

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4690
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 25, 2021

SUMMARY

Synopsis:	Expands eligibility criteria for municipalities wherein projects receiving New Jersey Redevelopment Authority assistance may occur.
Type of Impact:	Potential annual revenue increase to the State and affected local governments; Potential annual expenditure increases to the New Jersey Redevelopment Authority
Agencies Affected:	New Jersey Redevelopment Authority Certain Local Governments

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Indirect State Revenue Gain		Indeterminate	
Indirect Local Revenue Gain		Indeterminate	
New Jersey Redevelopment Authority Expenditure Increase		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill will produce a potential annual indirect revenue gain to the State and affected local governments. The OLS’ inability to quantify the potential revenue gain is rooted in a lack of reliable information on the municipality or municipalities that would meet the requirements as a “qualified municipality” under the bill and the number and attributes of projects that might be eligible for New Jersey Redevelopment Authority (NJRA) assistance. The OLS expects the bill’s potential indirect revenue gains to be due to any State and local tax revenue generated from any additional projects qualifying to receive NJRA assistance.
- The NJRA facilitates urban redevelopment projects by providing direct investment and technical support. It is a self-supporting entity, receiving revenue for its programs from interest income and fees related to projects receiving loans from the NJRA. However, in the past, the NJRA has required State support including \$9 million in startup funding, and \$25 million for the Urban Site Acquisition Program’s revolving loan fund. The OLS is unable to quantify the magnitude of expenditures to be incurred by the NJRA under the bill given a lack of

information regarding the number and types of projects that may newly qualify for NJRA assistance under the bill.

BILL DESCRIPTION

This bill expands the criteria for municipalities to be deemed a “qualified municipality” wherein certain development projects may become eligible for assistance from the NJRA. Under the bill, a third criterion would be created to allow a municipality to be deemed a qualified municipality if, at the time of the initiation of a project receiving NJRA assistance, the municipality had established a special improvement district.

Originally, for a project to qualify for NJRA assistance, the project had to be located in an eligible municipality where, at the time of the initiation of a project, the municipality had to either: 1) be eligible to receive aid under the Special Municipal Aid Act, or 2) be coextensive with a school district which qualified for designation as a special needs district pursuant to the Quality Education Act of 1990. Further, the Commissioner of Community Affairs is permitted to nominate a municipality within a county as a qualified municipality for a five-year period, if no other municipality within the county qualifies. A nominated municipality must have ranked in the top 20 percent of the Municipal Distress Index and be approved by the NJRA’s board.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will produce a potential annual indirect revenue gain to the State and affected local governments. The OLS’ inability to quantify the potential revenue gain is rooted in a lack of reliable information on the municipality or municipalities that would meet the requirements as an eligible municipality under the bill and the number and attributes of projects that might be eligible for NJRA assistance.

It is not possible to know the future projects that will apply for NJRA assistance, thus also not possible to know whether those projects are located within municipalities that had established and operated special improvement districts prior to the date of enactment of this bill, and whether that will newly make a project eligible that would not have otherwise been eligible under the existing statute. To the extent that a project does newly become eligible for NJRA assistance, presumably that assistance will increase the likelihood of the project succeeding financially and generating economic benefits that would accrue to the State and localities in the form of increased tax revenue. It is not possible to quantify the benefit at this time due to a lack of knowledge about the details of these future projects as well as an inability to isolate the marginal impact of the NJRA assistance from all other factors that would impact the success or failure of the project.

The OLS expects the bill’s potential indirect revenue gain to be due to any State and local tax revenue generated from any additional projects qualifying to receive NJRA assistance. If the bill results in a significant increase in newly eligible projects that exceeds the financing capacity of the NJRA, it is possible that a subsequent appropriation would be needed to support those projects.

At this point, the amount of assistance will be limited to the existing financing capacity of the NJRA, since the bill does not provide any supplementary funds to the NJRA.

Section: Authorities, Utilities, Transportation and Communications
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).