

[First Reprint]
SENATE, No. 1843

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Senators SCOTT and Bark

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 ¹established designated¹ by a municipality, by ordinance, pursuant
11 to section 2 of P.L. , c. (C.) (pending before the Legislature
12 as this bill) in order to promote the economic revitalization of the
13 municipality through the encouragement of business improvement
14 within the 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. ,
17 c. (C.) (pending before the Legislature as this bill) into which shall
18 be deposited those revenues ¹received¹ from ¹the taxation of¹ retail
19 sales ¹[collected]¹ within a zone, as specified pursuant to section 3 of
20 P.L. , c. (C.) (pending 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-

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SEG committee amendments adopted February 10, 1997.

1 way or other easement to or from the zone, the relocating and moving
2 of persons displaced by the acquisition of land or property; the
3 rehabilitation and redevelopment of land or property, including
4 demolition, clearance, removal, relocation, renovation, alteration,
5 construction, reconstruction, installation or repair of land or a
6 building, street, highway, alley, utility, service or other structure or
7 improvement; the acquisition, construction, reconstruction,
8 rehabilitation, or installation of parking and other public facilities and
9 improvements, except buildings and facilities for the general conduct
10 of government and schools; and the costs associated therewith
11 including the costs of an administrative appraisal, economic and
12 environmental analyses or engineering, planning, design, architectural,
13 surveying or other professional services necessary to effectuate the
14 project.

15

16 2. [Any] With the exception of a municipality in which an urban
17 enterprise zone has been designated, any¹ municipality which has
18 adopted an ordinance authorizing the establishment of a special
19 improvement district pursuant to section 7 of P.L.1972, c.134
20 (C.40:56-71) may, by ordinance, designate all or any portion of that
21 district which contains a significant number of businesses providing
22 retail goods and services as a "downtown business improvement
23 zone." Any municipality which so establishes a downtown business
24 improvement zone may authorize a district management corporation
25 established pursuant to municipal ordinance or incorporated pursuant
26 to Title 15A of the New Jersey Statutes to receive funds generated in
27 the zone pursuant to section 3 of P.L. , c. (C.) (pending
28 before the Legislature as this bill) in order to manage public
29 improvement within the zone and otherwise carry out the functions
30 and responsibilities set forth herein.

31 ¹Within 10 business days of the adoption of an ordinance pursuant
32 to this section, the municipal clerk shall forward a copy of the
33 ordinance to the Director of the Division of Taxation in the
34 Department of the Treasury and to the Director of the Division of
35 Local Government Services in the Department of Community Affairs.¹

36

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

43 a. In the first five-year period following adoption by the
44 municipality of an ordinance establishing the downtown business
45 improvement zone, 1/6 of all revenues received from the taxation of
46 retail sales in the zone, but not more than \$100,000 1per year¹, shall be

1 deposited in the downtown business improvement fund created
2 pursuant to section 4 of P.L. , c. (C. (pending before the
3 Legislature as this bill), and the balance shall be deposited in the
4 General Fund;

5 b. In the second five-year period following adoption by the
6 municipality of an ordinance establishing the downtown business
7 improvement zone, 2/18 of all revenues received from the taxation of
8 retail sales in the zone, but not more than \$50,000 ¹per year¹, shall be
9 deposited in the downtown business improvement fund, and the
10 balance shall be deposited in the General Fund;

11 c. In the third five-year period following adoption by the
12 municipality of an ordinance establishing the downtown business
13 improvement zone, 1/18 of all revenues from the taxation of retail
14 sales in the zone, but not more than \$25,000 ¹per year¹, shall be
15 deposited in the downtown business improvement fund, and the
16 balance shall be deposited in the General Fund;

17 d. In the fourth five-year period following adoption by the
18 municipality of an ordinance establishing the downtown business
19 improvement zone, and thereafter, all revenues received from the
20 taxation of retail sales in the zone shall be deposited in the General
21 Fund.

