

SENATE, No. 1843

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Senator SCOTT

1 AN ACT authorizing municipalities to establish downtown business  
2 improvement zones under certain circumstances and supplementing  
3 chapter 27D of Title 52 of the Revised Statutes.

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

7  
8 1. As used in this act:

9 "Downtown business improvement zone" or "zone" means a zone  
10 established by a municipality, by ordinance, pursuant to section 2 of  
11 P.L. , c. (C. ) (pending before the Legislature as this bill) in  
12 order to promote the economic revitalization of the municipality  
13 through the encouragement of business improvement within the  
14 downtown area.

15 "Downtown business improvement fund" or "fund" means that fund  
16 established by the State Treasurer pursuant to section 4 of P.L. , c.  
17 (C. ) (pending before the Legislature as this bill) into which shall be  
18 deposited those revenues from retail sales collected within a zone, as  
19 specified pursuant to section 3 of P.L. , c. (C. ) (pending  
20 before the Legislature as this bill).

21 "Eligible services" means any service which by law may be  
22 performed by a district management corporation, including but not  
23 limited, to generic marketing administration, business retention and  
24 business recruitment services and the acquisition by purchase or lease  
25 of any equipment reasonably necessary to accomplish the foregoing;  
26 provided, however, that eligible services shall not include any  
27 marketing of any individual business nor shall it include any service  
28 performed by the municipality for all properties within and without of  
29 a downtown business improvement zone.

30 "Project" means the purchasing, leasing, condemning, or otherwise  
31 acquiring of land or other property, or an interest therein, in the  
32 downtown business improvement zone or as necessary for a right-of-  
33 way or other easement to or from the zone, the relocating and moving  
34 of persons displaced by the acquisition of land or property; the  
35 rehabilitation and redevelopment of land or property, including  
36 demolition, clearance, removal, relocation, renovation, alteration,  
37 construction, reconstruction, installation or repair of land or a  
38 building, street, highway, alley, utility, service or other structure or

1 improvement; the acquisition, construction, reconstruction,  
2 rehabilitation, or installation of parking and other public facilities and  
3 improvements, except buildings and facilities for the general conduct  
4 of government and schools; and the costs associated therewith  
5 including the costs of an administrative appraisal, economic and  
6 environmental analyses or engineering, planning, design, architectural,  
7 surveying or other professional services necessary to effectuate the  
8 project.

9  
10 2. Any municipality which has adopted an ordinance authorizing  
11 the establishment of a special improvement district pursuant to section  
12 7 of P.L.1972, c.134 (C.40:56-71) may, by ordinance, designate all or  
13 any portion of that district which contains a significant number of  
14 businesses providing retail goods and services as a "downtown  
15 business improvement zone." Any municipality which so establishes  
16 a downtown business improvement zone may authorize a district  
17 management corporation established pursuant to municipal ordinance  
18 or incorporated pursuant to Title 15A of the New Jersey Statutes to  
19 receive funds generated in the zone pursuant to section 3 of P.L. ,  
20 c. (C. ) (pending before the Legislature as this bill) in order to  
21 manage public improvement within the zone and otherwise carry out  
22 the functions and responsibilities set forth herein.

23  
24 3. Notwithstanding any provisions of law to the contrary, all  
25 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
26 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales from  
27 business locations in a downtown business improvement zone shall be  
28 deposited immediately upon collection by the Department of the  
29 Treasury, as follows:

30 a. In the first five-year period following adoption by the  
31 municipality of an ordinance establishing the downtown business  
32 improvement zone, 1/6 of all revenues received from the taxation of  
33 retail sales in the zone, but not more than \$100,000, shall be deposited  
34 in the downtown business improvement fund created pursuant to  
35 section 4 of P.L. , c. (C. ( pending before the Legislature as  
36 this bill), and the balance shall be deposited in the General Fund;

37 b. In the second five-year period following adoption by the  
38 municipality of an ordinance establishing the downtown business  
39 improvement zone, 2/18 of all revenues received from the taxation of  
40 retail sales in the zone, but not more than \$50,000, shall be deposited  
41 in the downtown business improvement fund, and the balance shall be  
42 deposited in the General Fund;

43 c. In the third five-year period following adoption by the  
44 municipality of an ordinance establishing the downtown business  
45 improvement zone, 1/18 of all revenues from the taxation of retail  
46 sales in the zone, but not more than \$25,000, shall be deposited in the

1 downtown business improvement fund, and the balance shall be  
2 deposited in the General Fund;

3 d. In the fourth five-year period following adoption by the  
4 municipality of an ordinance establishing the downtown business  
5 improvement zone, and thereafter, all revenues received from the  
6 taxation of retail sales in the zone shall be deposited in the General  
7 Fund.

