

[First Reprint]

SENATE, No. 3600

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 19, 2021

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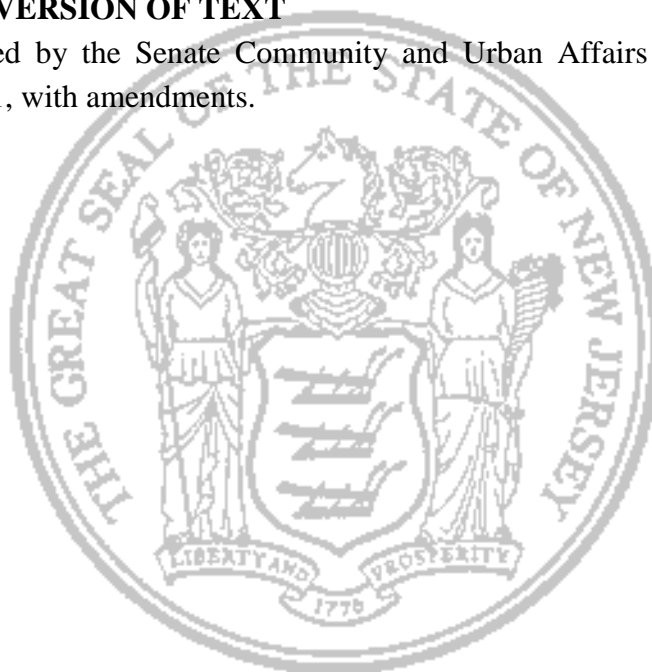
Senators Turner and Cunningham

SYNOPSIS

Restores and revises Urban Enterprise Zone program.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on June 10, 2021, with amendments.



(Sponsorship Updated As Of: 6/21/2021)

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
 15 Urban Enterprise Zone Authority created by **[this act]** P.L.1983,
 16 c.303 (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
 19 designation as an enterprise zone or a UEZ-impacted business
 20 district, is engaged in the active conduct of a trade or business in
 21 that zone or district; or an entity which, after that designation but
 22 during the designation period, becomes newly engaged in the active
 23 conduct of a trade or business in that zone or district and has at least
 24 **[25%]** 25 percent of its full-time employees employed at a business
 25 location in the zone or district, **[meeting]** which zone or district
 26 meets the criteria set forth in section 12 of P.L. , c. (C.)
 27 (pending before the Legislature as this bill), or is an industrial
 28 business located in an industrial hub, and which employees meet
 29 one or more of the following criteria:

30 (1) Residents within the zone, the district, within another zone
 31 or 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
 40 meeting all outstanding tax obligations, and may be withdrawn by
 41 the authority if a business is continually delinquent in meeting its
 42 tax obligations;

43 d. "Qualifying municipality" means any municipality **[in which**
 44 there was, in the last full calendar year immediately preceding the

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

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCU committee amendments adopted June 10, 2021.

1 year in which application for enterprise zone designation is
2 submitted pursuant to section 14 of P.L.1983, c.303 (C.52:27H-73),
3 an annual average of at least 2,000 unemployed persons, and in
4 which the municipal average annual unemployment rate for that
5 year exceeded the State average annual unemployment rate; except
6 that any municipality which qualifies for State aid pursuant to
7 P.L.1978, c.14 (C.52:27D-178 et seq.) shall qualify if its municipal
8 average annual unemployment rate for that year exceeded the State
9 average annual unemployment rate. The annual average of
10 unemployed persons and the average annual unemployment rates
11 shall be estimated for the relevant calendar year by the Office of
12 Labor Planning and Analysis of the State Department of Labor and
13 Workforce Development. In addition to those municipalities that
14 qualify pursuant to the criteria set forth above, that municipality
15 accorded priority designation pursuant to subsection e. of section 7
16 of P.L.1983, c.303 (C.52:27H-66), those municipalities set forth in
17 paragraph (7), paragraph (8) of section 3 of P.L.1995, c.382
18 (C.52:27H-66.1), and paragraph (9) of section 3 of P.L.1995, c.382
19 as amended by section 3 of P.L.2004, c.75 (C.52:27H-66.1), and the
20 municipalities in which the three additional enterprise zones,
21 including the joint enterprise zone, are to be designated pursuant to
22 criteria according priority consideration for designation of the zones
23 pursuant to section 12 of P.L.2001, c.347 (C.52:27H-66.7) shall be
24 deemed qualifying municipalities¹;

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

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

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

36 (b) which has an unemployment rate that exceeds the most
37 recent annual Statewide unemployment rate¹;

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

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

47 g. "Zone development plan" means a plan adopted by the
48 governing body of a qualifying municipality for the development of

1 an enterprise zone therein, and for the direction and coordination of
2 activities of the municipality, zone businesses and community
3 organizations within the enterprise zone toward the economic
4 betterment of the residents of the zone and the municipality;

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

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

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

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

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

35 m. "Qualified assistance fund expense" means any reasonable
36 expense related to:

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

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

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

43 (4) payroll expenses and equipment purchases primarily for the
44 provision of law enforcement, fire protection, or emergency medical
45 services within commercial and transportation corridors ¹located
46 exclusively in an enterprise zone¹;

1 (5) planning and other professional services related to economic
2 and community development;

3 (6) cleaning and maintenance of commercial and transportation
4 corridors;

5 (7) the improvement of public infrastructure in a commercial or
6 transportation corridor;

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

10 (9) employment and training programs ¹; or

11 (10) non-construction related purchases in an amount not to
12 exceed \$50,000 for a qualified business that employs 25 or fewer
13 employees¹.

