

SENATE, No. 1185

STATE OF NEW JERSEY

INTRODUCED MAY 30, 1996

By Senator BRYANT

1 AN ACT allowing for the designation of municipal development
2 financing districts and supplementing Title 52 of the Revised
3 Statutes.

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

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8 1. This act shall be known and may be cited as the "Municipal
9 Development Financing Act."

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11 2. The Legislature finds and determines that the State has
12 participated in or otherwise encouraged the development of
13 public-private partnerships with the goal of revitalizing certain
14 municipalities through the construction of major entertainment
15 facilities, and it is appropriate that a share of the new revenues derived
16 from this revitalization be made available to those municipalities to
17 allow for the provision of services to support those new facilities and
18 to provide sufficient financial flexibility to those municipalities in order
19 to allow for and promote further revitalization efforts on the part of
20 those municipalities.

21
22 3. As used in this act:

23 "District" means the municipal development financing district
24 established by a municipality and approved by the State Treasurer
25 pursuant to section 4 of P.L. , c. (C.) (pending before the
26 Legislature as this bill).

27 "Entertainment facility" means any privately or publicly owned and
28 operated entertainment facility within the State of New Jersey such as
29 a theater, stadium, museum, arena, racetrack or other place where
30 performances, concerts, exhibits, games or contests are held and for
31 which an entry fee is charged, excluding any stadium or arena operated
32 by an institution of higher education in this State.

33 "Project" means any capital project or any other public
34 improvement, service, facility or equipment which a municipality is
35 legally authorized to undertake, purchase or provide.

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37 4. a. Any municipality with a population of greater than 84,000

1 and less than 87,500 in a county of the second class with a population
2 of greater than 470,000 and less than 503,000 according to the latest
3 federal decennial census may by ordinance establish a Municipal
4 Development Financing District. The district shall be a contiguous
5 area of compact shape within the municipality and shall include an
6 entertainment facility with at least 5000 fixed seats which began
7 operation on or after January 1, 1994. For the purposes of P.L. , c.
8 (C.) (pending before the Legislature as this bill), the date of
9 operation shall be established by the date of issuance of the first
10 certificate of occupancy for the entertainment facility. If a boundary
11 of the district is a body of water, any establishment situated on the
12 body of water and accessible from the district by a dock or ramp shall
13 be considered within the district.

14 The district may include any portion of the municipality,
15 notwithstanding designation as an enterprise zone pursuant to section
16 7 of P.L.1983, c.303 (C.52:27H-66).

17 b. Any municipality which has adopted an ordinance pursuant to
18 subsection a. of this section shall submit the ordinance to the State
19 Treasurer who shall certify the area as a Municipal Development
20 Financing District upon a determination that it meets the rules and
21 regulations adopted pursuant to Section 9 of P.L. , c. (C.)
22 (pending before the Legislature as this bill).

23

24 5. a. Fifty percent of all sales tax revenues derived within the
25 district upon (1) receipts of retail sales, except retail sales of motor
26 vehicles, of alcoholic beverages as defined in the "Alcoholic beverage
27 tax law," R.S.54:41-1 et seq., cigarettes as defined in the "Cigarette
28 Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and of manufacturing
29 machinery, equipment or apparatus, made by a certified vendor from
30 a place of business owned or leased and regularly operated by the
31 vendor for the purpose of making retail sales; (2) receipts from the
32 sale of food and drink subject to taxation pursuant to subsection (c) of
33 section 3 of the "Sales and Use Tax Act," P.L.1966, c.30
34 (C.54:32B-3), but excluding sales of food and drink sold through coin
35 operated vending machines; (3) the rent for the occupancy of a room
36 or rooms in a hotel subject to taxation pursuant to subsection (d) of
37 section 3 of the "Sales and Use Tax Act"; and (4) admission charges
38 subject to taxation pursuant to subsection (e) of section 3 of the "Sales
39 and Use Tax Act," as certified by the Director of the Division of
40 Taxation, shall be remitted to the chief finance officer of the
41 municipality to be used for municipal purposes.

42 The State Treasurer may deduct from amounts so retained prior to
43 deposit in the fund an amount equal to that necessary to compensate
44 the Division of Taxation for costs actually incurred by that division in
45 administering the provisions of P.L. , c. (C.) (pending before the
46 Legislature as this bill).

1 b. The remaining fifty percent of all sales tax revenues derived
2 within the district, as provided in subsection a. of this section, less
3 those amounts deducted by the State Treasurer for administrative
4 costs, shall be deposited into a Municipal Development Assistance
5 Fund to be used for the purposes prescribed in section 8 of P.L. , c.
6 (C.) (pending before the Legislature as this bill), except as
7 provided in subsection c. of this section.