8 The revenues required to be deposited in the downtown business  
9 improvement fund under this section shall be used for the purposes of  
10 that fund and for the uses prescribed in section 6 of P.L. , c.  
11 (C. ) (pending before the Legislature as this bill), subject to annual  
12 appropriations being made for those purposes and uses.

13  
14 4. There is created a downtown business improvement fund to be  
15 held by the State Treasurer, which shall be the repository for all  
16 moneys required to be deposited therein under section 3 of P.L. ,  
17 c. (C. ) (pending before the Legislature as this bill) or moneys  
18 appropriated annually to the fund. All moneys deposited in the fund  
19 shall be held and disbursed in the amounts necessary to fulfill the  
20 purposes of this section and subject to the requirements hereinafter  
21 prescribed. The State Treasurer may invest and reinvest any moneys  
22 in the fund, or any portion thereof, in legal obligations of the United  
23 States or of the State or of any political subdivision thereof. Any  
24 income from, interest on, or increment to moneys so invested or  
25 reinvested shall be included in the fund.

26  
27 5. The State Treasurer shall maintain separate accounts for each  
28 downtown business improvement zone designated under this act, and  
29 shall credit to each account an amount of the moneys deposited in the  
30 fund equal to the amount of revenues collected from the taxation of  
31 retail sales made in the zone, as provided in section 3 of P.L. , c.  
32 (C. ) (pending before the Legislature as this bill) and appropriated  
33 to the downtown business improvement zone or that amount of  
34 moneys appropriated to the fund and required to be credited to the  
35 downtown business improvement fund account of the municipality  
36 which created the downtown business improvement zone.

37 The State Treasurer shall promulgate such rules and regulations  
38 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
39 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
40 the fund for the purposes of P.L. , c. (C. ) (pending before  
41 the Legislature as this bill)

42  
43 6. a. The downtown business improvement fund shall be used for  
44 the purpose of assisting municipalities which establish downtown  
45 business improvement zones and district management corporations  
46 which manage such zones in undertaking public improvements and in

1 providing eligible services to the zone.

2 b. The governing body of a municipality in which a zone is  
3 designated or a district management corporation which manages that  
4 zone, as the case may be, by resolution, may propose to undertake a  
5 project for the public improvement of the zone or to provide eligible  
6 services to the zone, and to fund that project or those eligible services  
7 from moneys deposited in the downtown business improvement fund  
8 and credited to the account maintained by the State Treasurer for that  
9 zone.

10 The proposal so adopted shall set forth a plan for the project or for  
11 eligible services and shall include:

12 (1) A description of the proposed project or of the eligible services  
13 to be provided;

14 (2) An estimate of the total project costs, or of the total costs of  
15 eligible services, and an estimate of the amounts of funding necessary  
16 annually from the account;

17 (3) A statement of any other revenue sources to be used to finance  
18 the project or to fund the cost of eligible services;

19 (4) A statement of the time necessary to complete the project, or  
20 of the time during which the eligible services are to be maintained; and

21 (5) A statement of the manner in which the proposed project or the  
22 eligible services further the municipality's policy and intentions for  
23 addressing the economic conditions existing in the zone.