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

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

29 p. “UZ-4 certification” means the UEZ Authority’s
30 certification of a qualified business, pursuant to section 12 of
31 P.L. , c. (C.) (pending before the Legislature as this bill),
32 allowing a contractor of the qualified business to make tax-free
33 purchases of materials, supplies, and services for the exclusive use
34 of erecting a structure or building on, or improving, altering, or
35 repairing, the real property of a qualified business located in an
36 enterprise zone at the address indicated on the qualified business’s
37 application for certification to the UEZ Authority;

38 q. “UZ-5 certification” means the UEZ Authority’s
39 certification of a qualified business, pursuant to section 12 of
40 P.L. , c. (C.) (pending before the Legislature as this bill),
41 allowing the qualified business to make tax-free purchases of office
42 and business equipment and supplies, furnishings, trade fixtures,
43 repair, or construction materials and all other tangible personal
44 property (other than motor vehicles and motor vehicle parts and
45 supplies) for the exclusive use or consumption on the premises of
46 the qualified business within an enterprise zone at an address
47 indicated on the qualified business’s application for certification to
48 the UEZ Authority. The exemption may be used only for personal

1 property controlled by the qualified business. This exemption shall
 2 also apply to delivery charges and charges for services performed
 3 for a qualified business at its zone location, including repair,
 4 janitorial, and maintenance services;

5 r. "Economic Distress Index" means a standardized score
 6 developed and maintained by the Department of Community Affairs
 7 that equally incorporates the block group unemployment rate and
 8 median household income according to the most recent five-year
 9 estimate by the United States Census Bureau;

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

15 t. "Industrial hub" means a block group with 100 or more
 16 persons employed by industrial businesses;

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

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

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

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

30
 31 2. Section 4 of P.L.1983, c.303 (C.52:27H-63) is amended to
 32 read as follows:

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

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

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

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

42 (4) The State Treasurer; **【and】**

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

45 (6) **【Five】** Four public members not holding any other office,
 46 position or employment in the State Government, nor any local
 47 elective office, who shall be appointed by the Governor with the

1 advice and consent of the Senate, and who shall be qualified for
2 their appointments by training and experience in the areas of local
3 government finance, economic development and redevelopment, or
4 volunteer civic service and community organization. No more than
5 **【three】** two public members shall be of the same political party. At
6 least one public member of the authority shall reside within an
7 enterprise zone; however, the provisions of this section shall apply
8 only to members appointed or reappointed after the effective date of
9 P.L.2001, c.347 (C.52:27H-66.2 et al.).

10 b. **【The public members of the authority shall serve for terms**
11 **of five years, except that of the members first appointed, one shall**
12 **serve for a term of one year, one shall serve for a term of two years,**
13 **one shall serve for a term of three years, one shall serve for a term**
14 **of four years, and one shall serve for a term of five years.**
15 **Vacancies in the public membership shall be filled in the manner of**
16 **the original appointments but for the unexpired terms.】** (Deleted
17 by amendment, P.L. , c.) (pending before the Legislature as
18 this bill)

19 c. An ex officio member of the authority may, from time to
20 time, designate in writing to the authority an official within his
21 respective department to attend and represent the department at the
22 meetings of the authority from which the ex officio member is
23 absent, and that designated representative shall be entitled to vote
24 and otherwise act for the ex officio member at those meetings.

25 d. A true copy of the minutes of every meeting of the authority
26 shall be forthwith delivered by and under the certification of the
27 secretary thereof to the Governor. No action taken at such meeting
28 by the authority shall have force or effect until 10 days, Saturdays,
29 Sundays, and public holidays excepted, after the copy of the
30 minutes shall have been so delivered, unless during such 10-day
31 period the Governor shall approve the same, in which case such
32 action shall become effective upon such approval. If, in that 10-day
33 period, the Governor returns such copy of the minutes with veto of
34 any action taken by the authority or any member thereof at such
35 meeting, such action shall be null and void and of no effect.

36 e. The UEZ Authority, reconstituted pursuant to P.L. ,
37 c. (C.) (pending before the Legislature as this bill), shall hold
38 an initial meeting on the first business day of the third month
39 following the date of enactment of P.L. , c. (C.) (pending
40 before the Legislature as this bill). The public members of the UEZ
41 Authority shall serve for terms of five years, except that of the
42 members first appointed to the reconstituted UEZ Authority
43 pursuant to P.L. , c. (C.) (pending before the Legislature as
44 this bill), one shall serve for a term of two years, one shall serve for
45 a term of three years, one shall serve for a term of four years, and
46 one shall serve for a term of five years. Vacancies in the public

1 membership shall be filled in the manner of the original
2 appointments but for the unexpired terms.

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

4
5 3. Section 3 of P.L.2001, c.347 (C.52:27H-66.2) is amended to
6 read as follows:

7 3. The authority shall designate a classification known as a
8 "UEZ-impacted business district" for a municipality which can
9 demonstrate to the authority that its business district is
10 economically distressed and is being negatively impacted by the
11 presence of two or more adjacent enterprise zones in which **[50%]**
12 50 percent less sales tax is collected pursuant to section 21 of P.L.
13 1983, c. 303 (C.52:27H-80). Following the effective date of
14 P.L. , c. (pending before the Legislature as this bill), the UEZ
15 Authority shall not designate a business district as a UEZ-impacted
16 business district. Any designation as a UEZ-impacted business
17 district existing on the effective date of P.L. , c. (pending before
18 the Legislature as this bill) shall expire on the first day of the third
19 year next following the effective date of P.L. , c. (pending
20 before the Legislature as this bill) or upon certification of the UEZ-
21 impacted business district as an enterprise zone, whichever occurs
22 first.

