding from those acts for projects in qualified municipalities or in an empowerment zone or enterprise community, if those projects are consistent with the purposes of the respective bond act.

The amendments also make technical and clarifying changes.