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25 7. Upon adoption by the governing body of the municipality and by  
26 the district management corporation, the proposal shall be sent to the  
27 Department of Community Affairs, Division of Housing and  
28 Community Development for its evaluation and approval. The  
29 Department of Community Affairs shall approve the proposal if it shall  
30 find:

31 a. In the case of a project, that the proposed project furthers the  
32 policy and intentions behind the establishment of the zone; that the  
33 municipality or district management corporation shall together  
34 annually appropriate for the project an amount of not less than 50% of  
35 the amount of the annual payments for the project; and that the  
36 estimated annual payments for the proposed project from the  
37 downtown business improvement fund account are not likely to result  
38 in a deficit in that account; and

39 b. In the case of funding for eligible services, that the proposal  
40 furthers the policy and intentions behind the establishment of the zone;  
41 that the municipality has furnished satisfactory assurances that the  
42 proposed services or equipment shall augment or upgrade services in  
43 the zone, and shall not be used in other areas of the municipality; that  
44 the municipality or district management corporation shall together  
45 annually appropriate for the eligible services an amount of not less  
46 than 50% of the amount of the annual payments for those services and

1 that the estimated annual payments for the eligible services from the  
2 account to which the proposal pertains are not likely to result in a  
3 deficit in that account.

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5 8. The Department of Community Affairs shall approve the  
6 proposal if it meets the standards established in section 7 of P.L. ,  
7 c. (C. ) (pending before the Legislature as this bill). Upon  
8 approval, the department shall annually, upon its receipt of a written  
9 statement from the governing body of the municipality or the district  
10 management corporation, certify to the State Treasurer the amount to  
11 be paid in that year from the account in the downtown business  
12 improvement fund with respect to each project or eligible municipal  
13 services approved. The department may, at any time, revoke its  
14 approval of a project or for funding eligible municipal services if it  
15 finds that the annual payments made from the fund are not being used  
16 as required by this section.

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18 9. Upon certification by the Department of Community Affairs of  
19 the amount to be paid to a municipality with respect to any project or  
20 increase in eligible municipal services, the State Treasurer shall pay to  
21 the municipality that amount approved by the Commissioner of  
22 Community Affairs within the limits of the amounts credited to the  
23 downtown business improvement account of the municipality.

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25 10. This act shall take effect on the 60th day next following  
26 enactment.

#### 27 28 29 STATEMENT

30  
31 This bill would authorize any municipality which has established a  
32 special improvement district pursuant to section 7 of P.L.1972, c.134  
33 (C.40:56-71) to designate all or any portion of that district which  
34 contains a significant number of retail businesses or services as a  
35 "downtown business improvement zone."

36 Within such a zone, the municipality would receive a declining  
37 share of the sales tax proceeds over a 20-year period. In the first five  
38 years following designation of the zone, for example, 1/6 of all sales  
39 tax revenues generated within the zone, but not more than \$100,000,  
40 would be set aside in a fund to be used for projects or increased  
41 services to further public improvement within the zone. In the second  
42 five year period, 2/18 of all sales tax revenues, but not more than  
43 \$50,000, would be directed into the zone fund. Those funds not  
44 collected for the zone fund would be deposited into the General Fund.

45 The State Treasurer would be the repository for all moneys  
46 collected for deposit in the downtown business improvement fund.

1 In order to receive funding of projects or services out of the fund, the  
2 governing body of any municipality which has created a zone or the  
3 district management corporation which manages it would be required  
4 to develop a proposal outlining a plan for the project or for eligible  
5 services. The bill sets forth five requirements of the proposal, which  
6 include a description of the proposed project, an estimate of the total  
7 project costs or costs of eligible services, and a statement of other  
8 revenue sources to be used to finance the project.

9 Upon adoption of the proposal by the governing body or district  
10 management corporation, it shall be sent to the Division of Housing  
11 and Community Development at the Department of Community Affairs  
12 for its evaluation and approval. The bill sets forth the criteria which  
13 the department shall employ in evaluating such proposals.

14 This program is modeled on the urban enterprise zone assistance  
15 fund and the project funding which it supports. That program, which  
16 has met with considerable popular and critical success, sets aside sales  
17 tax revenues generated within urban enterprise zones which have been  
18 awarded the partial retail sales tax exemption, for expenditure on  
19 projects and eligible services within the municipalities within which  
20 zones have been designated.

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25 Authorizes municipalities to establish downtown business  
26 improvement zones and sharing of retail sales tax proceeds therein.