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

24
25 4. Section 9 of P.L.1983, c.303 (C.52:27H-68) is amended to
26 read as follows:

27 9. a. Before **[applying]** the governing body of a qualifying
28 municipality may apply for designation **[of]** as an enterprise zone,
29 the municipal governing body shall cause a preliminary zone
30 development plan to be formulated, either by a zone development
31 corporation or by the governing body, with the assistance of those
32 officers and agencies of the municipality as the governing body may
33 see fit. **[The]** For a municipality with a zone development plan that
34 was approved more than five years prior to the effective date
35 of P.L. , c. (pending before the Legislature as this bill), the
36 governing body of the municipality shall submit an updated
37 preliminary zone development plan pursuant to this section. In
38 formulating a preliminary zone development plan pursuant to this
39 section, a zone development corporation or the governing body of
40 the municipality shall consult with representatives of diverse
41 Statewide or regional business organizations that represent the
42 interests of minority businesses, as defined in section 2 of P.L.1986,
43 c. 195 (C.52:27H-21.18), which organizations shall have no less
44 than 30 days to review a proposed preliminary zone development
45 plan and submit comments to the zone development corporation or
46 governing body. Each preliminary zone development plan shall
47 **[set forth the boundaries of the proposed enterprise zone,]** include

1 findings of fact concerning the economic and social conditions
2 existing in the area proposed for an enterprise zone, and the
3 municipality's policy and intentions for addressing these
4 conditions, and may include proposals respecting:

5 **【a.】** (1) Utilizing the powers conferred on the municipality by
6 law for the purpose of stimulating investment in and economic
7 development of the proposed zone;

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

12 **【c.】** (3) Securing the involvement in, and commitment to, zone
13 economic development by private entities, including zone
14 neighborhood associations, voluntary community organizations
15 supported by residents and businesses in the zone;

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

20 **【e.】** (5) Increasing the availability and efficiency of support
21 services, public and private, generally used by and necessary to the
22 efficient functioning of commercial and industrial facilities in the
23 area, and the extent to which the increase or improvement is to be
24 provided and financed by the municipal government or by other
25 entities.

26 b. (1) The governing body of a municipality may request from
27 the UEZ Authority an amount not to exceed 10 percent of the
28 municipality's zone assistance fund allocation or \$125,000,
29 whichever is greater, to fund, in whole or in part, the costs
30 associated with formulating a preliminary zone development plan,
31 which amount the governing body may use to pay employees, or to
32 retain a consultant, to formulate the plan. Prior to soliciting a
33 consultant to formulate the plan with these funds, the governing
34 body of a municipality shall submit to the UEZ Authority the
35 proposed solicitation.

36 (2) The UEZ Authority shall review the proposed solicitation
37 and may provide recommended modifications to the proposed
38 solicitation. The governing body of a municipality or a zone
39 development corporation may incur expenses related to the
40 preparation of the preliminary zone development plan for potential
41 reimbursement at a later time by the UEZ Authority, provided the
42 authority determines the expenses are reasonable. The governing
43 body of a municipality or a zone development corporation shall
44 complete a preliminary zone development plan with assistance from
45 the UEZ Authority, as needed, in accordance with a timeline
46 established by the authority pursuant to rules, regulations, or
47 guidelines adopted by the authority.

1 (3) Within 14 days of receipt, unless the authority finds material
2 deficiencies in a preliminary zone development plan, the authority
3 shall approve and certify the preliminary zone development plan as
4 the zone development plan. The zone development plan shall be the
5 plan according to which the Urban Enterprise Zone program shall
6 be administered in that zone, and certification of the plan shall
7 constitute the authority's designation or re-designation of the
8 municipality as an enterprise zone. Should the authority find
9 deficiencies with a preliminary zone development plan, it shall
10 provide a corrective action plan to the municipality.

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

31 c. If no zone development plan is in place, upon petition of the
32 zone development corporation or governing body of the
33 municipality, the UEZ Authority may grant a distribution from that
34 municipality's zone assistance fund account for an eligible project
35 that responds to an impact of a public health emergency or state of
36 emergency declared by the Governor.

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

43 e. Notwithstanding the provisions of this section to the contrary,
44 a qualified business in an enterprise zone having such qualified
45 status immediately preceding the effective date of P.L. _____,
46 c. (pending before the Legislature as this bill), and which is
47 qualified under P.L. _____, c. _____ (pending before the Legislature as this
48 bill), shall remain eligible for the exemptions from the tax imposed

1 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
2 seq.), pursuant to sections 20 and 21 of P.L.1983, c.303 (C.52:27H-
3 79 and C.52:27H-80), and shall be eligible for the exemption under
4 section 8 of P.L. , c. (C.) (pending before the Legislature
5 as this bill) even if the municipality in which the business is located
6 fails to submit a zone development plan in accordance with this
7 section; provided, however, a municipality failing to submit a zone
8 development plan under this section shall not be eligible for loans,
9 grants, and other assistance from the UEZ Authority, except as
10 provided for in subsection c. of this section, until a revised zone
11 development plan is submitted and approved by the UEZ Authority.
12 (cf: P.L.1983, c.539, s.1)

13
14 5. Section 10 of P.L.1983, c.303 (C.52:27H-69) is amended to
15 read as follows:

16 10. a. An area defined by a continuous border within one
17 qualifying municipality **【**or within two or more contiguous
18 qualifying municipalities and two noncontiguous areas each having
19 a continuous border within two noncontiguous qualifying
20 municipalities**】** shall be eligible for designation as a zone if:

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

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

30 b. ¹【In addition to areas eligible for designation as a zone
31 pursuant to subsection a. of this section, an area shall be eligible for
32 designation as an enterprise zone if the municipality in which the
33 area is located is among the top 20 percent of the most distressed
34 New Jersey municipalities, according to the most recent Municipal
35 Revitalization Index, and:

36 (1) the share of parcels accounted for by commercial and
37 industrial property within the municipality exceeds the Statewide
38 average of commercial and industrial parcels according to the most
39 recently released Property Value Classification prepared by the
40 Department of the Community Affairs, and

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

43 c. If a county does not contain an area that qualifies to be
44 designated as an enterprise zone, the UEZ Authority may, upon
45 application, designate as an enterprise zone the area within the
46 county which is in the most distressed municipality in the county
47 according to the most recent Municipal Revitalization Index.

