

[First Reprint]
SENATE, No. 1928

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Senators SINGER and SACCO

1 AN ACT concerning the financing of the development of economic
2 growth areas and supplementing Title 34 of the Revised Statutes.

3

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

6

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

9

10 2. The Legislature finds and declares that:

11 a. The development and expansion of retail, commercial and
12 entertainment establishments can generate tangible long-term benefits
13 for the State, its local political subdivisions and its citizens.

14 b. These benefits include increases in State sales tax and local
15 property tax revenues and new employment opportunities, as well as
16 the overall enhancement of life in New Jersey.

17 c. In order to develop these areas in a beneficial manner, it is in the
18 public interest to provide the means to finance certain infrastructure
19 costs of development and redevelopment and other costs, in order to
20 open new avenues for private investment, create jobs, stimulate
21 commercial, recreational, cultural, entertainment, civic and educational
22 enterprises, and create favorable conditions for increases in economic
23 activity, property values and employment opportunities.

24 d. The potential for substantial gains in new tax revenues, jobs and
25 economic activity, and the potential enhancement to the quality of life
26 in the State and for its citizens, justifies the use of State assistance to
27 encourage private investment and to promote development and
28 redevelopment projects that would not otherwise occur without such
29 State assistance.

30

31 3. As used in this act:

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 May 8, 1997.

1 "Authority" means the New Jersey Economic Development
2 Authority created pursuant to section 4 of P.L.1974, c.80 (C.34:1B-
3 4).

4 "Bonds" means the bonds, notes, or other obligations issued by the
5 authority, a developer or any other entity pursuant to this act to
6 finance a development, project or project costs authorized by this act.

7 "Commissioner" means the Commissioner of Commerce and
8 Economic Development.

9 "Department" means the Department of Commerce and Economic
10 Development.

11 "Developer" or "redeveloper" means any person or entity
12 establishing or creating a development pursuant to this act.

13 "Development" or "redevelopment" means a new retail, commercial
14 or entertainment business, or similar enterprise, or complex, or the
15 improvements or expansion of an existing development, or portion
16 thereof, the activities of which generate or are anticipated to generate
17 sales tax revenues or other revenues, within an economic growth area.

18 "Economic development plan" or "development plan" means a
19 proposal or plan, submitted by a developer to the State Treasurer
20 pursuant to section 5 of this act, which describes the potential benefits
21 including, but not limited to, new economic activity, tax revenues and
22 job creation, that are expected to flow from a proposed development.

23 "Economic growth area" or "growth area" means a designated
24 geographic area or a new commercial, retail or entertainment business,
25 or similar enterprise, or complex, or expansion thereof, in this State,
26 generating or anticipated to generate sales tax revenues, pursuant to
27 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or
28 other revenues, that would not have been realized without State
29 assistance to a development or project, as determined by the State
30 Treasurer pursuant to this act.

31 "Economic Growth Fund" or "growth fund" means a special fund
32 established in the State's General Fund pursuant to section 4 of this
33 act.

34 "Project" means the purchasing, leasing, condemning or otherwise
35 acquiring of land or other property, or an interest therein, in a growth
36 area or, as necessary or convenient for the acquisition of any right-of-
37 way or other easement to or from a growth area; the moving and
38 relocation of persons or businesses displaced by the acquisition of land
39 or property; the acquisition, construction, reconstruction or
40 rehabilitation of land or property and improvements thereon, or the
41 financing thereof, including demolition, clearance, removal, relocation,
42 renovation, alteration, construction, reconstruction, fill or
43 environmental enhancement, alteration or repair of any land, building,
44 street, highway, utility, mass transit facility, service or other structure,
45 infrastructure or improvement in a growth area or as necessary to
46 effectuate a development plan for a development within a growth area,

1 including infrastructure improvements outside a growth area which the
2 State Treasurer determines are integral to the effectuation of a
3 development, the acquisition, construction, reconstruction,
4 rehabilitation or installation of public facilities and improvements of
5 nonprofit corporations or other suitable public or private persons,
6 firms, corporations or associations, including educational, cultural,
7 civic and recreational facilities including, but not limited to,
8 convention centers, arenas and public meeting facilities, or the
9 financing thereof; and all costs associated with any of the foregoing,
10 including the payment of principal of and interest on bonds issued by
11 a developer or any other entity, and the costs of administrative
12 appraisals, legal, financial, economic and environmental analysis,
13 engineering or cleanup, planning, design, architectural, surveying or
14 other professional and technical services necessary to effectuate the
15 purposes of this act.