8 c. Notwithstanding the provisions of subsection b. of this section
9 to the contrary, if any portion of the district is included within a
10 designated urban enterprise zone in which an exemption from receipts
11 of retail sales has been granted pursuant to section 21 of P.L.1983,
12 c.303 (C.52:27H-80), the retail sales tax exemption shall not apply and
13 instead, 50 percent of the retail sales tax collected pursuant to
14 subsection a. of this section within that area designated as an
15 enterprise zone shall be remitted to the chief financial officer of the
16 municipality to be used for municipal purposes and the remaining 50
17 percent shall be deposited into the Municipal Development Assistance
18 Fund as provided in subsection b. herein to the account of that
19 municipality pursuant to section 8 of P.L. , c. (C.)
20 (pending before the Legislature as this bill).

21
22 6. Any vendor making sales from a location within the district
23 required to collect tax pursuant to the "Sales and Use Tax Act",
24 P.L.1966, c.30 (C.54:32B-1 et seq.) shall register with the Director of
25 the Division of Taxation in a manner prescribed by the director and file
26 a return in such form and with such information as the director shall
27 prescribe by rule or regulation as necessary to determine the municipal
28 share of the tax.

29
30 7. Any vendor making sales from a location within the district
31 required to register under P.L. , c. (C.) (pending before the
32 Legislature as this bill) shall, on or before the dates required pursuant
33 to section 17 of the "Sales and Use Tax Act," P.L.1966, c.30
34 (C.54:32B-17), forward to the director the sales tax collected in the
35 preceding return period and make and file a return for the preceding
36 return period with the director on a form containing any information
37 that the Division of Taxation in the Department of the Treasury shall
38 prescribe by rule or regulation in order to determine the municipal
39 share of the tax.

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41 8. a. There is created a Municipal Development Assistance Fund
42 to be held by the State Treasurer, which shall be the repository for all
43 moneys required to be deposited therein under subsection b. of section
44 5 of P.L. , c. (C.) (pending before the Legislature as this
45 bill) or moneys appropriated annually to the fund. All moneys
46 deposited in the fund shall be held and disbursed in the amounts

1 necessary to fulfill the purposes of this section and subject to the
2 requirements hereinafter prescribed. The State Treasurer may invest
3 and reinvest any moneys in the fund, or any portion thereof, in legal
4 obligations of the United States or of the State or of any political
5 subdivision thereof. Any income from, interest on, or increment to
6 moneys so invested or reinvested shall be included in the fund.

7 b. The State Treasurer shall maintain separate accounts for each
8 municipality which has an approved Municipal Development Financing
9 District designated under section 4 of P.L. , c. (C.) (pending
10 before the Legislature as this bill). The State Treasurer shall credit to
11 each account an amount of the moneys deposited in the fund equal to
12 the amount of revenues collected from the taxation of retail sales made
13 in the district as provided in subsection b. of section 5 of P.L. , c.
14 (C.) (pending before the Legislature as this bill) and
15 appropriated to the Municipal Development Assistance Fund.

16 c. The Municipal Development Assistance Fund shall be used for
17 the purpose of assisting municipalities which have established
18 municipal development financing districts in undertaking public
19 improvements and economic development projects in those
20 municipalities.

21 d. A governing body which has designated an approved municipal
22 development financing district may, by ordinance, propose to
23 undertake a project for the public improvement of the municipality and
24 to fund that project from moneys deposited in the Municipal
25 Development Assistance Fund and credited to the account maintained
26 by the State Treasurer for the municipality.

27 The proposal so adopted shall set forth a plan for the project and
28 shall include:

- 29 (1) A description of the proposed project;
- 30 (2) An estimate of the total project costs and an estimate of the
31 amounts of funding necessary annually from the municipal account;
- 32 (3) A statement of any other revenue sources to be used to finance
33 the project;
- 34 (4) A statement of the time necessary to complete the project;
- 35 (5) A statement of the manner in which the proposed project
36 furthers the municipality's policy and intentions for addressing
37 municipal economic and social conditions; and
- 38 (6) A description of the financial and programmatic controls and
39 reporting mechanisms to be used to guarantee that the funds will be
40 spent in accordance with the plan and that the project will accomplish
41 its purpose.