1 d.】¹ In the case of a qualifying municipality with a population
2 exceeding 5,000, designation as a zone shall be contingent upon
3 such municipality appointing a full-time economic development
4 officer, who may also serve as the UEZ Coordinator, or establishing
5 a zone development corporation.

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

7
8 6. Section 13 of P.L.1983, c.303 (C.52:27H-72) is amended to
9 read as follows:

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

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

15 (2) Are designed to address **【the greatest degree of】** urban
16 distress, as measured by existing levels of unemployment, poverty,
17 and property tax arrearages;

18 (3) Demonstrate **【the most】** substantial and reliable
19 commitments of resources by zone businesses, zone neighborhood
20 associations, voluntary community organizations and other private
21 entities to the economic success of the zone;

22 (4) Demonstrate **【the most】** substantial effort and commitment
23 by the municipality to encourage economic activity in the area and
24 to remove disincentives for job creation compatible with the fiscal
25 condition of the municipality.

26 b. In addition to the considerations set forth in subsection a. of
27 this section, the authority in evaluating a zone development plan for
28 designation purposes shall consider:

29 (1) The likelihood of attracting federal assistance to projects in
30 the eligible area, and of obtaining federal designation of the area as
31 an enterprise zone for federal tax purposes;

32 (2) The adverse or beneficial effects of an enterprise zone
33 located at the proposed area upon economic development activities
34 or projects of State or other public agencies which are in operation,
35 or are approved for operation, in the qualifying municipality;

36 (3) The degree of commitment made by public and private
37 entities to utilize minority contractors and assure equal
38 opportunities for employment in connection with any construction
39 or reconstruction to be undertaken in the eligible area;

40 (4) The impact of the zone development plan upon the social,
41 natural and historic environment of the eligible area;

42 (5) The degree to which the implementation of the plan involves
43 the relocation of residents from the eligible area, and the adequacy
44 of commitments and provisions with respect thereto.

45 c. A designated zone that is operative on the effective date of
46 P.L. _____, c. _____ (pending before the Legislature as this bill) shall
47 remain a designated zone until the end of the 10th State fiscal year

1 next following the effective date of P.L. , c. (pending before the
2 Legislature as this bill).

3 d. ¹[(1) On the first day of the ninth State fiscal year next
4 following the effective date of P.L. , c. (pending before the
5 Legislature as this bill), the UEZ Authority shall determine which
6 zones are within municipalities that are among the top 20 percent of
7 the most distressed New Jersey municipalities, according to the
8 most recent Municipal Revitalization Index, and whether:

9 (a) the share of parcels accounted for by commercial and
10 industrial property within each municipality exceeds the Statewide
11 average of commercial and industrial parcels according to the most
12 recently released Property Value Classification prepared by the
13 Department of the Community Affairs, and

14 (b) each municipality has an unemployment rate that exceeds the
15 most recent annual Statewide unemployment rate.

16 (2) (a) A zone located within a municipality that does not meet
17 the criteria set forth in paragraph (1) of this subsection shall be
18 ineligible for designation as an enterprise zone at the close of the
19 10th State fiscal year after the effective date of P.L. ,
20 c. (pending before the Legislature as this bill).

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

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

30 (2) Notwithstanding the provisions of subsection g. of section 5
31 of P.L.1992, c.79 (C.40A:12A-5) or any other law to the contrary,
32 the extension of the boundaries of a zone to be coterminous with the
33 borders of a municipality pursuant to this subsection shall not be
34 considered sufficient for the determination that the area is in need
35 of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79
36 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax
37 exemptions within the enterprise zone district pursuant to the
38 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or for the
39 adoption of a tax abatement and exemption ordinance pursuant to
40 the provisions of P.L.1991, c.441 (C.40A:21-1 et seq.); provided,
41 however, certification of a final eligible block group within an
42 enterprise zone certified pursuant to section 12 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill) shall be
44 considered sufficient for the determination that an area within a
45 final eligible block group is in need of redevelopment for the
46 purpose of granting tax exemptions within the eligible block group
47 pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.)

1 and the adoption of a tax abatement and exemption ordinance
2 pursuant to the provisions of P.L.1991, c.441 (C.40A:21-1 et seq.).

