

ASSEMBLY, No. 5580

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 5, 2021

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Co-Sponsored by:

**Assemblyman Armato, Assemblywoman Jimenez, Assemblymen Mukherji
and Verrelli**

SYNOPSIS

Restores and revises Urban Enterprise Zone program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2021)

1 AN ACT concerning urban enterprise zones, amending P.L.2001,
2 c.347 and P.L.1989, c.207, amending and supplementing
3 P.L.1983, c.303, and repealing various parts of the statutory law.

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

7
8 1. Section 3 of P.L.1983, c.303 (C.52:27H-62) is amended to
9 read as follows:

10 3. As used in **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.):

11 a. "Enterprise zone" or "zone" means an urban enterprise zone
12 designated by the authority pursuant to **[this act]** P.L.1983, c.303
13 (C.52:27H-60 et seq.);

14 b. "Authority" or "UEZ Authority" means the New Jersey Urban
15 Enterprise Zone Authority created by **[this act]** P.L.1983, c.303
16 (C.52:27H-60 et seq.);

17 c. "Qualified business" means any entity authorized to do
18 business in the State of New Jersey which, at the time of designation
19 as an enterprise zone or a UEZ-impacted business district, is engaged
20 in the active conduct of a trade or business in that zone or district; or
21 an entity which, after that designation but during the designation
22 period, becomes newly engaged in the active conduct of a trade or
23 business in that zone or district and has at least **[25%]** 25 percent of
24 its full-time employees employed at a business location in the zone
25 or district, **[meeting]** which zone or district meets the criteria set
26 forth in section 12 of P.L. , c. (C.) (pending before the
27 Legislature as this bill), or is an industrial business located in an
28 industrial hub, and which employees meet one or more of the
29 following criteria:

30 (1) Residents within the zone, the district, within another zone or
31 within a qualifying municipality; or

32 (2) Unemployed for at least six months prior to being hired and
33 residing in New Jersey, and recipients of New Jersey public
34 assistance programs for at least six months prior to being hired, or
35 either of the aforesaid; or

36 (3) Determined to be low income individuals pursuant to the
37 Workforce Investment Act of 1998, Pub.L.105-220 (29 U.S.C.
38 s.2811);

39 Approval as a qualified business shall be conditional upon meeting
40 all outstanding tax obligations, and may be withdrawn by the
41 authority if a business is continually delinquent in meeting its tax
42 obligations;

43 d. "Qualifying municipality" means any municipality **[in which**
44 **there was, in the last full calendar year immediately preceding the**
45 **year in which application for enterprise zone designation is submitted**

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual
2 average of at least 2,000 unemployed persons, and in which the
3 municipal average annual unemployment rate for that year exceeded
4 the State average annual unemployment rate; except that any
5 municipality which qualifies for State aid pursuant to P.L.1978, c.14
6 (C.52:27D-178 et seq.) shall qualify if its municipal average annual
7 unemployment rate for that year exceeded the State average annual
8 unemployment rate. The annual average of unemployed persons and
9 the average annual unemployment rates shall be estimated for the
10 relevant calendar year by the Office of Labor Planning and Analysis
11 of the State Department of Labor and Workforce Development. In
12 addition to those municipalities that qualify pursuant to the criteria
13 set forth above, that municipality accorded priority designation
14 pursuant to subsection e. of section 7 of P.L.1983, c.303 (C.52:27H-
15 66), those municipalities set forth in paragraph (7), paragraph (8) of
16 section 3 of P.L.1995, c.382 (C.52:27H-66.1), and paragraph (9) of
17 section 3 of P.L.1995, c.382 as amended by section 3 of P.L.2004,
18 c.75 (C.52:27H-66.1), and the municipalities in which the three
19 additional enterprise zones, including the joint enterprise zone, are to
20 be designated pursuant to criteria according priority consideration for
21 designation of the zones pursuant to section 12 of P.L.2001, c.347
22 (C.52:27H-66.7) shall be deemed qualifying municipalities】 :

23 (1) that was previously designated as a qualifying municipality
24 prior to the effective date of P.L. , c. (pending before the
25 Legislature as this bill); or

26 (2) that is among the top 20 percent of the most distressed New
27 Jersey municipalities according to the most recent Municipal
28 Revitalization Index, and;

29 (a) in which the share of parcels accounted for by commercial and
30 industrial property exceeds the Statewide average of commercial and
31 industrial parcels according to the most recently released Property
32 Value Classification prepared by the Department of the Community
33 Affairs, and

34 (b) which has an unemployment rate that exceeds the most recent
35 annual Statewide unemployment rate;

36 e. "Public assistance" means income maintenance funds
37 administered by the Department of Human Services or by a county
38 welfare agency;

39 f. "Zone development corporation" means a nonprofit
40 corporation or association created or designated by the governing
41 body of a qualifying municipality to formulate and propose a
42 preliminary zone development plan pursuant to section 9 of
43 P.L.1983, c.303 (C.52:27H-68) and to prepare, monitor, administer
44 and implement the zone development plan;

45 g. "Zone development plan" means a plan adopted by the
46 governing body of a qualifying municipality for the development of
47 an enterprise zone therein, and for the direction and coordination of
48 activities of the municipality, zone businesses and community

1 organizations within the enterprise zone toward the economic
2 betterment of the residents of the zone and the municipality;

3 h. "Zone neighborhood association" means a corporation or
4 association of persons who either are residents of, or have their
5 principal place of employment in, a municipality in which an
6 enterprise zone has been designated pursuant to **[this act]** P.L.1983,
7 c.303 (C.52:27H-60 et seq.); which is organized under the provisions
8 of Title 15 of the Revised Statutes or Title 15A of the New Jersey
9 Statutes; and which has for its principal purpose the encouragement
10 and support of community activities within, or on behalf of, the zone
11 so as to (1) stimulate economic activity, (2) increase or preserve
12 residential amenities, or (3) otherwise encourage community
13 cooperation in achieving the goals of the zone development plan;

14 i. "Enterprise zone assistance fund" or "assistance fund" means
15 the fund created by section 29 of P.L.1983, c.303 (C.52:27H-88);
16 **[and]**

17 j. "UEZ-impacted business district" or "district" means an
18 economically-distressed business district classified by the authority
19 as having been negatively impacted by two or more adjacent urban
20 enterprise zones in which **[50%]** 50 percent less sales tax is collected
21 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80);

22 k. "Block group" means statistical divisions of census tracts, that
23 are generally defined by the United States Census Bureau to contain
24 between 600 and 3,000 people and are used to present data and
25 control block numbering;

26 l. "Municipal Revitalization Index" means the index developed,
27 maintained, and updated from time to time, by the Department of
28 Community Affairs ranking New Jersey's municipalities according
29 to separate indicators that measure diverse aspects of social,
30 economic, physical, and fiscal conditions in each locality;

31 m. "Qualified assistance fund expense" means any reasonable
32 expense related to:

33 (1) a construction project improving, altering, or repairing the
34 real property of a qualified business located in an enterprise zone;

35 (2) full or part time economic and community development
36 positions in the municipality, other governmental, or not-for-profit
37 organization, or marketing;

38 (3) loans, grants, and guarantees to businesses;

39 (4) payroll expenses and equipment purchases primarily for the
40 provision of law enforcement, fire protection, or emergency medical
41 services within commercial and transportation corridors;

42 (5) planning and other professional services related to economic
43 and community development;

44 (6) cleaning and maintenance of commercial and transportation
45 corridors;

46 (7) the improvement of public infrastructure in a commercial or
47 transportation corridor;

1 (8) the improvement of public infrastructure related to a
2 commercial, industrial, mixed use, or multi-family residential
3 property; or

4 (9) employment and training programs.

5 n. “UEZ coordinator” means an individual designated by a
6 qualified municipality or zone development corporation as the
7 individual in charge of the activities related to the Urban Enterprise
8 Zone program in that municipality;

9 o. “UZ-2 certification” means the UEZ Authority’s certification
10 of a qualified business, pursuant to section 21 of P.L.1983, c.303
11 (C.52:27H-80), allowing the qualified business an exemption to the
12 extent of 50 percent of the tax imposed under the "Sales and Use Tax
13 Act," P.L.1966, c.30 (C.54:32B-1 et seq.), when the sales transaction
14 physically occurs within an enterprise zone. The qualified business
15 may deliver merchandise to the purchaser at a location outside an
16 enterprise zone provided the sales transaction was physically made
17 within the enterprise zone. The regular tax rate shall be charged for
18 mail order, telephone, internet, and similar sales transactions
19 delivered within the State;

20 p. “UZ-4 certification” means the UEZ Authority’s certification
21 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), allowing a contractor of
23 the qualified business to make tax-free purchases of materials,
24 supplies, and services for the exclusive use of erecting a structure or
25 building on, or improving, altering, or repairing, the real property of
26 a qualified business located in an enterprise zone at the address
27 indicated on the qualified business’s application for certification to
28 the UEZ Authority;

29 q. “UZ-5 certification” means the UEZ Authority’s certification
30 of a qualified business, pursuant to section 12 of P.L. , c. (C.)
31 (pending before the Legislature as this bill), allowing the qualified
32 business to make tax-free purchases of office and business equipment
33 and supplies, furnishings, trade fixtures, repair, or construction
34 materials and all other tangible personal property (other than motor
35 vehicles and motor vehicle parts and supplies) for the exclusive use
36 or consumption on the premises of the qualified business within an
37 enterprise zone at an address indicated on the qualified business’s
38 application for certification to the UEZ Authority. The exemption
39 may be used only for personal property controlled by the qualified
40 business. This exemption shall also apply to delivery charges and
41 charges for services performed for a qualified business at its zone
42 location, including repair, janitorial, and maintenance services;

43 r. “Economic Distress Index” means a standardized score
44 developed and maintained by the Department of Community Affairs
45 that equally incorporates the block group unemployment rate and
46 median household income according to the most recent five-year
47 estimate by the United States Census Bureau;

s. “Major job center” means a block group with an Economic Distress Index score greater than or equal to the 50th percentile and in which the jobs per square mile meets or exceeds the State average according to the most recent estimate by the United States Census Bureau;

t. “Industrial hub” means a block group with 100 or more persons employed by industrial businesses;

u. “Industrial business” means a business with a North American Industry Classification System code of 11 (Agriculture, Forestry, Fishing and Hunting), 21 (Mining), 22 (Utilities), 23 (Construction), 31-33 (Manufacturing), 42 (Wholesale Trade), or 48-49 (Transportation and Warehousing);

v. “Commercial corridor” means the land area with frontage on a State, county, local, or rail thoroughfare in an enterprise zone which is predominantly commercial or industrial; and

w. “Transportation corridor” means a broad geographical band that follows a general directional flow or connects major sources of trips. It may contain a number of streets and highways and transit lines or routes.

