

SENATE ECONOMIC GROWTH, AGRICULTURE AND
TOURISM COMMITTEE

STATEMENT TO

SENATE, No. 1843

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1997

The Senate Economic Growth, Agriculture and Tourism Committee favorably reports Senate Bill No. 1843 with committee amendments.

This bill, as amended, would authorize any municipality which has established a special improvement district pursuant to section 7 of P.L.1972, c.134 (C.40:56-71), except a municipality in which an urban enterprise zone has been designated, to designate all or any portion of that district which contains a significant number of retail businesses or services as a "downtown business improvement zone."

Within such a zone, the municipality would receive a declining share of the sales tax proceeds over a 15-year period. In the first five years following designation of the zone, 1/6 of all sales tax revenues generated within the zone, but not more than \$100,000 per year, would be set aside in a fund to be used for projects or increased services to further public improvement within the zone. In the second five-year period, 2/18 of all sales tax revenues, but not more than \$50,000 per year, would be directed into the zone fund. In the third five-year period, 1/18 of all sales tax revenues, but not more than \$25,000 per year, would be directed into the zone fund. Those funds not collected for the zone fund would be deposited into the General Fund.

The State Treasurer would be the repository for all moneys collected for deposit in the downtown business improvement fund. In order to receive funding for projects or services out of the fund, the governing body of any municipality which has created a zone or the district management corporation which manages it would be required to develop a proposal outlining a plan for the project or for eligible services. The bill sets forth five requirements of the proposal, which include a description of the proposed project, an estimate of the total project costs or costs of eligible services, and a statement of other revenue sources to be used to finance the project.

Upon adoption of the proposal by the governing body and district management corporation, it shall be sent to the Division of Housing

and Community Development at the Department of Community Affairs for its evaluation and approval. The bill sets forth the criteria which the department shall employ in evaluating such proposals.

The services and projects provided for under the bill range from general marketing, business retention and recruitment services to a wide variety of capital improvements to make a zone more attractive and accessible.

According to the sponsor, this program is modeled on the urban enterprise zone assistance fund and the project funding which it supports. That program, which has met with considerable popular and critical success, sets aside sales tax revenues generated within urban enterprise zones which have been awarded the partial retail sales tax exemption, for expenditure on projects and eligible services within the municipalities within which zones have been designated.

The committee amended the bill to: 1) specify that a municipality which has designated an urban enterprise zone is ineligible to designate a "downtown business improvement zone;" 2) require the municipal clerk to forward a copy of an ordinance designating such a zone in an eligible municipality to the Director of the Division of Taxation in the Department of the Treasury and to the Director of the Division of Local Government Services, in the Department of Community Affairs, within 10 business days of the adoption of the ordinance; and 3) require that the estimated annual payments for a proposed project from the downtown business improvement fund account shall not be used for administrative purposes. The effective date of the bill was amended to apply to each State fiscal year beginning on and after July 1, 1997. Other amendments are technical and clarifying.