3 ¹【f. Following the effective date of P.L. , c. (pending before
4 the Legislature as this bill), the UEZ Authority may designate
5 enterprise zones from among qualifying municipalities determined
6 to be eligible notwithstanding the limitation on the number of
7 eligible zones set forth in section 7 of P.L.1983, c.303 (C.52:27H-
8 66), section 3 of P.L.1995, c.382 (C.52:27H-66.1), and section 12
9 of P.L.2001, c.347 (C.52:27H-66.7).】¹

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

11
12 7. Section 20 of P.L.1983, c.303 (C.52:27H-79) is amended to
13 read as follows:

14 20. a. Receipts from retail sales of tangible personal property
15 (except motor vehicles and energy) and sales of services (except
16 telecommunications services and utility services) to a qualified
17 business for the exclusive use or consumption of such business
18 within an enterprise zone are exempt from the taxes imposed under
19 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

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

21 c. As used in this section:

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

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

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

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

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

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

8 b. As used in this section:

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

17
18 9. Section 21 of P.L.1983, c.303 (C.52:27H-80) is amended to
19 read as follows:

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

38 Any seller, which is a qualified business having a place of
39 business located in a designated enterprise zone or in a designated
40 UEZ-impacted business district, may apply to the **【Director of the**
41 **Division of Taxation in the Department of the Treasury】** UEZ
42 Authority for a UZ-2 certification pursuant to this section provided
43 the seller is located in an eligible block group or an adjacent parcel,
44 as defined in subsection a. of section 12 of P.L. , c. (C.)
45 (pending before the Legislature as this bill). The **【director】** UEZ
46 Authority shall certify a seller if the **【director】** UEZ Authority shall
47 find that the seller owns or leases and regularly operates a place of

1 business located in the designated enterprise zone or in the
2 designated UEZ-impacted business district for the purpose of
3 making retail sales, that items are regularly exhibited and offered
4 for retail sale at that location, and that the place of business is not
5 utilized primarily for the purpose of catalogue or mail order sales.
6 The certification under this section shall remain in effect during the
7 time the business retains its status as a qualified business meeting
8 the eligibility criteria of section 27 of P.L.1983, c.303 (C.52:27H-
9 86). However, the **【director】** UEZ Authority may at any time
10 revoke a certification granted pursuant to this section if the
11 **【director】** UEZ Authority shall determine that the seller no longer
12 complies with the provisions of this section. The Department of the
13 Treasury shall provide to a qualified business a certificate
14 evidencing its UZ-2 certification, which certificate shall indicate the
15 location at which the sales tax exemption provided for in this
16 section is available.

17 ¹On or after January 1, 2022, a seller, which is a qualified
18 business and that is not located in a major job center or is an
19 industrial business located in an industrial hub, shall not be eligible
20 to receive the exemption of 50 percent of the tax imposed under the
21 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) if the
22 seller's place of business is located in a designated enterprise zone
23 or in a designated UEZ-impacted business district within a block
24 group, as defined in subsection k. of section 3 of P.L.1983, c.303
25 (C.52:27H-62), with relatively low indicators of economic distress
26 exhibited by a ranking at or below the 10th percentile of the most
27 recent Economic Distress Index.¹

28 Notwithstanding the provisions of **【this act】** P.L.1983, c.303
29 (C.52:27H-60 et seq.) to the contrary, except as may otherwise be
30 provided by section 7 of P.L.1983, c.303 (C.52:27H-66), the
31 authority may, in its discretion, determine if the provisions of this
32 section shall apply to any enterprise zone designated after the
33 effective date of P.L.1985, c.142 (C.52:27H-66 et al.); provided,
34 however, that the authority may make such a determination only
35 where the authority finds that the award of an exemption of 50
36 percent of the tax imposed under the "Sales and Use Tax Act,"
37 P.L.1966, c.30 (C.54:32B-1 et seq.) will not have any adverse
38 economic impact upon any other urban enterprise zone.

39 **【Notwithstanding any other provisions of law to the contrary,**
40 **except as provided in subsection b. of section 6 of P.L.1996, c.124**
41 **(C.13:1E-116.6), after first depositing 10 percent of the gross**
42 **amount of all revenues received from the taxation of retail sales**
43 **made by certified sellers from business locations in designated**
44 **enterprise zones to which this exemption shall apply into the**
45 **account created in the name of the authority in the enterprise zone**
46 **assistance fund pursuant to section 29 of P.L.1983, c.303**
47 **(C.52:27H-88), the remaining 90 percent shall be deposited**

1 immediately upon collection by the Department of the Treasury, as
2 follows:

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

7 b. In the second five-year period during which the State shall
8 have collected reduced rate revenues within an enterprise zone, 66
9 2/3% of all those revenues shall be deposited in the enterprise zone
10 assistance fund, and 33 1/3% shall be deposited in the General
11 Fund;

12 c. In the third five-year period during which the State shall
13 have collected reduced rate revenues within an enterprise zone, 33
14 1/3% of all those revenues shall be deposited in the enterprise zone
15 assistance fund, and 66 2/3% shall be deposited in the General
16 Fund;

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

21 Commencing on the effective date of P.L.1993, c.144, all
22 revenues in any enterprise zone to which the provisions of this
23 section have been extended prior to the enactment of P.L.1993,
24 c.144 shall be deposited into the enterprise zone assistance fund
25 until there shall have been deposited all revenues into that fund for
26 a total of five full years, as set forth in subsection a. of this section.
27 The State Treasurer then shall proceed to deposit funds into the
28 enterprise zone assistance fund according to the schedule set forth
29 in subsections b. through d. of this section, beginning at the point
30 where the enterprise zone was located on that schedule on the
31 effective date of P.L.1993, c.144. No enterprise zone shall receive
32 the deposit benefit granted by any one subsection of this section for
33 more than five cumulative years.

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

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

40

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

43 29. a. (1) There is created an enterprise zone assistance fund to
44 be held by the State Treasurer, which shall be the repository for all
45 moneys required to be deposited therein under section 【21 of
46 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
47 the fund】 11 of P.L. , c. (C.) (pending before the
48 Legislature as this bill). All moneys deposited in the fund shall be

1 held and disbursed in the amounts necessary to fulfill the purposes
2 of this section and subject to the requirements hereinafter
3 prescribed. The State Treasurer may invest and reinvest any moneys
4 in the fund, or any portion thereof, to strengthen capital structures,
5 leverage additional debt capital, and increase lending and investing
6 in economically disadvantaged communities, and in any other
7 manner that advances the goals of the Urban Enterprise Zone
8 program, including, but not limited to legal obligations of the
9 United States or of the State or of any political subdivision thereof
10 or government-sponsored enterprises. Any income from, interest on,
11 or increment to moneys so invested or reinvested shall be included
12 in the fund.

