

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1928

with Senate Committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 17, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1928 (1R) with amendments.

Senate Bill No. 1928 (1R), as amended, authorizes the State Treasurer to establish a special fund in the State's General Fund to be known as the "Economic Growth Fund." The State Treasurer will deposit into the fund up to one-half of the sales tax revenues which will be received from certain economic growth areas. Although the revenues to be deposited into the fund will be derived from the State sales and use tax or other revenues collected by the State Treasurer, the revenues will not be considered part of the General Fund nor will they be commingled with other General Fund moneys.

The moneys deposited in the fund may be used to pay for the principal and interest on bonds issued to finance, within a designated economic growth area or in certain adjacent locations, economic development projects that the State Treasurer determines would not be undertaken without State financing. A developer may apply for State financing from the fund by submitting a development plan to the State Treasurer for review.

The bill requires the State Treasurer to determine that a proposed development will generate significant new sales tax or other revenues and new jobs before approving State financing for a proposed development, and make certain findings concerning the feasibility of the proposed development and the ability of the developer to complete the proposed development.

The bill (1) limits the total amount of State grants that may be provided for a project or project costs, when combined with other grants received pursuant to State law, to no more than 50% of the new sales tax revenues, other revenues or economic benefits generated or anticipated to be generated annually by a development; and (2) requires the State Treasurer to coordinate efforts in connection with the review and approval of economic development plans submitted under this bill with the New Jersey Redevelopment Authority in order to promote the most efficient use of State resources.

The bill clarifies that an economic growth area may include a Regional Growth Area, Pinelands Town or Pinelands Village, designated pursuant to the Pinelands Comprehensive Management Plan adopted pursuant to P.L.1979, c.111 (C.13:18A-1 et seq.).

COMMITTEE AMENDMENTS

The committee amended the bill to:

- * include a Regional Growth Area, Pinelands Town or Pinelands Village, designated pursuant to the Pinelands Comprehensive Management Plan adopted pursuant to P.L. 1979, c.111 (C.13:18A-1 et seq.), within the definition of "economic growth area;"

- * require the State Treasurer to submit to the Joint Budget Oversight Committee for its review a development plan received from a developer;

- * limit the total amount of grants paid for a project, when combined with other grants received for a project by operation of State law, to 50% of the new sales tax revenue, other revenues or economic benefits generated or anticipated to be generated annually as a consequence of a development or redevelopment;

- * require the State Treasurer to review a development plan in consultation with the New Jersey Redevelopment Authority;

- * require the development plan to include documentation of all necessary approvals with local zoning ordinances;

- * require the State Treasurer to report to the Governor and the Legislature;

- * require the State Treasurer to coordinate the review and approval of development plans with the New Jersey Redevelopment Authority; and

- * clarify that the State, its agencies, or independent entities will have no obligations toward the repayment of the bonds issued except as provided for in the bill.

FISCAL IMPACT

In the legislative fiscal estimate to this bill, the Office of Legislative Services (OLS) stated that the fiscal impact could not be estimated because the number of eligible economic development growth plans to be submitted cannot be determined.