16 "Project cost" means the cost of a project, within a growth area or
17 located in adjacent locations, as determined by the State Treasurer, or
18 the cost of a development, and of any and all property, rights,
19 assessments, privileges, agreements and franchises deemed by the
20 State Treasurer to be necessary or useful or convenient therefor or in
21 connection therewith, the cost of issuance of bonds, including interest,
22 engineering and inspection costs, legal expenses, costs of financial and
23 other professional estimates and advice, organization, administrative,
24 operating and other expenses of the State Treasurer or developer prior
25 to and during the planning and implementation of a development, or
26 project, including such provisions as the State Treasurer may
27 determine for the payment, or security for payment, of principal of
28 bonds during or after the implementation of any development, or
29 project or project costs.

30
31 4. a. The State Treasurer shall establish and maintain a special
32 fund in the State's General Fund to be known as the "Economic
33 Growth Fund" into which shall be deposited: (1) such moneys as shall
34 be paid to the growth fund from sales tax revenues pursuant to section
35 8 of this act; (2) such other tax revenues and other sums as shall be
36 appropriated by the State for the purposes of the growth fund; (3)
37 such moneys as shall be paid to the growth fund from a developer,
38 redeveloper or other similar party; and (4) such moneys as shall be
39 paid to the growth fund from any other governmental entity or from
40 any other source.

41 b. If the State Treasurer determines that the criteria of sections 6
42 and 7 of this act have been met, the Treasurer shall use the fund for
43 the purposes set forth in this act including, but not limited to: (1)
44 paying for projects and project costs; (2) paying grants, and paying the
45 principal of and interest on bonds or other obligations issued or
46 guaranteed pursuant to this act; and (3) prepaying the principal of and

1 interest on bonds issued or guaranteed pursuant to this act.

2 c. Any revenues deposited in the growth fund shall not be
3 considered part of the General Fund and shall not be commingled with
4 General Fund moneys, and once deposited in the growth fund, such
5 revenues may be paid as authorized by section 8 of this act.

6

7 5. A developer may submit a development plan to the State
8 Treasurer who shall review the plan in consultation with the
9 commissioner and the authority. The development plan shall include:

10 a. a description of the proposed development or redevelopment,
11 and growth area, an estimate of the project cost, and a proposed
12 construction schedule;

13 b. an estimate of the amount of new sales tax or other revenues
14 that will be generated or anticipated to be generated as a consequence
15 of the development or redevelopment for a period of thirty years;

16 c. an assessment of the economic and social benefits of the
17 development;

18 d. a list and description of projects and projects costs for which
19 assistance is sought;

20 e. an estimate of the taxable value of the assessed project upon
21 completion of the development; ¹[and]¹

22 f. ¹a provision that not less than the prevailing wage rate, as
23 determined by the Commissioner of Labor, pursuant to the provisions
24 of P.L.1963, c.150 (C.34:11-56.25 et seq.), be paid to workers
25 employed in the performance of contracts for construction,
26 reconstruction or rehabilitation of property and improvements thereon;
27 and

28 g.¹ such other information as the State Treasurer may require.

29

30 6. To qualify a development as eligible for State financing, the
31 State Treasurer ¹[must] shall¹ determine that a development is located
32 within a growth area, as described in the development plan, and will
33 generate significant new sales tax or other revenues or economic
34 benefits and ¹[and]¹ will create new jobs.

35

36 7. If the State Treasurer determines that a development is eligible
37 for State financing pursuant to section 6 of this act, he shall thereafter
38 determine, after consultation with the commissioner and the authority,
39 that:

40 a. the proposed development or redevelopment is likely to be
41 realized, and would not be likely to be accomplished by a developer
42 without the creation of a growth area and the allocation of State
43 financing or other assistance to projects or project costs;

44 b. the amount of sales tax or other revenues pledged from the
45 growth fund is reasonably related to the amount needed by the
46 developer or redeveloper to obtain the financing needed to effectuate

1 the projects;

2 c. the credit of the State of New Jersey will not be pledged;

3 d. the creation of a growth area will contribute to the economic
4 development of the State, and enhance the retail, commercial or
5 entertainment activities available in the State and the quality of life
6 therein;

7 e. the size of the proposed growth area does not exceed the
8 capacity of the area and the amount of sales tax or other revenues
9 pledged from the growth fund does not exceed the amount necessary
10 to accomplish the goals of achieving economic growth, creating new
11 tax revenues and creating new jobs;

12 f. providing financial assistance for projects and project costs will
13 benefit the State, its political subdivisions or its citizens; and

14 g. the amount of sales tax revenue or other revenues pledged from
15 the growth fund will not pose an inappropriate risk to or undue
16 financial hardship on the State.