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

17 (a) In the first five State fiscal years next following the effective
18 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 100
19 percent of the amount determined pursuant to paragraph (1) of
20 subsection b. of section 11 of P.L. _____, c. _____ (C. _____) (pending before
21 the Legislature as this bill) shall be deposited in the enterprise zone
22 assistance fund;

23 (b) In the sixth State fiscal year next following the effective date
24 of P.L. _____, c. _____ (pending before the Legislature as this bill), 95
25 percent of the amount determined pursuant to paragraph (1) of
26 subsection b. of section 11 of P.L. _____, c. _____ (C. _____) (pending
27 before the Legislature as this bill) shall be deposited in the
28 enterprise zone assistance fund and five percent of such amount
29 shall be deposited in the General Fund;

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

37 (d) In the eighth State fiscal year next following the effective
38 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 85
39 percent of the amount determined pursuant to paragraph (1) of
40 subsection b. of section 11 of P.L. _____, c. _____ (C. _____) (pending
41 before the Legislature as this bill) shall be deposited in the
42 enterprise zone assistance fund and 15 percent of such amount shall
43 be deposited in the General Fund;

44 (e) In the ninth State fiscal year next following the effective
45 date of P.L. _____, c. _____ (pending before the Legislature as this bill), 80
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 20 percent of such amount shall be deposited in
2 the General Fund; ¹and¹

3 (f) In the 10th State fiscal year next following the effective date
4 of P.L. , c. (pending before the Legislature as this bill), 75
5 percent of the amount determined pursuant to paragraph (1) of
6 subsection b. of section 11 of P.L. , c. (C.) (pending before
7 the Legislature as this bill) shall be deposited in the enterprise zone
8 assistance fund and 25 percent of such amount shall be deposited in
9 the General Fund ¹;

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

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

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

31 (j) In the 14th State fiscal year next following the effective date
32 of P.L. , c. (pending before the Legislature as this bill), 55
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 and 45 percent of such shall be deposited in the
37 General Fund;

38 (k) In the 15th State fiscal year next following the effective date
39 of P.L. , c. (pending before the Legislature as this bill), 50
40 percent of the amount determined pursuant to paragraph (1) of
41 subsection b. of section 11 of P.L. , c. (C.) (pending before
42 the Legislature as this bill) shall be deposited in the enterprise zone
43 assistance fund and 50 percent of such amount shall be deposited in
44 the General Fund;

45 (l) In the 16th State fiscal year next following the effective date
46 of P.L. , c. (pending before the Legislature as this bill), 40
47 percent of the amount determined pursuant to paragraph (1) of
48 subsection b. of section 11 of P.L. , c. (C.) (pending

1 before the Legislature as this bill) shall be deposited in the
2 enterprise zone assistance fund and 60 percent of such amount shall
3 be deposited in the General Fund;

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

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

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

25 (p) In the 20th State fiscal year next following the effective date
26 of P.L. , c. (pending before the Legislature as this bill), and
27 each State fiscal year thereafter, 100 percent of the amount
28 determined pursuant to paragraph (1) of subsection b. of section 11
29 of P.L. , c. (C.) (pending before the Legislature as this bill)
30 shall be deposited in the General Fund】¹.

31 (2) The State Treasurer shall maintain separate accounts for
32 each enterprise zone designated under P.L.1983, c.303 (C.52:27H-
33 60 et seq.) that is in good standing with the UEZ Authority in
34 accordance with rules adopted by the UEZ Authority, and one in the
35 authority's name for the administration of the Urban Enterprise
36 Zone program, and for providing grants, investments, loans or other
37 guaranties related to qualified assistance fund expenses. The State
38 Treasurer shall credit to each account an amount of the moneys
39 deposited in the fund 【equal to the amount of revenues collected
40 from the taxation of retail sales made in the zone and appropriated
41 to the enterprise zone assistance fund, or that amount of moneys
42 appropriated to the fund and required to be credited to the enterprise
43 zone account of the qualifying municipality pursuant to section 21
44 of P.L.1983, c.303 (C.52:27H-80)】 determined by a formula that
45 applies weight to a zone municipality's number of commercial and
46 industrial parcels as recorded by the municipal tax assessor, its
47 Municipal Revitalization Index Distress Score, and the average
48 number of unemployed persons in the municipality according to

1 data provided by the New Jersey Department of Labor and
2 Workforce Development. When funds are received by a qualifying
3 municipality pursuant to this subsection, the funds shall be placed
4 in a new trust or, for a qualifying municipality that has a trust for an
5 enterprise zone on the effective date of P.L. , c. (pending before
6 the Legislature as this bill), in the existing trust. The Division of
7 Local Government Services in the Department of Community
8 Affairs shall promulgate regulations, policies, or procedures as
9 necessary to implement the provisions of this section.

10 (3) The State Treasurer shall promulgate the rules and
11 regulations necessary to govern the administration of the fund for
12 the purposes of this section, which shall include, but not be limited
13 to, regulations requiring the establishment of separate bank
14 accounts for funds credited to the enterprise zone account of each
15 municipality from the enterprise zone assistance fund, commonly
16 known as "first generation funds," and funds generated from the
17 repayments of loans to individuals and businesses from the
18 enterprise zone account of each municipality and the proceeds from
19 the sale of properties and equipment acquired through the enterprise
20 zone program, commonly known as "second generation funds," and
21 the review, compilation, and monitoring of second generation fund
22 quarterly reports submitted by each enterprise zone.

