

SENATE, No. 1921

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Senator BARK

1 AN ACT authorizing certain benefits in designated historic districts and
2 supplementing P.L.1970, c.268 (C.13:1B-15.128 et seq.).

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

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7 1. This act shall be known and may be cited as the "Historic
8 District Economic Revitalization Act."

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10 2. The Legislature finds and declares that:

11 a. This State is fortunate to have within its borders a substantial
12 number of historic buildings and structures, the preservation of which
13 inspires civic pride and promotes an awareness of the various cultural
14 and aesthetic traditions which make up our heritage;

15 b. Many of these buildings and structures are concentrated in
16 specific districts, many of which comprise the downtown business
17 areas of our smaller communities and the business centers of some
18 urban neighborhoods;

19 c. In recent years, these business districts have experienced
20 economic difficulties due to shifting population bases, changes in the
21 marketplace, and greater competition from suburban shopping malls,
22 all of which have combined to erode the ability of small business and
23 property owners to renovate and enhance their properties;

24 d. In a growing number of municipalities, local associations have
25 been created to promote the economic revitalization of central
26 business areas through public-private partnerships, and these
27 associations often seek to link the preservation of historic buildings
28 and structures with that economic revitalization;

29 e. In addition to the aesthetic and educational benefits of
30 preserving historic buildings, the use of these buildings for business or
31 residential purposes may involve substantial economic savings over the
32 erection of new buildings owing to the sound basic construction and
33 lower acquisition costs as well as the tax incentives for investing
34 therein;

35 f. Because of the aesthetic, educational and economic importance
36 of linking historic preservation and municipal revitalization, and in
37 light of the precarious economic viability of many of our older

1 neighborhoods, it is now incumbent upon the Legislature to create real
2 incentives to encourage the establishment of historic districts and
3 preservation planning in order to promote these historic and economic
4 revitalization goals.

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6 3. As used in this act:

7 "Qualified business" means any entity authorized to do business in
8 the State of New Jersey which, at the time of designation as a historic
9 district is engaged in the active conduct of a trade or business in that
10 district; or an entity which, after that designation but during the
11 designation period, becomes newly engaged in the active conduct of
12 a trade or business in that district.

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14 4. The following municipalities shall be entitled to an exemption to
15 the extent of 50% of the tax imposed under the "Sales and Use Tax
16 Act," P.L.1966, c.30 (C.54:32B-1 et seq.) which is collected within
17 the districts specified, as provided in section 5 of P.L. , c. (C.)
18 (pending before the Legislature as this bill):

19 a. Any municipality which has adopted a historic preservation plan
20 element pursuant to section 19 of P.L.1975, c.291 (C.40:55D-28) and
21 within which is located a district or districts which have received a
22 certificate from the State Historic Preservation Officer of the
23 Department of Environmental Protection indicating eligibility for
24 listing in the New Jersey Register of Historic Places pursuant to Title
25 13 of the Revised Statutes, or any rule or regulation adopted pursuant
26 thereto; or

27 b. Any municipality which has adopted a historic preservation plan
28 element pursuant to section 19 of P.L.1975, c.291 (C.40:55D-28), has
29 designated a district therein, and has been recognized and approved by
30 the New Jersey Historic Preservation Office in the Department of
31 Environmental Protection and the National Park Service as an active
32 participant in the federal Certified Local Government Program,
33 administered by the New Jersey Historic Preservation office.

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35 5. a. Receipts of retail sales, except retail sales of motor vehicles,
36 of alcoholic beverages as defined in the "Alcoholic beverage tax law,"
37 R.S.54:41-1 et seq., cigarettes as defined in the "Cigarette Tax Act,"
38 P.L.1948, c.65 (C.54:40A-1 et seq.) and of manufacturing machinery,
39 equipment or apparatus, made by a certified vendor from a qualified
40 business owned or leased and regularly operated by the vendor for the
41 purpose of making retail sales, are exempt to the extent of 50% of the
42 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
43 (C.54:32B-1 et seq.).

44 b. Any vendor which is a qualified business may apply to the
45 Director of the Division of Taxation in the Department of the Treasury
46 for certification pursuant to this section. The director shall certify a

1 vendor if he shall find that the vendor owns or leases and regularly
2 operates a place of business located in the historic district for the
3 purpose of making retail sales, that items are regularly exhibited and
4 offered for retail sale at that location, and that the place of business is
5 not utilized primarily for the purpose of catalogue or mail order sales.
6 The director may at any time revoke a certification granted pursuant
7 to this section if he shall determine that the vendor no longer complies
8 with the provisions of this section.

9 c. If the district is included within a designated urban enterprise
10 zone in which an exemption from receipts of retail sales has been
11 granted pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80) or
12 section 3 of P.L.1995, c.382 (C.52:27H-66.1), that retail sales tax
13 exemption shall apply, and the provisions of P.L. , c. (C.)
14 (pending before the Legislature as this bill) shall not apply.

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

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24 7. Any vendor making sales from a location within the district and
25 required to register under section 6 of P.L. , c. (C.) (pending
26 before the Legislature as this bill) shall, on or before the dates required
27 pursuant to section 17 of the "Sales and Use Tax Act," P.L.1966, c.30
28 (C.54:32B-17), forward to the director the sales tax collected in the
29 preceding return period and make and file a return for the preceding
30 return period with the director on a form containing any information
31 that the Division of Taxation in the Department of the Treasury shall
32 prescribe by rule or regulation.

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

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39 9. This act shall take effect immediately.
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42 STATEMENT

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44 This bill would authorize a 50 percent exemption from the retail
45 sales tax imposed by the State in designated historic districts and in
46 districts in municipalities that are active participants in the Federal

1 Certified Local Government Program. Currently, the State sales tax is
2 six percent, so that the effect of the bill would be to decrease to three
3 percent the sales tax in these districts.

4 The bill considers as sales tax exempt the same retail sales which
5 are tax exempt under the "New Jersey Urban Enterprise Zones Act,"
6 P.L.1983, c.303 (C.52:27H-60 et seq.). This means that the full sales
7 tax of six percent would continue to apply to retail sales of motor
8 vehicles and of manufacturing machinery, equipment or apparatus
9 made by a certified vendor from a place of business owned or leased
10 and regularly operated by the vendor located within the historic
11 district. As is the case in the urban enterprise zone program, qualified
12 businesses situated within the district would be required to register
13 with the Division of Taxation, and catalogue and mail order sales
14 would not be covered by the exemption.

15 In order to be considered a historic district, an area would be
16 required to be included with the historic preservation plan element of
17 the municipality's master plan and either receive a certificate from the
18 State Historic Preservation Officer of the Department of
19 Environmental Protection indicating eligibility for listing in the New
20 Jersey Register of Historic Places or be located in a municipality that
21 has been recognized and approved by the New Jersey Historic
22 Preservation Office and the National Park Service as an active
23 participant in the federal Certified Local Government Program
24 administered by the New Jersey Historic Preservation office.

25 If a historic district overlaps with an urban enterprise zone, the
26 provisions of the urban enterprise zone law shall prevail. Unlike the
27 tax exemption granted under that program, the tax exemption provided
28 in historic districts under this bill does not expire after twenty years,
29 but continues indefinitely.

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Authorizes 50% retail sales tax exemption in historic districts.