(cf: P.L.2006, c.34, s.3)

2. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to read as follows:

4. a. There is created the New Jersey Urban Enterprise Zone Authority, which shall consist of:

(1) The **【Executive Director】** chief executive officer of the New Jersey Economic Development Authority **【**, who shall be the chair of the authority**】**;

(2) The Commissioner of the Department of Community Affairs, who shall be the chair of the UEZ Authority;

(3) The Commissioner of the Department of Labor and Workforce Development;

(4) The State Treasurer; **【and】**

(5) The chief executive officer of the New Jersey Redevelopment Authority; and

(6) **【Five】** Four public members not holding any other office, position or employment in the State Government, nor any local elective office, who shall be appointed by the Governor with the advice and consent of the Senate, and who shall be qualified for their appointments by training and experience in the areas of local government finance, economic development and redevelopment, or volunteer civic service and community organization. No more than **【three】** two public members shall be of the same political party. At least one public member of the authority shall reside within an enterprise zone; however, the provisions of this section shall apply only to members appointed or reappointed after the effective date of P.L.2001, c.347 (C.52:27H-66.2 et al.).

1 b. **【**The public members of the authority shall serve for terms of
2 five years, except that of the members first appointed, one shall serve
3 for a term of one year, one shall serve for a term of two years, one
4 shall serve for a term of three years, one shall serve for a term of four
5 years, and one shall serve for a term of five years. Vacancies in the
6 public membership shall be filled in the manner of the original
7 appointments but for the unexpired terms.**】** (Deleted by amendment,
8 P.L. , c.) (pending before the Legislature as this bill)

9 c. An ex officio member of the authority may, from time to time,
10 designate in writing to the authority an official within his respective
11 department to attend and represent the department at the meetings of
12 the authority from which the ex officio member is absent, and that
13 designated representative shall be entitled to vote and otherwise act
14 for the ex officio member at those meetings.

15 d. A true copy of the minutes of every meeting of the authority
16 shall be forthwith delivered by and under the certification of the
17 secretary thereof to the Governor. No action taken at such meeting
18 by the authority shall have force or effect until 10 days, Saturdays,
19 Sundays, and public holidays excepted, after the copy of the minutes
20 shall have been so delivered, unless during such 10-day period the
21 Governor shall approve the same, in which case such action shall
22 become effective upon such approval. If, in that 10-day period, the
23 Governor returns such copy of the minutes with veto of any action
24 taken by the authority or any member thereof at such meeting, such
25 action shall be null and void and of no effect.

26 e. The UEZ Authority, reconstituted pursuant to P.L. ,
27 c. (C.) (pending before the Legislature as this bill), shall hold
28 an initial meeting on the first business day of the third month
29 following the date of enactment of P.L. , c. (C.) (pending
30 before the Legislature as this bill). The public members of the UEZ
31 Authority shall serve for terms of five years, except that of the
32 members first appointed to the reconstituted UEZ Authority pursuant
33 to P.L. , c. (C.) (pending before the Legislature as this bill),
34 one shall serve for a term of two years, one shall serve for a term of
35 three years, one shall serve for a term of four years, and one shall
36 serve for a term of five years. Vacancies in the public membership
37 shall be filled in the manner of the original appointments but for the
38 unexpired terms.

39 (cf: P.L.2008, c.27, s.29)

40

41 3. Section 3 of P.L.2001, c.347 (C.52:27H-66.2) is amended to
42 read as follows:

43 3. The authority shall designate a classification known as a
44 "UEZ-impacted business district" for a municipality which can
45 demonstrate to the authority that its business district is economically
46 distressed and is being negatively impacted by the presence of two or
47 more adjacent enterprise zones in which **【50%】** 50 percent less sales
48 tax is collected pursuant to section 21 of P.L. 1983, c. 303 (C.52:27H-

80). Following the effective date of P.L. , c. (pending before the
Legislature as this bill), the UEZ Authority shall not designate a
business district as a UEZ-impacted business district. Any
designation as a UEZ-impacted business district existing on the
effective date of P.L. , c. (pending before the Legislature as this
bill) shall expire on the first day of the third year next following the
effective date of P.L. , c. (pending before the Legislature as this
bill) or upon certification of the UEZ-impacted business district as
an enterprise zone, whichever occurs first.

(cf: P.L.2001, c.347, s.3)

4. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to read as follows:

9. a. Before [applying] the governing body of a qualifying
municipality may apply for designation [of] as an enterprise zone,
the municipal governing body shall cause a preliminary zone
development plan to be formulated, either by a zone development
corporation or by the governing body, with the assistance of those
officers and agencies of the municipality as the governing body may
see fit. [The] For a municipality with a zone development plan that
was approved more than five years prior to the effective date of P.L. ,
c. (pending before the Legislature as this bill), the governing body
of the municipality shall submit an updated preliminary zone
development plan pursuant to this section. In formulating a
preliminary zone development plan pursuant to this section, a zone
development corporation or the governing body of the municipality
shall consult with representatives of diverse Statewide or regional
business organizations that represent the interests of minority
businesses, as defined in section 2 of P.L.1986, c. 195 (C.52:27H-
21.18), which organizations shall have no less than 30 days to review
a proposed preliminary zone development plan and submit comments
to the zone development corporation or governing body. Each
preliminary zone development plan shall [set forth the boundaries of
the proposed enterprise zone,] include findings of fact concerning
the economic and social conditions existing in the area proposed for
an enterprise zone, and the municipality's policy and intentions for
addressing these conditions, and may include proposals respecting:

[a.] (1) Utilizing the powers conferred on the municipality by law for the purpose of stimulating investment in and economic development of the proposed zone;

[b.] (2) Utilizing State assistance through the provisions of **[this act]** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to **[exemptions from, and credits against,] State [taxes] tax benefits and enterprise zone assistance funds;**

[c.] (3) Securing the involvement in, and commitment to, zone economic development by private entities, including zone

1 neighborhood associations, voluntary community organizations
2 supported by residents and businesses in the zone;

3 **【d.】** (4) Utilizing the powers conferred by law to revise
4 municipal planning and zoning ordinances and other land use
5 regulations as they pertain to the zone, in order to enhance the
6 attraction of the zone to prospective developers;

7 **【e.】** (5) Increasing the availability and efficiency of support
8 services, public and private, generally used by and necessary to the
9 efficient functioning of commercial and industrial facilities in the
10 area, and the extent to which the increase or improvement is to be
11 provided and financed by the municipal government or by other
12 entities.

13 b. (1) The governing body of a municipality may request from
14 the UEZ Authority an amount not to exceed 10 percent of the
15 municipality's zone assistance fund allocation or \$125,000,
16 whichever is greater, to fund, in whole or in part, the costs associated
17 with formulating a preliminary zone development plan, which
18 amount the governing body may use to pay employees, or to retain a
19 consultant, to formulate the plan. Prior to soliciting a consultant to
20 formulate the plan with these funds, the governing body of a
21 municipality shall submit to the UEZ Authority the proposed
22 solicitation.

23 (2) The UEZ Authority shall review the proposed solicitation and
24 may provide recommended modifications to the proposed
25 solicitation. The governing body of a municipality or a zone
26 development corporation may incur expenses related to the
27 preparation of the preliminary zone development plan for potential
28 reimbursement at a later time by the UEZ Authority, provided the
29 authority determines the expenses are reasonable. The governing
30 body of a municipality or a zone development corporation shall
31 complete a preliminary zone development plan with assistance from
32 the UEZ Authority, as needed, in accordance with a timeline
33 established by the authority pursuant to rules, regulations, or
34 guidelines adopted by the authority.

35 (3) Within 14 days of receipt, unless the authority finds material
36 deficiencies in a preliminary zone development plan, the authority
37 shall approve and certify the preliminary zone development plan as
38 the zone development plan. The zone development plan shall be the
39 plan according to which the Urban Enterprise Zone program shall be
40 administered in that zone, and certification of the plan shall constitute
41 the authority's designation or re-designation of the municipality as
42 an enterprise zone. Should the authority find deficiencies with a
43 preliminary zone development plan, it shall provide a corrective
44 action plan to the municipality.

45 (4) Notwithstanding the provisions of subsection g. of section 5
46 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
47 approval by the authority of the zone development plan for an
48 enterprise zone coterminous with the borders of a municipality shall

1 not be considered sufficient for the determination that the area is in
2 need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
3 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
4 exemptions within the enterprise zone district pursuant to the
5 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
6 adoption of a tax abatement and exemption ordinance pursuant to the
7 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
8 however, the authority's certification of a final eligible block group
9 within an enterprise zone pursuant to section 12 of P.L. , c. (C.)
10 (pending before the Legislature as this bill), shall be considered
11 sufficient for the determination that an area within a final eligible
12 block group is in need of redevelopment for the purpose of granting
13 tax exemptions within the eligible block group pursuant to the
14 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
15 of a tax abatement and exemption ordinance pursuant to the
16 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

17 c. If no zone development plan is in place, upon petition of the
18 zone development corporation or governing body of the municipality,
19 the UEZ Authority may grant a distribution from that municipality's
20 zone assistance fund account for an eligible project that responds to
21 an impact of a public health emergency or state of emergency
22 declared by the Governor.