17

18 8. If the State Treasurer determines that the proposed development
19 or redevelopment meets the criteria set forth in sections 6 and 7 of this
20 act, he is authorized to:

21 a. (1) allocate up to one-half of the sales tax revenues received
22 pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1
23 et seq.) from the taxation of retail sales within a growth area, into the
24 growth fund for such period of time, not exceeding 30 years, as he
25 determines is necessary and desirable to effectuate the purposes of this
26 act; (2) with respect to the allocation of sales tax revenues authorized
27 by this subsection, the State Treasurer, notwithstanding any other law,
28 rule, regulation or order to the contrary, is further authorized to
29 collect the revenues and deposit them in the growth fund and make the
30 allocations authorized by this subsection from the growth fund without
31 having to deposit the revenues into the State's General Fund and the
32 revenues shall not be commingled with or considered to be part of the
33 State's General Fund; (3) maintain separate accounts in the growth
34 fund and allocate such moneys for a project or project costs in an
35 amount sufficient to ensure their payment and the payment of principal
36 of and interest on bonds issued pursuant to this act; and (4) apply
37 moneys in the growth fund, which in his judgment, after consideration
38 of the anticipated debt service obligations of a project and evaluation
39 of the need to establish any reserve funds, exceed the amount needed
40 to meet the requirements of paragraph (3) of this subsection, to other
41 purposes of this act or for such other lawful purposes as are deemed
42 appropriate by the State Treasurer;

43 b. make and enter into contracts or agreements with the authority
44 to provide for conduit financing for projects or project costs through
45 the issuance by the authority of bonds to be secured by moneys in the
46 growth fund to pay for projects or project costs, provided that such

1 bonds shall not constitute obligations of the growth fund, nor of the
2 State of New Jersey or its General Fund but shall be obligations of the
3 developer; and provided further that the payment of principal of and
4 interest on any of the bonds shall not exceed the amounts in the
5 growth fund;

6 c. make direct grants to developers, government agencies or others
7 to fund a project or project costs;

8 d. make and enter into contracts or agreements with public
9 agencies, nonprofit corporations or other suitable public or private
10 persons, firms, corporations or associations, and make loans or grants
11 to, or guarantee the obligations of, any other public agency or
12 corporation, or other suitable public or private person as may be
13 necessary, convenient or incidental to the execution of projects or
14 projects costs on such terms as he deems appropriate;

15 e. enter into agreements or engage in other transactions with, and
16 accept grants, loans, appropriations or other assistance or cooperation
17 from, the United States or any agency thereof, or from the State or a
18 county or municipal governing body or any agency thereof, or any
19 nonprofit corporation or other suitable public or private person, firm,
20 corporation or association in furtherance of the purposes of this act on
21 such terms as he deems appropriate;

22 f. hire or consult with consultants, or to enter into agreements with
23 public or private agencies; ¹[and]¹

24 g. pay for projects and project costs, specifically including
25 payments to a developer, as reimbursement for projects or project
26 costs incurred by a developer, in accordance with a redevelopment
27 agreement entered into by the developer for or with respect to a
28 project ¹; and

29 h. require developers and their project contractors to provide
30 guarantee payment bonds for construction work pertaining to
31 developments receiving State financing¹.

32

33 9. Before allocating or pledging any sales tax or other revenues,
34 and prior to the issuing of any bonds, incurring any obligations or
35 guaranteeing or entering into contracts or agreements concerning the
36 obligations of any other entity with respect to the project costs of any
37 project, the State Treasurer shall adopt a final revenue allocation plan
38 for the project. That plan shall include:

39 a. a description of the growth area, a description of the project or
40 project costs to be financed, including the projected cost and
41 construction schedule of the development;

42 b. a description of the development to be undertaken, including an
43 estimate of the sales tax or other revenues anticipated to be generated
44 from the development; and

45 c. a description of the sales tax or other revenues to be pledged to
46 the support of the project.