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

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

38 c. The governing body of a qualifying municipality in which an
39 enterprise zone is designated and the zone development corporation
40 created or designated by the municipality for that enterprise zone
41 may, by resolution jointly adopted after public hearing, propose to
42 undertake an economic development project in the enterprise zone,
43 and to fund that project from moneys deposited in the enterprise
44 zone assistance fund and credited to the account maintained by the
45 State Treasurer for the enterprise zone. ¹If a project is to extend
46 across either multiple years or multiple phases, the governing body
47 of a qualifying municipality may, by resolution approved by a
48 majority of the governing body, issue revenue anticipation notes

1 backed by the pledge of an enterprise zone assistance fund,
2 receiving the borrowed funds from the State Treasurer according to
3 the provisions of subsection a. of this section.¹

4 The proposal so adopted shall set forth a plan for the project and
5 shall include:

6 (1) A description of the proposed project;

7 (2) An estimate of the total project costs, and an estimate of the
8 amounts of funding necessary annually from the enterprise zone
9 account;

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

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

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

17 (6) A description of the financial and programmatic controls and
18 reporting mechanisms to be used to guarantee that the funds will be
19 spent in accordance with the plan and that the project will
20 accomplish its purpose.

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

37 d. **【Upon adoption by the governing body of the qualifying**
38 **municipality and by the zone development corporation, the proposal**
39 **shall be sent to the authority for its evaluation and approval. The**
40 **authority shall approve the proposal if it shall find that the proposed**
41 **project furthers the policy and intentions of the zone development**
42 **plan approved by the authority, and that the estimated annual**
43 **payments for the project from the enterprise zone account to which**
44 **the proposal pertains are not likely to result in a deficit in that**
45 **account.】** (Deleted by amendment, P.L. , c.) (pending before the
46 Legislature as this bill)

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

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

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

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

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

44 j. At the end of a State fiscal year, the Department of
45 Community Affairs shall review an enterprise zone's expenditures
46 of funds received from the zone assistance fund. If the department
47 finds that an enterprise zone expended such funds in a manner

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

8 ¹k. The State shall, not later than 24 months after any such
9 occurrence, repay to the enterprise zone assistance fund, created
10 pursuant to subsection a. of this section, or to any account within
11 the fund, any moneys that are appropriated from the enterprise zone
12 assistance fund unless the moneys are appropriated for a purpose as
13 provided for in this section.¹

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

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

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

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

46 (1) Subject to the provisions of subsection a. of section 29 of
47 P.L.1983, c.303 (C.52:27H-88), 20 percent shall be allocated to the

1 enterprise zone assistance fund for deposit into separate accounts in
2 accordance with section 29 of P.L.1983, c.303 (C.52:27H-88);

3 (2) Five percent shall be allocated to the enterprise zone
4 assistance fund for use by the UEZ Authority to provide loans,
5 grants, investments, and other assistance to qualified businesses,
6 diverse Statewide or regional business organizations that represent
7 the interests of minority businesses, as defined in section 2 of
8 P.L.1986, c.195 (C.52:27H-21.18), and qualified municipalities,
9 and some amount shall be allocated to the UEZ Authority for
10 administration of the Urban Enterprise Zone program, provided the
11 amount allocated to the UEZ Authority for administrative expenses
12 shall not exceed \$2,500,000 in State Fiscal Year 2022 and, for each
13 State fiscal year thereafter, shall not exceed \$2,500,000 as adjusted
14 by the percentage change in the 12-month Consumer Price Index
15 from June 30 to July 1;

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

20 (4) No more than 45 percent shall be allocated to the combined
21 cost of qualified businesses with a UZ-2, UZ-4, or UZ-5
22 certification, and the energy sales tax exemption. If less than 45
23 percent is needed to meet the combined cost of the benefits claimed
24 by qualified businesses with a UZ-2, UZ-4, or UZ-5 certification,
25 and the energy sales tax exemption:

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

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

34 Should more than 45 percent be needed for the combined
35 allocated cost in any current State fiscal year, the UEZ Authority
36 shall reset the Economic Distress Index percentile that governs
37 business qualification at the beginning of the State fiscal year to
38 such number that is projected to allow the allocation to remain at or
39 under 45 percent.

40 ¹c. The State shall, not later than 24 months after any such
41 occurrence, repay to the Urban Enterprise Zone Fund, created
42 pursuant to subsection a. of this section, any moneys that are
43 appropriated from the Urban Enterprise Zone Fund, unless the
44 moneys are appropriated for a purpose as provided for in this
45 section.¹

46

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

1 “Eligible block group” means a block group that meets or
2 exceeds the 50th percentile of the most recent Economic Distress
3 Index; and

4 “Adjacent parcel” means a parcel of real property located within
5 the same municipality as an eligible block group, and which parcel
6 shares a border with an eligible block group, including but not
7 limited to sharing a property line with an eligible block group or
8 bordering on a public street with an eligible block group.

9 b. The UEZ Authority shall notify each qualified municipality
10 of each eligible block group within the municipality no later than 14
11 days after the effective date of P.L. , c. (pending before the
12 Legislature as this bill). The UEZ Authority shall then certify the
13 final eligible block groups and adjacent parcels to each municipality
14 and shall post a link to a list of eligible block groups and adjacent
15 parcels on the UEZ Authority’s Internet homepage on the
16 Department of Community Affairs’ Internet website.