23 d. No zone development plan shall remain in force once it has
24 been certified by the UEZ Authority for more than five years. The
25 governing body of a municipality or zone development corporation
26 shall follow the process enumerated in subsections a. and b. of this
27 section to ensure a zone development plan remains current to protect
28 against lapse of enterprise zone designation.

29 e. Notwithstanding the provisions of this section to the contrary,
30 a qualified business in an enterprise zone having such qualified status
31 immediately preceding the effective date of P.L. , c. (pending
32 before the Legislature as this bill), and which is qualified under
33 P.L. , c. (pending before the Legislature as this bill), shall remain
34 eligible for the exemptions from the tax imposed under the "Sales
35 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), pursuant to
36 sections 20 and 21 of P.L.1983, c.303 (C.52:27H-79 and C.52:27H-
37 80), and shall be eligible for the exemption under section 8 of P.L. ,
38 c. (C.) (pending before the Legislature as this bill) even if the
39 municipality in which the business is located fails to submit a zone
40 development plan in accordance with this section; provided,
41 however, a municipality failing to submit a zone development plan
42 under this section shall not be eligible for loans, grants, and other
43 assistance from the UEZ Authority, except as provided for in
44 subsection c. of this section, until a revised zone development plan is
45 submitted and approved by the UEZ Authority.

46 (cf: P.L.1983, c.539, s.1)

1 5. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
2 read as follows:

3 10. a. An area defined by a continuous border within one
4 qualifying municipality **【**or within two or more contiguous
5 qualifying municipalities and two noncontiguous areas each having
6 a continuous border within two noncontiguous qualifying
7 municipalities**】** shall be eligible for designation as a zone if:

8 **【a.】** (1) It has been designated an "area in need of rehabilitation"
9 pursuant to Article VIII, Section I, paragraph 6 of the Constitution of
10 the State of New Jersey **【**and P.L.1977, c.12 (C.54:4-3.95 et seq.)**】**;
11 or is qualified for that designation in the judgment of the authority;
12 and

13 **【b.】** (2) It meets the criteria established by the authority pursuant
14 to **【**this act**】** P.L.1983, c.303 (C.52:27H-60 et seq.) relating to the
15 incidence of poverty, unemployment and general economic distress.

16 b. In addition to areas eligible for designation as a zone pursuant
17 to subsection a. of this section, an area shall be eligible for
18 designation as an enterprise zone if the municipality in which the area
19 is located is among the top 20 percent of the most distressed New
20 Jersey municipalities, according to the most recent Municipal
21 Revitalization Index, and:

22 (1) the share of parcels accounted for by commercial and
23 industrial property within the municipality exceeds the Statewide
24 average of commercial and industrial parcels according to the most
25 recently released Property Value Classification prepared by the
26 Department of the Community Affairs, and

27 (2) the municipality has an unemployment rate that exceeds the
28 most recent annual Statewide unemployment rate.

29 c. If a county does not contain an area that qualifies to be
30 designated as an enterprise zone, the UEZ Authority may, upon
31 application, designate as an enterprise zone the area within the county
32 which is in the most distressed municipality in the county according
33 to the most recent Municipal Revitalization Index.

34 d. In the case of a qualifying municipality with a population
35 exceeding 5,000, designation as a zone shall be contingent upon such
36 municipality appointing a full-time economic development officer,
37 who may also serve as the UEZ Coordinator, or establishing a zone
38 development corporation.

39 (cf: P.L.1993, c.367, s.5)

40

41 6. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
42 read as follows:

43 13. a. In designating eligible areas as enterprise zones, the
44 authority shall **【**accord preference to**】** approve zone development
45 plans which:

46 (1) Have **【**the greatest**】** potential for success in stimulating
47 primarily new economic activity in the area;

- 1 (2) Are designed to address **【the greatest degree of】** urban
2 distress, as measured by existing levels of unemployment, poverty,
3 and property tax arrearages;
- 4 (3) Demonstrate **【the most】** substantial and reliable commitments
5 of resources by zone businesses, zone neighborhood associations,
6 voluntary community organizations and other private entities to the
7 economic success of the zone;
- 8 (4) Demonstrate **【the most】** substantial effort and commitment by
9 the municipality to encourage economic activity in the area and to
10 remove disincentives for job creation compatible with the fiscal
11 condition of the municipality.
- 12 b. In addition to the considerations set forth in subsection a. of
13 this section, the authority in evaluating a zone development plan for
14 designation purposes shall consider:
- 15 (1) The likelihood of attracting federal assistance to projects in
16 the eligible area, and of obtaining federal designation of the area as
17 an enterprise zone for federal tax purposes;
- 18 (2) The adverse or beneficial effects of an enterprise zone located
19 at the proposed area upon economic development activities or
20 projects of State or other public agencies which are in operation, or
21 are approved for operation, in the qualifying municipality;
- 22 (3) The degree of commitment made by public and private entities
23 to utilize minority contractors and assure equal opportunities for
24 employment in connection with any construction or reconstruction to
25 be undertaken in the eligible area;
- 26 (4) The impact of the zone development plan upon the social,
27 natural and historic environment of the eligible area;
- 28 (5) The degree to which the implementation of the plan involves
29 the relocation of residents from the eligible area, and the adequacy of
30 commitments and provisions with respect thereto.
- 31 c. A designated zone that is operative on the effective date of
32 P.L. , c. (pending before the Legislature as this bill) shall remain
33 a designated zone until the end of the 10th State fiscal year next
34 following the effective date of P.L. , c. (pending before the
35 Legislature as this bill).
- 36 d. (1) On the first day of the ninth State fiscal year next
37 following the effective date of P.L. , c. (pending before the
38 Legislature as this bill), the UEZ Authority shall determine which
39 zones are within municipalities that are among the top 20 percent of
40 the most distressed New Jersey municipalities, according to the most
41 recent Municipal Revitalization Index, and whether:
- 42 (a) the share of parcels accounted for by commercial and
43 industrial property within each municipality exceeds the Statewide
44 average of commercial and industrial parcels according to the most
45 recently released Property Value Classification prepared by the
46 Department of the Community Affairs, and
- 47 (b) each municipality has an unemployment rate that exceeds the
48 most recent annual Statewide unemployment rate.

1 (2) (a) A zone located within a municipality that does not meet
2 the criteria set forth in paragraph (1) of this subsection shall be
3 ineligible for designation as an enterprise zone at the close of the 10th
4 State fiscal year after the effective date of P.L. , c. (pending before
5 the Legislature as this bill).

6 (b) A zone located within a municipality that meets the criteria
7 set forth in paragraph (1) of this subsection shall be designated an
8 enterprise zone for an additional 10 years.

9 e. (1) Notwithstanding the provisions of section 10 of P.L.1983,
10 c.303 (C.52:27H-69), section 2 of P.L.1985, c.391 (C.52:27H-69.1),
11 or any other law or regulation to the contrary, boundaries of each
12 zone shall be coterminous with borders of an eligible municipality
13 beginning on the effective date of P.L. , c. (pending before the
14 Legislature as this bill).

15 (2) Notwithstanding the provisions of subsection g. of section 5
16 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
17 the extension of the boundaries of a zone to be coterminous with the
18 borders of a municipality pursuant to this subsection shall not be
19 considered sufficient for the determination that the area is in need of
20 redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
21 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
22 exemptions within the enterprise zone district pursuant to the
23 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
24 adoption of a tax abatement and exemption ordinance pursuant to the
25 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
26 however, certification of a final eligible block group within an
27 enterprise zone certified pursuant to section 12 of P.L. , c. (C.)
28 (pending before the Legislature as this bill) shall be considered
29 sufficient for the determination that an area within a final eligible
30 block group is in need of redevelopment for the purpose of granting
31 tax exemptions within the eligible block group pursuant to the
32 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and the adoption
33 of a tax abatement and exemption ordinance pursuant to the
34 provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

35 f. Following the effective date of P.L. , c. (pending before the
36 Legislature as this bill), the UEZ Authority may designate enterprise
37 zones from among qualifying municipalities determined to be
38 eligible notwithstanding the limitation on the number of eligible
39 zones set forth in section 7 of P.L.1983, c.303 (C.52:27H-66), section
40 3 of P.L.1995, c.382 (C.52:27H-66.1), and section 12 of P.L.2001,
41 c.347 (C.52:27H-66.7).

42 (cf: P.L.1983, c.303, s.13)

43
44 7. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to
45 read as follows:

46 20. a. Receipts from retail sales of tangible personal property
47 (except motor vehicles and energy) and sales of services (except
48 telecommunications services and utility services) to a qualified

1 business for the exclusive use or consumption of such business within
2 an enterprise zone are exempt from the taxes imposed under the
3 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

4 b. (Deleted by amendment, P.L.2011, c.28)

5 c. As used in this section:

6 "Qualified business" includes a person who is certified as a
7 qualified business by the authority **【**on or before the date a claim for
8 refund is made and filed with the Director of the Division of Taxation
9 in the Department of the Treasury pursuant to subsection e. of this
10 section**】** and provided a UZ-5 certification by the authority pursuant
11 to subsection d. or f. of section 12 of P.L. , c. (C.) (pending
12 before the Legislature as this bill).

13 d. (Deleted by amendment, P.L.2011, c.28)

14 e. **【**(1) Notwithstanding the provisions of section 20 of
15 P.L.1966, c.30 (C.54:32B-20) and the provisions of R.S.54:49-14,
16 the Director of the Division of Taxation in the Department of the
17 Treasury shall refund to a person who is a qualified business the
18 amount of any sales tax or any use tax paid by the person in
19 connection with that person's purchase of tangible personal property
20 or services that is exempt, pursuant to subsection a. of this section,
21 from the taxes imposed by P.L.1966, c.30 (C.54:32B-1 et seq.) if the
22 person who is a qualified business makes and files a claim for refund
23 with the director within one year of the date the payment of tax for
24 purchase is made.