42 e. Upon adoption by the governing body of the municipality, the
43 proposal shall be sent to the State Treasurer for evaluation and
44 approval. The State Treasurer shall approve the proposal upon a
45 finding that the proposed project furthers the municipality's policy and
46 intentions for addressing municipal economic and social conditions,

1 thereby contributing to an increase in the municipality's economic
2 self-sufficiency;

3 f. The State Treasurer may at any time revoke the approval of a
4 project upon a finding that the payments made from the Municipal
5 Development Assistance Fund are not being used as required by this
6 section.

7 g. Upon certification by the State Treasurer of the annual amount
8 to be paid to a municipality with respect to any project, the State
9 Treasurer shall pay in each year to the municipality from the amounts
10 deposited in the Municipal Development Assistance Fund the amount
11 so certified, within the limits of the amounts credited to the municipal
12 account.

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14 9. The State Treasurer shall promulgate those rules and regulations
15 necessary to effectuate the purposes of this act pursuant to the
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
17 seq.).

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19 10. This act shall take effect immediately and shall be applicable to
20 sales taxes imposed on and after the first day of the sixth month
21 following enactment.

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STATEMENT

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26 This bill would allow for the sharing of retail sales tax revenues by
27 the State with certain municipalities and under certain circumstances.
28 Specifically, the bill allows any municipality with a population of
29 greater than 84,000 and less than 87,500 in a county of the second
30 class with a population of greater than 470,000 and less than 503,000
31 according to the latest federal decennial census having an
32 entertainment facility with at least 5,000 fixed seats which began
33 operation on or after January 1, 1994 to delineate a Municipal
34 Development Financing District, by ordinance. These provisions
35 effectively limit the applicability of the bill to the city of Camden.

36 Under the terms of the bill, fifty percent of those sales taxes
37 collected within the district derived from retail sales, with certain
38 exceptions, sales of food and drink, hotel room occupancy and
39 admission charges, as set forth in the bill, must be returned to the
40 appropriate municipality by the State Treasurer to be used for
41 municipal purposes. The district must be a contiguous area of
42 compact shape and must include within it the entertainment facility.
43 The State Treasurer shall certify the area as a Municipal Development
44 Financing District upon a determination that it meets the rules and
45 regulations adopted pursuant to the bill. The bill provides for a
46 reporting procedure on the part of vendors whose sales are subject to

1 the bill's provisions and requires the State Treasurer to promulgate
2 such rules and regulations as are necessary in order to effectuate the
3 bill's provisions.

4 The bill requires that the remaining three percent sales tax collected
5 in any Municipal Development Financing District be placed in an
6 account designated for the municipality by the State Treasurer, to be
7 used for projects which are defined in the bill. Those projects are
8 defined broadly to include any capital project or other public
9 improvement which furthers the municipality's economic revitalization
10 goals and which is legally authorized. The municipality shall propose
11 the project by ordinance and the proposal shall set forth a plan which
12 includes a project description, estimate of project costs, statement of
13 other revenues to be used to fund the project, estimated time necessary
14 to complete the project, and other significant information of similar
15 nature. The bill permits the State Treasurer to revoke the approval if
16 the payments made from the fund are not being used in accordance
17 with the terms of the approval.

18 The bill also provides for an exemption from 50 percent of the retail
19 sales tax with exceptions for motor vehicles and manufacturing
20 machinery, equipment or apparatus, alcoholic beverages and
21 cigarettes, which is the same exemption that exists in some enterprise
22 zones under the "New Jersey Urban Enterprise Zones Act," P.L.1983,
23 c.303 (C.52:27H-60 et seq.). Those amounts which are otherwise to
24 be deposited into the Municipal Development Assistance Fund under
25 the provisions of this bill which are generated in an urban enterprise
26 zone shall be allocated as otherwise provided in the "New Jersey
27 Urban Enterprise Zones Act." Other retail sales tax revenues which
28 are exempted under this bill, generated in a designated urban
29 enterprise zone which receives the benefit of the retail sales tax
30 exemption and which are payable into the Municipal Development
31 Assistance Fund shall be payable to the municipal account as provided
32 for in this bill.

33 In the event of an overlap between an urban enterprise zone in
34 which a 50 percent exemption from the retail sales tax has been
35 granted and a Municipal Development Financing District, the retail
36 sales tax exemption granted pursuant to the "Urban Enterprise Zones
37 Act," P.L.1983, c.303 (C.52:27H-60 et seq.) shall not apply and
38 instead, the retail sales tax paid shall be allocated in accordance with
39 the provisions of section 5 of the bill.

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44 "Municipal Development Financing Act."