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

27

28 4. There is created a downtown business improvement fund to be
29 held by the State Treasurer, which shall be the repository for all
30 moneys required to be deposited therein under section 3 of P.L. ,
31 c. (C.) (pending before the Legislature as this bill) or moneys
32 appropriated annually to the fund. All moneys deposited in the fund
33 shall be held and disbursed in the amounts necessary to fulfill the
34 purposes of this section and subject to the requirements hereinafter
35 prescribed. The State Treasurer may invest and reinvest any moneys
36 in the fund, or any portion thereof, in legal obligations of the United
37 States or of the State or of any political subdivision thereof. Any
38 income from, interest on, or increment to moneys so invested or
39 reinvested shall be included in the fund.

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41 5. The State Treasurer shall maintain separate accounts for each
42 downtown business improvement zone designated under this act, and
43 shall credit to each account an amount of the moneys deposited in the
44 fund equal to the amount of revenues collected from the taxation of
45 retail sales made in the zone, as provided in section 3 of P.L. , c.
46 (C.) (pending before the Legislature as this bill) and appropriated

1 to the downtown business improvement zone or that amount of
2 moneys appropriated to the fund and required to be credited to the
3 downtown business improvement fund account of the municipality
4 which created the downtown business improvement zone.

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

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11 6. a. The downtown business improvement fund shall be used for
12 the purpose of assisting municipalities which establish downtown
13 business improvement zones and district management corporations
14 which manage such zones in undertaking public improvements and in
15 providing eligible services to the zone.

16 b. The governing body of a municipality in which a zone is
17 designated or a district management corporation which manages that
18 zone, as the case may be, by resolution, may propose to undertake a
19 project for the public improvement of the zone or to provide eligible
20 services to the zone, and to fund that project or those eligible services
21 from moneys deposited in the downtown business improvement fund
22 and credited to the account maintained by the State Treasurer for that
23 zone.

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

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

28 (2) An estimate of the total project costs, or of the total costs of
29 eligible services, and an estimate of the amounts of funding necessary
30 annually from the account;

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

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

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

38

39 7. Upon adoption by the governing body of the municipality and by
40 the district management corporation, the proposal shall be sent to the
41 Department of Community Affairs, Division of Housing and
42 Community Development for its evaluation and approval. The
43 Department of Community Affairs shall approve the proposal if it shall
44 find:

45 a. In the case of a project, that the proposed project furthers the
46 policy and intentions behind the establishment of the zone; that the

1 municipality ^{1[or] and¹}

2 annually appropriate for the project an amount of not less than 50% of

3 the amount of the annual payments for the project; ^{1[and]¹}

4 that the estimated annual payments for the proposed project from the

5 downtown business improvement fund account are not likely to result

6 in a deficit in that account; ¹and that the estimated annual payments for

7 ^{the proposed project from the downtown business improvement fund}

8 ^{account shall not be used for administrative purposes;}¹ and

9 b. In the case of funding for eligible services, that the proposal

10 furthers the policy and intentions behind the establishment of the zone;

11 that the municipality has furnished satisfactory assurances that the

12 proposed services or equipment shall augment or upgrade services in

13 the zone, and shall not be used in other areas of the municipality; that

14 the municipality or district management corporation shall together

15 annually appropriate for the eligible services an amount of not less

16 than 50% of the amount of the annual payments for those services and

17 that the estimated annual payments for the eligible services from the

18 account to which the proposal pertains are not likely to result in a

19 deficit in that account.

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21 8. The Department of Community Affairs shall approve the

22 proposal if it meets the standards established in section 7 of P.L. ,

23 c. (C.) (pending before the Legislature as this bill). Upon

24 approval, the department shall annually, upon its receipt of a written

25 statement from the governing body of the municipality or the district

26 management corporation, certify to the State Treasurer the amount to

27 be paid in that year from the account in the downtown business

28 improvement fund with respect to each project or eligible municipal

29 services approved. The department may, at any time, revoke its

30 approval of a project or for funding eligible municipal services if it

31 finds that the annual payments made from the fund are not being used

32 as required by this section.

33

34 9. Upon certification by the Department of Community Affairs of

35 the amount to be paid to a municipality with respect to any project or

36 increase in eligible municipal services, the State Treasurer shall pay to

37 the municipality that amount approved by the Commissioner of

38 Community Affairs within the limits of the amounts credited to the

39 downtown business improvement account of the municipality.

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41 10. This act shall take effect on the 60th day next following

42 enactment ^{1and shall apply to each State fiscal year beginning on and}

43 ^{after July 1, 1997¹.}

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