25 (2) A person who is a qualified business shall make and file a
26 claim for refund on such forms, and accompanied by auditable
27 receipts and such other documentation, as the director may
28 prescribe.**】** (Deleted by amendment, P.L. , c.) (pending before the
29 Legislature as this bill)

30 (cf: P.L.2011, c.28, s.1)

31
32 8. (New section) a. Receipts from retail sales of materials,
33 supplies, and services for the exclusive use of erecting structures or
34 buildings on, or improving, altering or repairing the real property of
35 a qualified business, or a contractor hired by the qualified business
36 to make such improvements, alterations, or repairs, are exempt from
37 the taxes imposed under the "Sales and Use Tax Act," P.L.1966, c.30
38 (C.54:32B-1 et seq.).

39 b. As used in this section:

40 "Qualified business" includes a person who is certified as a
41 qualified business by the authority and provided a UZ-4 certification
42 by the authority pursuant to subsection d. or f. of section 12 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill) on or before
44 the date a claim for refund is made and filed with the Director of the
45 Division of Taxation in the Department of the Treasury pursuant to
46 subsection b. of this section.

1 9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to
2 read as follows:

3 21. Receipts of retail sales, except retail sales of motor vehicles,
4 of alcoholic beverages as defined in the "Alcoholic Beverage Tax
5 Law," R.S.54:41-1 et seq., of cigarettes as defined in the "Cigarette
6 Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), of manufacturing
7 machinery, equipment or apparatus, and of energy, made by a
8 **【certified】** seller located in an eligible block group or on an adjacent
9 parcel, as defined in subsection a. of section 12 of P.L. ,
10 c. (C.) (pending before the Legislature as this bill) and
11 provided a UZ-2 certification by the authority from a place of
12 business owned or leased and regularly operated by the seller for the
13 purpose of making retail sales, and located in a designated enterprise
14 zone established pursuant to the "New Jersey Urban Enterprise Zones
15 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted
16 business district established prior to the effective date of P.L. ,
17 c. (pending before the Legislature as this bill) pursuant to section 3
18 of P.L.2001, c.347 (C.52:27H-66.2), are exempt to the extent of
19 **【50%】** 50 percent of the tax imposed under the "Sales and Use Tax
20 Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

21 Any seller, which is a qualified business having a place of business
22 located in a designated enterprise zone or in a designated UEZ-
23 impacted business district, may apply to the **【Director of the Division**
24 **of Taxation in the Department of the Treasury】** UEZ Authority for a
25 UZ-2 certification pursuant to this section provided the seller is
26 located in an eligible block group or an adjacent parcel, as defined in
27 subsection a. of section 12 of P.L. , c. (C.) (pending before
28 the Legislature as this bill). The **【director】** UEZ Authority shall
29 certify a seller if the **【director】** UEZ Authority shall find that the
30 seller owns or leases and regularly operates a place of business
31 located in the designated enterprise zone or in the designated UEZ-
32 impacted business district for the purpose of making retail sales, that
33 items are regularly exhibited and offered for retail sale at that
34 location, and that the place of business is not utilized primarily for
35 the purpose of catalogue or mail order sales. The certification under
36 this section shall remain in effect during the time the business retains
37 its status as a qualified business meeting the eligibility criteria of
38 section 27 of P.L.1983, c.303 (C.52:27H-86). However, the
39 **【director】** UEZ Authority may at any time revoke a certification
40 granted pursuant to this section if the **【director】** UEZ Authority shall
41 determine that the seller no longer complies with the provisions of
42 this section. The Department of the Treasury shall provide to a
43 qualified business a certificate evidencing its UZ-2 certification,
44 which certificate shall indicate the location at which the sales tax
45 exemption provided for in this section is available.

46 Notwithstanding the provisions of **【this act】** P.L.1983, c.303
47 (C.52:27H-60 et seq.) to the contrary, except as may otherwise be

1 provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the
2 authority may, in its discretion, determine if the provisions of this
3 section shall apply to any enterprise zone designated after the
4 effective date of P.L.1985, c.142 (C.52:27H-66 et al.); provided,
5 however, that the authority may make such a determination only
6 where the authority finds that the award of an exemption of 50
7 percent of the tax imposed under the "Sales and Use Tax Act,"
8 P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse
9 economic impact upon any other urban enterprise zone.

10 **【**Notwithstanding any other provisions of law to the contrary,
11 except as provided in subsection b. of section 6 of P.L.1996, c.124
12 (C.13:1E-116.6), after first depositing 10 percent of the gross amount
13 of all revenues received from the taxation of retail sales made by
14 certified sellers from business locations in designated enterprise
15 zones to which this exemption shall apply into the account created in
16 the name of the authority in the enterprise zone assistance fund
17 pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the
18 remaining 90 percent shall be deposited immediately upon collection
19 by the Department of the Treasury, as follows:

20 a. In the first five-year period during which the State shall have
21 collected reduced rate revenues within an enterprise zone, all such
22 revenues shall be deposited in the enterprise zone assistance fund
23 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88);

24 b. In the second five-year period during which the State shall
25 have collected reduced rate revenues within an enterprise zone, 66
26 2/3% of all those revenues shall be deposited in the enterprise zone
27 assistance fund, and 33 1/3% shall be deposited in the General Fund;

28 c. In the third five-year period during which the State shall have
29 collected reduced rate revenues within an enterprise zone, 33 1/3%
30 of all those revenues shall be deposited in the enterprise zone
31 assistance fund, and 66 2/3% shall be deposited in the General Fund;

32 d. In the final five-year period during which the State shall have
33 collected reduced rate revenues within an enterprise zone, but not to
34 exceed the life of the enterprise zone, all those revenues shall be
35 deposited in the General Fund.

36 Commencing on the effective date of P.L.1993, c.144, all revenues
37 in any enterprise zone to which the provisions of this section have
38 been extended prior to the enactment of P.L.1993, c.144 shall be
39 deposited into the enterprise zone assistance fund until there shall
40 have been deposited all revenues into that fund for a total of five full
41 years, as set forth in subsection a. of this section. The State Treasurer
42 then shall proceed to deposit funds into the enterprise zone assistance
43 fund according to the schedule set forth in subsections b. through d.
44 of this section, beginning at the point where the enterprise zone was
45 located on that schedule on the effective date of P.L.1993, c.144. No
46 enterprise zone shall receive the deposit benefit granted by any one
47 subsection of this section for more than five cumulative years.

1 The revenues required to be deposited in the enterprise zone
2 assistance fund under this section shall be used for the purposes of
3 that fund and for the uses prescribed in section 29 of P.L.1983, c.303
4 (C.52:27H-88), subject to annual appropriations being made for those
5 purposes and uses.】

6 (cf: P.L.2011, c.49, s.15)

7
8 10. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
9 read as follows:

10 29. a. (1) There is created an enterprise zone assistance fund to
11 be held by the State Treasurer, which shall be the repository for all
12 moneys required to be deposited therein under section 【21 of
13 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
14 the fund】 11 of P.L. , c. (C.) (pending before the Legislature
15 as this bill). All moneys deposited in the fund shall be held and
16 disbursed in the amounts necessary to fulfill the purposes of this
17 section and subject to the requirements hereinafter prescribed. The
18 State Treasurer may invest and reinvest any moneys in the fund, or
19 any portion thereof, to strengthen capital structures, leverage
20 additional debt capital, and increase lending and investing in
21 economically disadvantaged communities, and in any other manner
22 that advances the goals of the Urban Enterprise Zone program,
23 including, but not limited to legal obligations of the United States or
24 of the State or of any political subdivision thereof or government-
25 sponsored enterprises. Any income from, interest on, or increment to
26 moneys so invested or reinvested shall be included in the fund.

27 Notwithstanding the provisions of section 11 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill) or any other
29 provision of law to the contrary, the amount to be deposited in the
30 enterprise zone assistance fund shall be as follows:

31 (a) In the first five State fiscal years next following the effective
32 date of P.L. , c. (pending before the Legislature as this bill), 100
33 percent of the amount determined pursuant to paragraph (1) of
34 subsection b. of section 11 of P.L. , c. (C.) (pending before
35 the Legislature as this bill) shall be deposited in the enterprise zone
36 assistance fund;

37 (b) In the sixth State fiscal year next following the effective date
38 of P.L. , c. (pending before the Legislature as this bill), 95 percent
39 of the amount determined pursuant to paragraph (1) of subsection b.
40 of section 11 of P.L. , c. (C.) (pending before the Legislature
41 as this bill) shall be deposited in the enterprise zone assistance fund
42 and five percent of such amount shall be deposited in the General
43 Fund;

44 (c) In the seventh State fiscal year next following the effective
45 date of P.L. , c. (pending before the Legislature as this bill), 90
46 percent of the amount determined pursuant to paragraph (1) of
47 subsection b. of section 11 of P.L. , c. (C.) (pending before
48 the Legislature as this bill) shall be deposited in the enterprise zone

1 assistance fund and 10 percent of such amount shall be deposited in
2 the General Fund;

3 (d) In the eighth State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 85 percent
5 of the amount determined pursuant to paragraph (1) of subsection b.
6 of section 11 of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall be deposited in the enterprise zone assistance fund
8 and 15 percent of such amount shall be deposited in the General
9 Fund;

10 (e) In the ninth State fiscal year next following the effective date
11 of P.L. , c. (pending before the Legislature as this bill), 80 percent
12 of the amount determined pursuant to paragraph (1) of subsection b.
13 of section 11 of P.L. , c. (C.) (pending before the Legislature
14 as this bill) shall be deposited in the enterprise zone assistance fund
15 and 20 percent of such amount shall be deposited in the General
16 Fund;

