

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4690

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 18, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4690, with committee amendments.

As amended and reported, this bill expands the criteria for municipalities to be deemed a “qualified municipality” wherein certain development projects may become eligible for assistance from the New Jersey Redevelopment Authority (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 and operated a special improvement district prior to the date of enactment of the bill.

Originally, for a project to qualify for NJRA assistance, the project had to be located in a “qualified 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.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that, in order to be eligible as a “qualified municipality,” a municipality at the time of the initiation of a project receiving NJRA assistance, must have established and operated a special improvement district prior to the date of enactment of the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will produce a potential indirect revenue gain to the State and affected local governments. The inability of OLS to quantify the potential revenue gain is rooted in a lack of reliable information on the

municipality or municipalities that would qualify as a “qualified municipality” under the bill and the number and attributes of projects that might qualify for NJRA assistance under the bill.

The NJRA 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 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.