17 (f) In the 10th State fiscal year next following the effective date
18 of P.L. , c. (pending before the Legislature as this bill), 75 percent
19 of the amount determined pursuant to paragraph (1) of subsection b.
20 of section 11 of P.L. , c. (C.) (pending before the Legislature
21 as this bill) shall be deposited in the enterprise zone assistance fund
22 and 25 percent of such amount shall be deposited in the General
23 Fund;

24 (g) In the 11th State fiscal year next following the effective date
25 of P.L. , c. (pending before the Legislature as this bill), 70 percent
26 of the amount determined pursuant to paragraph (1) of subsection b.
27 of section 11 of P.L. , c. (C.) (pending before the Legislature
28 as this bill) shall be deposited in the enterprise zone assistance fund
29 and 30 percent of such amount shall be deposited in the General
30 Fund;

31 (h) In the 12th State fiscal year next following the effective date
32 of P.L. , c. (pending before the Legislature as this bill), 65 percent
33 of the amount determined pursuant to paragraph (1) of subsection b.
34 of section 11 of P.L. , c. (C.) (pending before the Legislature
35 as this bill) shall be deposited in the enterprise zone assistance fund
36 and 35 percent of such amount shall be deposited in the General
37 Fund;

38 (i) In the 13th State fiscal year next following the effective date
39 of P.L. , c. (pending before the Legislature as this bill), 60 percent
40 of the amount determined pursuant to paragraph (1) of subsection b.
41 of section 11 of P.L. , c. (C.) (pending before the Legislature
42 as this bill) shall be deposited in the enterprise zone assistance fund
43 and 40 percent of such amount shall be deposited in the General
44 Fund;

45 (j) In the 14th State fiscal year next following the effective date
46 of P.L. , c. (pending before the Legislature as this bill), 55 percent
47 of the amount determined pursuant to paragraph (1) of subsection b.
48 of section 11 of P.L. , c. (C.) (pending before the Legislature

1 as this bill) shall be deposited in the enterprise zone assistance fund
2 and 45 percent of such shall be deposited in the General Fund;

3 (k) In the 15th State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 50 percent
5 of the amount determined pursuant to paragraph (1) of subsection b.
6 of section 11 of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall be deposited in the enterprise zone assistance fund
8 and 50 percent of such amount shall be deposited in the General
9 Fund;

10 (l) In the 16th State fiscal year next following the effective date
11 of P.L. , c. (pending before the Legislature as this bill), 40 percent
12 of the amount determined pursuant to paragraph (1) of subsection b.
13 of section 11 of P.L. , c. (C.) (pending before the Legislature
14 as this bill) shall be deposited in the enterprise zone assistance fund
15 and 60 percent of such amount shall be deposited in the General
16 Fund;

17 (m) In the 17th State fiscal year next following the effective date
18 of P.L. , c. (pending before the Legislature as this bill), 30 percent
19 of the amount determined pursuant to paragraph (1) of subsection b.
20 of section 11 of P.L. , c. (C.) (pending before the Legislature
21 as this bill) shall be deposited in the enterprise zone assistance fund
22 and 70 percent of such amount shall be deposited in the General
23 Fund;

24 (n) In the 18th State fiscal year next following the effective date
25 of P.L. , c. (pending before the Legislature as this bill), 20 percent
26 of the amount determined pursuant to paragraph (1) of subsection b.
27 of section 11 of P.L. , c. (C.) (pending before the Legislature
28 as this bill) shall be deposited in the enterprise zone assistance fund
29 and 80 percent of such amount shall be deposited in the General
30 Fund;

31 (o) In the 19th State fiscal year next following the effective date
32 of P.L. , c. (pending before the Legislature as this bill), 10 percent
33 of the amount determined pursuant to paragraph (1) of subsection b.
34 of section 11 of P.L. , c. (C.) (pending before the Legislature
35 as this bill) shall be deposited in the enterprise zone assistance fund
36 and 90 percent of such amount shall be deposited in the General
37 Fund; and

38 (p) In the 20th State fiscal year next following the effective date
39 of P.L. , c. (pending before the Legislature as this bill), and each
40 State fiscal year thereafter, 100 percent of the amount determined
41 pursuant to paragraph (1) of subsection b. of section 11 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill) shall be
43 deposited in the General Fund.

44 (2) The State Treasurer shall maintain separate accounts for each
45 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et
46 seq.) that is in good standing with the UEZ Authority in accordance
47 with rules adopted by the UEZ Authority, and one in the authority's
48 name for the administration of the Urban Enterprise Zone program,

1 and for providing grants, investments, loans or other guaranties
2 related to qualified assistance fund expenses. The State Treasurer
3 shall credit to each account an amount of the moneys deposited in the
4 fund 【equal to the amount of revenues collected from the taxation of
5 retail sales made in the zone and appropriated to the enterprise zone
6 assistance fund, or that amount of moneys appropriated to the fund
7 and required to be credited to the enterprise zone account of the
8 qualifying municipality pursuant to section 21 of P.L.1983, c.303
9 (C.52:27H-80)】 determined by a formula that applies weight to a
10 zone municipality's number of commercial and industrial parcels as
11 recorded by the municipal tax assessor, its Municipal Revitalization
12 Index Distress Score, and the average number of unemployed persons
13 in the municipality according to data provided by the New Jersey
14 Department of Labor and Workforce Development. When funds are
15 received by a qualifying municipality pursuant to this subsection, the
16 funds shall be placed in a new trust or, for a qualifying municipality
17 that has a trust for an enterprise zone on the effective date of P.L. ,
18 c. (pending before the Legislature as this bill), in the existing trust.
19 The Division of Local Government Services in the Department of
20 Community Affairs shall promulgate regulations, policies, or
21 procedures as necessary to implement the provisions of this section.

22 (3) The State Treasurer shall promulgate the rules and regulations
23 necessary to govern the administration of the fund for the purposes
24 of this section, which shall include, but not be limited to, regulations
25 requiring the establishment of separate bank accounts for funds
26 credited to the enterprise zone account of each municipality from the
27 enterprise zone assistance fund, commonly known as "first
28 generation funds," and funds generated from the repayments of loans
29 to individuals and businesses from the enterprise zone account of
30 each municipality and the proceeds from the sale of properties and
31 equipment acquired through the enterprise zone program, commonly
32 known as "second generation funds," and the review, compilation,
33 and monitoring of second generation fund quarterly reports submitted
34 by each enterprise zone.

35 Any individual, including an individual who is not directly
36 employed by a municipality, with the authority to administer, allocate
37 or approve the use of zone assistance funds is subject to the "Local
38 Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et seq.),
39 unless the individual is a State employee or a special State officer.

40 b. The enterprise zone assistance fund shall be used for the
41 purpose of assisting qualifying municipalities in which enterprise
42 zones are designated in undertaking economic development projects
43 in designated enterprise zones by funding qualified assistance fund
44 expenses. However, a municipality shall not appropriate or expend
45 more than 25 percent of the amount annually credited to its enterprise
46 zone assistance fund for public safety purposes, as described
47 pursuant to paragraph (4) of subsection m. of section 3 of P.L.1983,
48 c.303 (C.52:27H-62).

1 c. The governing body of a qualifying municipality in which an
2 enterprise zone is designated and the zone development corporation
3 created or designated by the municipality for that enterprise zone
4 may, by resolution jointly adopted after public hearing, propose to
5 undertake an economic development project in the enterprise zone,
6 and to fund that project from moneys deposited in the enterprise zone
7 assistance fund and credited to the account maintained by the State
8 Treasurer for the enterprise zone.

9 The proposal so adopted shall set forth a plan for the project and
10 shall include:

11 (1) A description of the proposed project;

12 (2) An estimate of the total project costs, and an estimate of the
13 amounts of funding necessary annually from the enterprise zone
14 account;

15 (3) A statement of any other revenue sources to be used to finance
16 the project;

17 (4) A statement of the time necessary to complete the project;

18 (5) A statement of the manner in which the proposed project
19 furthers the municipality's policy and intentions for addressing
20 economic development in the enterprise zone as set forth in the zone
21 development plan approved by the authority; and

22 (6) A description of the financial and programmatic controls and
23 reporting mechanisms to be used to guarantee that the funds will be
24 spent in accordance with the plan and that the project will accomplish
25 its purpose.

26 As used in this section, "project" means an activity **【**funded by the
27 zone assistance fund through the qualified municipality and
28 implemented by the zone development corporation,**】** that satisfies the
29 requirements of a qualified assistance fund expense, as that term is
30 defined in subsection m. of section 3 of P.L.1983, c.303 (C.52:27H-
31 62), and which will lead to the creation of new jobs and increased
32 economic activity within the zone **【**, such as: the establishment of
33 revolving loan programs for qualified businesses in the zone to
34 encourage private investment and job creation, and marketing,
35 advertising and special event activities that will lead to increased
36 economic activity or encourage private investment and job creation
37 in the zone, but not including the expenditures therefor which are
38 required to be reported pursuant to "The New Jersey Campaign
39 Contributions and Expenditures Reporting Act," P.L.1973, c.83
40 (C.19:44A-1 et al.) and the costs associated therewith including the
41 costs of economic analyses**】**.

42 d. **【**Upon adoption by the governing body of the qualifying
43 municipality and by the zone development corporation, the proposal
44 shall be sent to the authority for its evaluation and approval. The
45 authority shall approve the proposal if it shall find that the proposed
46 project furthers the policy and intentions of the zone development
47 plan approved by the authority, and that the estimated annual

1 payments for the project from the enterprise zone account to which
2 the proposal pertains are not likely to result in a deficit in that
3 account.】 (Deleted by amendment, P.L. , c.) (pending before the
4 Legislature as this bill)

5 e. 【If the authority shall approve the proposal, it shall annually,
6 upon its receipt of a written statement from the governing body of
7 the qualifying municipality and the zone development corporation,
8 certify to the State Treasurer the amount to be paid in that year from
9 the enterprise zone account in the enterprise zone assistance fund
10 with respect to each approved project. The authority may at any time
11 revoke its approval of a project if it finds that the annual payments
12 made from the enterprise zone assistance fund are not being used as
13 required by this section.】 (Deleted by amendment, P.L. , c.)
14 (pending before the Legislature as this bill)

15 f. 【Upon certification by the authority of the annual amount to
16 be paid to a qualifying zone with respect to any project, the State
17 Treasurer shall pay in each year to the qualifying municipality from
18 the amounts deposited in the enterprise zone assistance fund the
19 amount so certified, within the limits of the amounts credited to the
20 enterprise zone account of the qualifying municipality.】 (Deleted by
21 amendment, P.L. , c.) (pending before the Legislature as this bill)

22 g. 【An amount not to exceed one-third of the amount deposited
23 in the account created in the name of the authority in the enterprise
24 zone assistance fund shall be used by the authority for the
25 coordination and administration of the program throughout the State,
26 including but not limited to costs for personnel, operating expenses
27 and marketing. The balance of the remaining amount shall be
28 distributed to qualifying municipalities in proportion to each
29 municipality's contribution to the enterprise zone assistance fund for
30 the coordination and administration of the program within the
31 municipality, including but not limited to costs for personnel,
32 operating expenses and marketing.】 (Deleted by amendment, P.L. ,
33 c.) (pending before the Legislature as this bill)

34 h. At the end of a State fiscal year, if a municipality has not
35 encumbered a portion of its allocation, such amount may be carried
36 forward to the next State fiscal year and the State fiscal year
37 thereafter. If at the end of the third State fiscal year any of those
38 unencumbered funds remain, then the funds shall be transferred to
39 the UEZ Authority's account in the enterprise zone assistance fund.

40 i. At the end of a State fiscal year, if a municipality has not
41 expended or otherwise committed a portion of its encumbered funds,
42 then such amount may be carried forward to the next three succeeding
43 State fiscal years. If at the end of the third State fiscal year any
44 unexpended funds remain, then the funds shall be transferred to the
45 UEZ Authority's account in the enterprise zone assistance fund.

46 j. At the end of a State fiscal year, the Department of
47 Community Affairs shall review an enterprise zone's expenditures of

1 funds received from the zone assistance fund. If the department finds
2 that an enterprise zone expended such funds in a manner inconsistent
3 with the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) and
4 P.L. , c. (pending before the Legislature as this bill), then the
5 enterprise zone shall repay such funds to the department through the
6 forfeiture of future zone assistance fund disbursements. The
7 department shall withhold future funding from the enterprise zone
8 until the enterprise zone enters into and complies with a corrective
9 action plan developed by the department.

10 (cf: P.L.2018, c.19, s.4)

11
12 11. (New section) a. There is created an Urban Enterprise Zone
13 Fund to be held by the State Treasurer, which shall be the repository
14 for all moneys appropriated annually to the fund beginning in State
15 Fiscal Year 2022 and thereafter. All moneys deposited in the fund
16 shall be held and disbursed in the amounts necessary to fulfill the
17 purposes of this section and subject to the requirements hereinafter
18 prescribed. The State Treasurer, in consultation with the UEZ
19 Authority, may invest and reinvest any moneys in the fund, or any
20 portion thereof, in legal obligations of the United States or of the
21 State or of any political subdivision thereof to strengthen capital
22 structures, leverage additional debt capital, and increase lending and
23 investing in economically disadvantaged communities, and in any
24 other manner that advances the goals of the UEZ program. Any
25 income from, interest on, or increment to moneys so invested or
26 reinvested shall be included in the fund.

27 b. The State Treasurer, in consultation with the UEZ Authority,
28 shall determine the gross amount of revenues generated from the
29 reduced sales tax collected within zones deposited in the assistance
30 fund along with the aggregate amount, expressed in dollars, of the
31 incentives provided under P.L.1983, c.303 (C.52:27H-60 et seq.) in
32 the 12-month period beginning January 1, 2019 and ending
33 December 31, 2019. This amount shall be the “UEZ base fund
34 amount” and beginning in State Fiscal Year 2022 shall be adjusted
35 annually based on the percentage change in the 12-month Consumer
36 Price Index from June 30 to July 1 of each year.

37 Beginning in State Fiscal Year 2022, and in each State fiscal year
38 thereafter, the UEZ base fund amount determined pursuant to this
39 subsection shall be appropriated to the Urban Enterprise Zone Fund
40 and allocated as follows:

41 (1) Subject to the provisions of subsection a. of section 29 of
42 P.L.1983, c.303 (C.52:27H-88), 20 percent shall be allocated to the
43 enterprise zone assistance fund for deposit into separate accounts in
44 accordance with section 29 of P.L.1983, c.303 (C.52:27H-88);

45 (2) Five percent shall be allocated to the enterprise zone
46 assistance fund for use by the UEZ Authority to provide loans, grants,
47 investments, and other assistance to qualified businesses, diverse
48 Statewide or regional business organizations that represent the

1 interests of minority businesses, as defined in section 2 of P.L.1986,
2 c.195 (C.52:27H-21.18), and qualified municipalities, and some
3 amount shall be allocated to the UEZ Authority for administration of
4 the Urban Enterprise Zone program, provided the amount allocated
5 to the UEZ Authority for administrative expenses shall not exceed
6 \$2,500,000 in State Fiscal Year 2022 and, for each State fiscal year
7 thereafter, shall not exceed \$2,500,000 as adjusted by the percentage
8 change in the 12-month Consumer Price Index from June 30 to July
9 1;

10 (3) Thirty percent, plus such additional funds as shall be
11 determined in accordance with subsection a. of section 29 of
12 P.L.1983, c.303 (C.52:27H-88), shall be allocated to the General
13 Fund; and

14 (4) No more than 45 percent shall be allocated to the combined
15 cost of qualified businesses with a UZ-2, UZ-4, or UZ-5 certification,
16 and the energy sales tax exemption. If less than 45 percent is needed
17 to meet the combined cost of the benefits claimed by qualified
18 businesses with a UZ-2, UZ-4, or UZ-5 certification, and the energy
19 sales tax exemption:

20 (a) 50 percent of the incremental amount dedicated under this
21 subsection shall be allocated to the enterprise zone assistance fund,
22 with 20 percent of this amount allocated for the UEZ Authority's use
23 and 80 percent allocated to separate accounts in the enterprise zone
24 assistance fund for each enterprise zone designated under P.L.1983,
25 c.303 (C.52:27H-60 et seq.); and

26 (b) 50 percent of the increment dedicated under this paragraph
27 shall be deposited in the General Fund.

28 Should more than 45 percent be needed for the combined allocated
29 cost in any current State fiscal year, the UEZ Authority shall reset
30 the Economic Distress Index percentile that governs business
31 qualification at the beginning of the State fiscal year to such number
32 that is projected to allow the allocation to remain at or under 45
33 percent.

34

35 12. (New section) a. As used in this section:

36 "Eligible block group" means a block group that meets or exceeds
37 the 50th percentile of the most recent Economic Distress Index; and

38 "Adjacent parcel" means a parcel of real property located within
39 the same municipality as an eligible block group, and which parcel
40 shares a border with an eligible block group, including but not limited
41 to sharing a property line with an eligible block group or bordering
42 on a public street with an eligible block group.

43 b. The UEZ Authority shall notify each qualified municipality
44 of each eligible block group within the municipality no later than 14
45 days after the effective date of P.L. , c. (pending before the
46 Legislature as this bill). The UEZ Authority shall then certify the
47 final eligible block groups and adjacent parcels to each municipality
48 and shall post a link to a list of eligible block groups and adjacent

1 parcels on the UEZ Authority's Internet homepage on the
2 Department of Community Affairs' Internet website.

3 c. A qualified business shall be located in an eligible block group
4 or on an adjacent parcel or be an industrial business in an industrial
5 hub. The certification of a qualified business that is not located in an
6 eligible block group or on an adjacent parcel shall expire on January
7 1, 2022 unless the business is located in a major job center or is an
8 industrial business located in an industrial hub.

9 d. The certification of a qualified business located in an eligible
10 block group or on an adjacent parcel shall expire at the end of the
11 10th State fiscal year following the State fiscal year in which the
12 business was first certified as a qualified business unless the business
13 is located in a major job center or is an industrial business in an
14 industrial hub. The certification for a business that has been certified
15 for more than 10 State fiscal years prior to the effective date of
16 P.L. , c. (pending before the Legislature as this bill) shall expire
17 on January 1, 2022 unless the business is located in a major job center
18 or is an industrial business in an industrial hub. A business whose
19 certification has expired shall not be eligible to seek a new
20 certification.

21 e. A business which satisfied the criteria for designation as a
22 qualified business immediately preceding the effective date of
23 P.L. , c. (pending before the Legislature as this bill), which
24 business is carrying out a qualified construction project, or which can
25 demonstrate to the UEZ Authority an actionable and feasible plan to
26 carry out a qualified construction project within one year of the
27 effective date of P.L. , c. (pending before the Legislature as this
28 bill), and which can demonstrate its reliance on the UZ-4 benefit, UZ-
29 5 benefit, or both, may apply to the UEZ Authority for a UZ-4
30 certification, a UZ-5 certification, or both, and the certification shall
31 continue until completion of the qualified construction project. The
32 Department of the Treasury shall provide to a qualified business a
33 certificate evidencing its UZ-4 certification or UZ-5 certification
34 which certificate shall indicate the location at which the sales tax
35 exemption provided for in section 20 of P.L.1983, c.303 (C.52:27H-
36 79) or section 8 of P.L. , c. (C.) is available.

37 f. The UEZ Authority may, upon application by the local UEZ
38 Coordinator or governing body of a qualifying municipality, issue a
39 UZ-4 certification to a qualified business undertaking a qualified
40 construction project in an enterprise zone, although the business is
41 not located within an eligible block group or on an adjacent parcel.
42 The UEZ Authority may grant this benefit to no more than eight
43 qualified construction projects, beyond those eligible under
44 subsection d. of this section, at any given time. A UZ-4 certification
45 issued under this subsection shall continue until completion of the
46 qualified construction project.

47 g. The UEZ Authority may, upon application by the local UEZ
48 Coordinator or the governing body of a qualified municipality, issue

1 a UZ-4 certification, a UZ-5 certification, or both, to a qualified
2 business located within an enterprise zone, although the business is
3 not located within an eligible block group or on an adjacent parcel.
4 The UEZ Authority may grant this benefit to no more than 24
5 qualified businesses, beyond those eligible under subsection e. of this
6 section, at any given time. Each UZ-4 certification or UZ-5
7 certification issued under this subsection shall remain active so long
8 as the business in receipt of the benefit remains qualified.

9
10 13. (New section) On or before June 30 of each year next
11 following the effective date of P.L. , c. (pending before the
12 Legislature as this bill), the State Treasurer shall provide to the UEZ
13 Authority an annual report of the aggregate amount, expressed in
14 dollars, of the incentives provided under P.L.1983, c.303 (C.52:27H-
15 60 et seq.) to all qualified businesses and municipalities. The report
16 shall include aggregate data on gross revenues, retail sales taxes
17 collected, and shall also include information on the address,
18 municipality, and industry of each business. All data from
19 participating businesses shall be collected through an online
20 application and consumer access portal, where possible.

21
22 14. (New section) The UEZ Authority shall conduct an annual
23 review that determines the number of participating businesses,
24 unemployment rate, median household income, and number of jobs
25 in each enterprise zone to assess the program's progress. The review
26 shall also include the total tax expenditures by zone and total zone
27 assistance funds expended as the requisite data becomes available
28 from the annual report from the Department of the Treasury required
29 pursuant to section 13 of P.L. , c. (C.) (pending before the
30 Legislature as this bill). The UEZ Authority shall review the status
31 of any projects that were approved by participating enterprise zones,
32 overall enterprise zone performance, and adherence to the zone
33 development plans. Each review shall include a detailed listing of
34 deliverables by each enterprise zone and the State that are to be
35 implemented and subsequently evaluated in the future.

36
37 15. (New section) The UEZ Authority and the Department of
38 Labor and Workforce and Development shall enter into a
39 memorandum of understanding to assist in substantial and
40 comprehensive data gathering and information sharing between the
41 two agencies to further the UEZ Authority's ability to evaluate
42 enterprise zone performance and compliance, and to initiate
43 enforcement actions.

44
45 16. (New section) Following the effective date of P.L. ,
46 c. (pending before the Legislature as this bill), no new applications
47 for the enterprise zone employee tax credit, pursuant to section 19 of
48 P.L.1983, c.303 (C.52:27H-78), or for the corporation business tax

1 exemption, pursuant to section 17 of P.L.1983, c.303 (C.52:27H-76),
2 shall be accepted.

3
4 17. Section 7 of P.L.1989, c.207 (C.54:4-3.145) is amended to
5 read as follows:

6 7. a. Each approved abatement shall be evidenced by a financial
7 agreement between the qualified municipality and the applicant. The
8 agreement shall be prepared by the applicant and shall contain the
9 representations that are required by the enabling ordinance. The
10 agreement shall provide for the applicant to annually pay to the
11 municipality an amount in lieu of real property taxes, to be computed
12 according to either subsection b. or c. of this section, as provided for
13 in the enabling ordinance.

14 b. Payments in lieu of taxes may be computed as two percent of
15 the cost of the improvements or conversion alterations, as appropriate
16 for five years following such completion and in the sixth and all
17 subsequent tax years following completion, 100% of the equalized
18 taxes otherwise due; or

19 c. Payments in lieu of taxes may be computed in the discretion
20 of the qualified municipality as a portion of the real property taxes
21 otherwise due, **l**according to the following schedule:

22 (1) In the first tax year following completion, no payment in lieu
23 of taxes otherwise due;

24 (2) In the second tax year following completion, an amount not
25 less than 20% of taxes otherwise due;

26 (3) In the third tax year following completion, an amount not less
27 than 40% of taxes otherwise due;

28 (4) In the fourth tax year following completion, an amount not
29 less than 60% of taxes otherwise due;

30 (5) In the fifth tax year following completion, an amount not less
31 than 80% of taxes otherwise due;

32 (6) **In** provided that in the sixth and all subsequent tax years
33 following completion, payments in lieu of taxes shall equal 100% of
34 the equalized taxes otherwise due.

35 d. For the purposes of this section, the amount of "taxes
36 otherwise due" (not to be confused with "equalized taxes otherwise
37 due") shall be determined by including the appropriate percentage of
38 the assessed valuation of the abated structure, improvement or
39 conversion alteration, as the case may be, on the assessment list of
40 the municipality as taxable property, and levying taxes thereon in the
41 same manner as other taxes are levied pursuant to chapter 4 of Title
42 54 of the Revised Statutes; provided, however, that no value for a
43 property subject to the provisions of this act shall be included in the
44 calculation of the "net valuation on which county taxes are
45 apportioned" until the first tax year for which a municipal-wide
46 revaluation is implemented.

47 (cf: P.L.1991, c.469, s.2)

1 18. The following sections of law are repealed:
2 Section 4 of P.L.2001, c.347 (C.52:27H-66.3);
3 Section 6 of P.L.2001, c.347 (C.52:27H-66.5);
4 Section 11 of P.L.2001, c.347 (C.52:27H-66.6);
5 Section 16 of P.L.1983, c.303 (C.52:27H-75); and
6 Section 9 of P.L.1988, c.93 (C.52:27H-80.2).

7
8 19. This act shall take effect immediately.
9

10

11

STATEMENT

12

13 This bill would restore and reform the State Urban Enterprise
14 Zone (UEZ) Program. The bill proposes to recast the manner in
15 which the State allocates the amounts it spends in support of the UEZ
16 program in a manner to best reflect the legislative intent behind the
17 UEZ program.

18 The bill would expand the criteria for becoming a UEZ to enable
19 more municipalities to be eligible for UEZs, while enabling currently
20 designated UEZs and UEZ-businesses that would not qualify under
21 the new criteria to continue in the UEZ program for a limited period
22 of time. The criteria for designation of a new UEZ would be based
23 on the Municipal Revitalization Index (MRI) and provide that an area
24 would be eligible for designation as a UEZ if:

- 25 • the municipality in which the area is located is among the top
26 20 percent of the most distressed New Jersey municipalities,
27 according to the most recent MRI;
- 28 • the share of parcels accounted for by commercial and
29 industrial property within the municipality exceeds the
30 Statewide average of commercial and industrial parcels
31 according to the most recently released Property Value
32 Classification prepared by the Department of the Community
33 Affairs; and
- 34 • the municipality has an unemployment rate that exceeds the
35 annual Statewide unemployment rate.

36 The bill would also enhance eligibility for participation in the
37 program by providing for designation of a UEZ in a county that does
38 not have a UEZ. In this circumstance, the bill would allow for
39 designation of the area within the county that is the closest to meeting
40 the requirements for zone designation.

41 The bill would change composition of the UEZ Authority (UEZA)
42 by making the chair of the UEZA the Commissioner of Community
43 Affairs, instead of the leader of the New Jersey Economic
44 Development Authority, and by adding the Chief Executive Officer
45 of the New Jersey Redevelopment Authority as a member of the
46 UEZA instead of one of the public members, thereby reducing the
47 number of public members from five to four. The bill would require

1 the appointment of the new public members, to staggered terms of
2 office, following the reconstitution of the UEZA.

3 The bill would lift the statutory numerical limitation on the
4 number of UEZs and authorize the UEZA to designate new enterprise
5 zones from among qualifying municipalities determined to be
6 eligible under the bill's new UEZ criteria. The bill would phase out
7 the "UEZ-impacted business district" component of the UEZ
8 program, and would prohibit new applications for the UEZ employee
9 tax credit and for the UEZ corporation business tax exemption.

10 The bill would modify the process for qualifying municipalities to
11 adopt zone development plans and to achieve UEZ designation.
12 Under the bill, the UEZA's certification of a zone development plan
13 would constitute the UEZA's designation or re-designation of the
14 municipality as an enterprise zone. A zone development plan would
15 have a five-year life, and a municipality would be required to follow
16 the process set forth in the bill to renew plan approval (and UEZ
17 designation) to protect against lapse of enterprise zone designation.
18 A zone development plan would be the plan according to which the
19 UEZ program is administered in that zone. Under the bill, each
20 municipality that had a zone development plan approved more than
21 five years prior to the effective date of the bill must submit an
22 updated preliminary zone development plan. The bill would create a
23 funding stream to assist municipalities in formulating preliminary
24 zone development plans. The bill includes a provision protecting
25 existing qualified businesses from losing eligibility for certain UEZ-
26 related tax exemptions, even if the municipality in which the business
27 is located loses its UEZ designation.

28 The bill modifies the process and criteria for designation of UEZs
29 but allows currently designated zones to retain UEZ designation for
30 10 years. At that point, a municipality that does not meet the new
31 UEZ criteria would be ineligible for zone designation, while a zone
32 located within a municipality that meets the new criteria would be
33 designated as an UEZ for an additional 10 years.

34 The bill would change the boundaries of each zone, on the bill's
35 effective date, to make zone boundaries coterminous with the borders
36 of the municipality in which the zone is located. The bill specifies
37 that an area located within a UEZ after the bill's effective date will
38 not be considered sufficient for the determination that the area is in
39 need of redevelopment under the Local Redevelopment and Housing
40 Law, P.L.1992, c.79 (C.40A:12A-1 et seq.), for the purpose of
41 granting tax exemptions or tax abatements, unless the area is located
42 within a UEZA-certified "eligible block group."

43 The bill defines the term "eligible block group" as a block group
44 (a statistical division of federally-designated census tracts) that meets
45 or exceeds the 50th percentile of the Economic Distress Index. The
46 bill defines "Economic Distress Index" as a standardized score
47 developed and maintained by the Department of Community Affairs
48 that equally incorporates the block group unemployment rate and

1 median household income according to the most recent five-year
2 estimate by the United States Census Bureau.

3 The bill uses the term “eligible block group” as a way to limit
4 eligibility of a business to qualify under the UEZ program. Under
5 the bill, as of January 1, 2022, certification of a qualified business
6 that is not located in an eligible block group would lapse unless the
7 business is located in a “major job center” or is an industrial business
8 located in an industrial hub. The bill defines “major job center” as a
9 block group with an Economic Distress Index score greater than or
10 equal to the 50th percentile and in which the jobs per square mile
11 meets or exceeds the State average according to the most recent
12 estimate by the United States Census Bureau.

13 The bill would alter the current method for distributing sales tax
14 revenues generated within UEZs by replacing the current system
15 (which allows each zone access to a percentage of the sales tax
16 revenue generated within that zone) with a new system (which would
17 distribute a percentage of the total monies appropriated annually to
18 the UEZ Fund, based upon a statutory formula). The new formula
19 would apply weight to: each UEZ municipality’s Municipal
20 Revitalization Index Distress Score; the average number of
21 unemployed persons in each UEZ municipality; and the number of
22 commercial and industrial parcels located in each UEZ municipality.

23 The bill would also alter the permissible uses of these funds by
24 replacing the current statutory criteria with a new term: “qualified
25 assistance fund expenses,” and defining that term as any reasonable
26 expense, which will lead to the creation of new jobs and increased
27 economic activity within the zone, related to:

28 (1) a construction project improving, altering, or repairing the
29 real property of a qualified business located in an enterprise zone;

30 (2) full or part time economic and community development
31 positions in the municipality, other governmental, or not-for-profit
32 organization, or marketing;

33 (3) loans, grants, and guarantees to businesses;

34 (4) payroll expenses and equipment purchases primarily for the
35 provision of law enforcement, fire protection, or emergency medical
36 services within commercial and transportation corridors;

37 (5) planning and other professional services related to economic
38 and community development;

39 (6) cleaning and maintenance of commercial and transportation
40 corridors;

41 (7) the improvement of public infrastructure in a commercial or
42 transportation corridor;

43 (8) the improvement of public infrastructure related to a
44 commercial, industrial, mixed use, or multi-family residential
45 property; or

46 (9) employment and training programs.

47 Under the bill, a municipality cannot appropriate or expend more
48 than 25 percent of the amount annually credited to its enterprise zone

1 assistance fund for public safety purposes, as described pursuant to
2 paragraph (4) above.

3 The bill makes several changes to the incentives and exemptions
4 available under the UEZ program. In so doing, the bill defines three
5 new terms: UZ-2 certification, UZ-4 certification, and UZ-5
6 certification, which refer to types of certification to be issued under
7 the bill by the UEZA.

8 Under the bill:

9 “UZ-2 certification” means a certification provided to a qualified
10 business that allows the qualified business a 50 percent sales tax
11 exemption for sales made by the business within the UEZ;

12 “UZ-4 certification” means a certification provided to a qualified
13 business that allows a contractor to make tax-free purchases of
14 materials, supplies, and services for the exclusive use of improving,
15 altering or repairing the real property of a qualified business located
16 in an enterprise zone; and

17 “UZ-5 certification” means a certification provided to a qualified
18 business allowing the business to make tax-free purchases of
19 personal property (other than motor vehicles and motor vehicle parts
20 and supplies) for the business’s exclusive use or consumption on its
21 premises within a UEZ. This exemption also applies to delivery
22 charges and charges for services performed for a qualified business
23 on its premises within a UEZ.

24 With regard to the 50 percent sales tax exemption for sales made
25 by the holder of a UZ-2 certificate, the bill would allow a business to
26 deliver merchandise (which receives this exemption) to a location
27 outside a UEZ provided the sale is physically transacted within the
28 zone. The bill would restrict eligibility for this exemption to sales
29 made by a qualified business from an “eligible block group” or a
30 parcel of property adjacent to an eligible block group and located
31 within the same municipality.

32 The bill would retain provisions of current law that require a UEZ
33 municipality and its zone development corporation to jointly adopt
34 proposed uses of UEZ funds, by joint resolution, but would delete
35 provisions of law that currently require the UEZA to review and
36 approve each proposed use of funds. The bill would add provisions
37 that address the escheat of a UEZs unencumbered or unexpended
38 funds, after allowing carry-forwards for a number of years. The bill
39 would also require the Department of Community Affairs (DCA) to
40 review each UEZ’s expenditures of UEZ funds, and require DCA,
41 upon finding that a zone improperly expended UEZ funds, to
42 withhold future funding from the enterprise zone until the enterprise
43 zone enters into and complies with a corrective action plan developed
44 by DCA.

45 The bill would establish a new methodology and process for
46 appropriating and allocating funds under the UEZ program. Under
47 the bill, the State Treasurer, in consultation with the UEZA, would
48 determine the gross amount of revenues generated from the reduced

1 sales tax collected within zones deposited in the assistance fund
2 along with the aggregate amount, expressed in dollars, of the
3 incentives provided under the UEZ program between January 1, 2019
4 and December 31, 2019. The bill characterizes this amount as the
5 “UEZ base fund amount.” Beginning in State Fiscal Year 2022, and
6 in each year thereafter, the bill calls for the appropriation of the UEZ
7 base fund amount to the Urban Enterprise Zone Fund, to be allocated
8 as follows:

- 9 (1) 20 percent to the enterprise zone assistance fund;
- 10 (2) Five percent to the enterprise zone assistance fund for use by
11 the UEZA to provide loans, grants and other assistance to qualified
12 businesses, diverse organizations, and qualified municipalities, and
13 an amount (not to exceed \$2,500,000) to the UEZA for administration
14 of the UEZ program;
- 15 (3) At least 30 percent to the General Fund; and
- 16 (4) No more than 45 percent to the combined cost qualified
17 businesses with UZ-2, UZ-4, UZ-5 certification, and the energy sales
18 tax exemption. The bill sets forth alternative allocations to apply if
19 either more or less than 45 percent of the UEZ base fund amount is
20 needed to meet these combined costs.

21 The bill provides that the amount to be deposited into the zone
22 assistance fund under the bill’s new funding mechanism will be
23 slowly phased out over a 20-year period.

24 The bill also provides that a qualified business’ certification will
25 lapse at the end of the 10th State fiscal year following the State fiscal
26 year in which the business had first been certified, unless that
27 business is located in a major job center or is an industrial business
28 located in an industrial hub. The certification for a business that has
29 been certified for more than 10 State fiscal years prior to the effective
30 date of this bill would lapse on January 1, 2022 unless that business
31 is located in a major job center or is an industrial business located in
32 an industrial hub. A business whose certification has lapsed would
33 not be eligible to seek a new certification.

34 However, the bill provides some ways for a business to continue
35 to qualify for certain UEZ program benefits even if the business is
36 not located in an eligible block group. First, if a qualified business
37 that would lose certification had satisfied the criteria for designation
38 immediately preceding the effective date of this bill, and the business
39 is carrying out a qualified construction project, or can demonstrate
40 an actionable and feasible plan to carry out a qualified construction
41 project within one year of the bill’s effective date, and the business
42 can demonstrate reliance on certain UEZ program benefits, the
43 business may apply to the UEZA to maintain those benefits for the
44 duration of the construction period for the qualified construction
45 project.

46 Second, the bill allows the UEZA, upon application by the local
47 UEZ Coordinator or municipal governing body, to grant UZ-4
48 benefits to a qualified business undertaking a construction project in

1 a UEZ, although the project is not within an eligible block group.
2 This would be limited to no more than eight construction projects,
3 Statewide, that do not otherwise qualify under the bill.

4 Third, the bill allows the UEZA, upon application by the local
5 UEZ Coordinator or municipal governing body, to grant UZ-4
6 benefits, UZ-5 benefits, or both, to a qualified business in an
7 enterprise zone, regardless of whether project is in an eligible block
8 group. This would be limited to no more than 24 businesses,
9 Statewide, that do not otherwise qualify under the bill.

10 The bill would modify a provision of law that governs the
11 computation of “payments in lieu of taxes” during the period of a
12 short-term property tax abatement, which may be awarded to
13 incentivize residential development within a UEZ, in order to afford
14 UEZ municipalities greater discretion over the amount of taxes
15 abated during each year of a five-year abatement period. Current law
16 requires 20 percent of the amount of property tax attributable to the
17 new development to be staggered in each year so that the full amount
18 of taxes owed is paid in the sixth year. The bill would remove the
19 provision that requires 20 percent to be staggered in each year but
20 retain the provision requiring the full amount of taxes owed to be
21 paid in the sixth and each subsequent year.

22 The bill would require the State Treasurer to provide the UEZA
23 an annual report of the aggregate amount, expressed in dollars, of the
24 incentives provided under the UEZ program to qualified businesses
25 and municipalities. The bill would require the UEZA to conduct an
26 annual review to assess the UEZ program’s progress. The bill would
27 also require the UEZA and the Department of Labor and Workforce
28 Development to enter into a Memorandum of Understanding to assist
29 in data gathering and information sharing between the two agencies
30 to further the UEZA’s ability to evaluate enterprise zone
31 performance, compliance, and initiate enforcement actions as
32 applicable.