17 c. A qualified business shall be located in an eligible block
18 group or on an adjacent parcel or be an industrial business in an
19 industrial hub. The certification of a qualified business that is not
20 located in an eligible block group or on an adjacent parcel shall
21 expire on January 1, 2022 unless the business is located in a major
22 job center or is an industrial business located in an industrial hub.

23 d. The certification of a qualified business located in an
24 eligible block group or on an adjacent parcel shall expire at the end
25 of the 10th State fiscal year following the State fiscal year in which
26 the business was first certified as a qualified business unless the
27 business is located in a major job center or is an industrial business
28 in an industrial hub. The certification for a business that has been
29 certified for more than 10 State fiscal years prior to the effective
30 date of P.L. , c. (pending before the Legislature as this bill)
31 shall expire on January 1, 2022 unless the business is located in a
32 major job center or is an industrial business in an industrial hub. A
33 business whose certification has expired shall not be eligible to seek
34 a new certification.

35 e. A business which satisfied the criteria for designation as a
36 qualified business immediately preceding the effective date of
37 P.L. , c. (pending before the Legislature as this bill), which
38 business is carrying out a qualified construction project, or which
39 can demonstrate to the UEZ Authority an actionable and feasible
40 plan to carry out a qualified construction project within one year of
41 the effective date of P.L. , c. (pending before the Legislature as
42 this bill), and which can demonstrate its reliance on the UZ-4
43 benefit, UZ-5 benefit, or both, may apply to the UEZ Authority for
44 a UZ-4 certification, a UZ-5 certification, or both, and the
45 certification shall continue until completion of the qualified
46 construction project. The Department of the Treasury shall provide
47 to a qualified business a certificate evidencing its UZ-4 certification
48 or UZ-5 certification which certificate shall indicate the location at

1 which the sales tax exemption provided for in section 20 of
2 P.L.1983, c.303 (C.52:27H-79) or section 8 of P.L. , c. (C.)
3 is available.

4 f. The UEZ Authority may, upon application by the local UEZ
5 Coordinator or governing body of a qualifying municipality, issue a
6 UZ-4 certification to a qualified business undertaking a qualified
7 construction project in an enterprise zone, although the business is
8 not located within an eligible block group or on an adjacent parcel.
9 The UEZ Authority may grant this benefit to no more than eight
10 qualified construction projects, beyond those eligible under
11 subsection d. of this section, at any given time. A UZ-4 certification
12 issued under this subsection shall continue until completion of the
13 qualified construction project.

14 g. The UEZ Authority may, upon application by the local UEZ
15 Coordinator or the governing body of a qualified municipality, issue
16 a UZ-4 certification, a UZ-5 certification, or both, to a qualified
17 business located within an enterprise zone, although the business is
18 not located within an eligible block group or on an adjacent parcel.
19 The UEZ Authority may grant this benefit to no more than 24
20 qualified businesses, beyond those eligible under subsection e. of
21 this section, at any given time. Each UZ-4 certification or UZ-5
22 certification issued under this subsection shall remain active so long
23 as the business in receipt of the benefit remains qualified.
24

25 13. (New section) On or before June 30 of each year next
26 following the effective date of P.L. , c. (pending before the
27 Legislature as this bill), the State Treasurer shall provide to the
28 UEZ Authority an annual report of the aggregate amount, expressed
29 in dollars, of the incentives provided under P.L.1983, c.303
30 (C.52:27H-60 et seq.) to all qualified businesses and municipalities.
31 The report shall include aggregate data on gross revenues, retail
32 sales taxes collected, and shall also include information on the
33 address, municipality, and industry of each business. All data from
34 participating businesses shall be collected through an online
35 application and consumer access portal, where possible.
36

37 14. (New section) The UEZ Authority shall conduct an annual
38 review that determines the number of participating businesses,
39 unemployment rate, median household income, and number of jobs
40 in each enterprise zone to assess the program's progress. The
41 review shall also include the total tax expenditures by zone and
42 total zone assistance funds expended as the requisite data becomes
43 available from the annual report from the Department of the
44 Treasury required pursuant to section 13 of P.L. , c. (C.)
45 (pending before the Legislature as this bill). The UEZ Authority
46 shall review the status of any projects that were approved by
47 participating enterprise zones, overall enterprise zone performance,
48 and adherence to the zone development plans. Each review shall

1 include a detailed listing of deliverables by each enterprise zone and
2 the State that are to be implemented and subsequently evaluated in
3 the future.

4
5 15. (New section) The UEZ Authority and the Department of
6 Labor and Workforce and Development shall enter into a
7 memorandum of understanding to assist in substantial and
8 comprehensive data gathering and information sharing between the
9 two agencies to further the UEZ Authority's ability to evaluate
10 enterprise zone performance and compliance, and to initiate
11 enforcement actions.

12
13 16. (New section) Following the effective date of P.L. ,
14 c. (pending before the Legislature as this bill), no new
15 applications for the enterprise zone employee tax credit, pursuant to
16 section 19 of P.L.1983, c.303 (C.52:27H-78), or for the corporation
17 business tax exemption, pursuant to section 17 of P.L.1983, c.303
18 (C.52:27H-76), shall be accepted.

19
20 17. Section 7 of P.L.1989, c.207 (C.54:4-3.145) is amended to
21 read as follows:

22 7. a. Each approved abatement shall be evidenced by a financial
23 agreement between the qualified municipality and the applicant.
24 The agreement shall be prepared by the applicant and shall contain
25 the representations that are required by the enabling ordinance. The
26 agreement shall provide for the applicant to annually pay to the
27 municipality an amount in lieu of real property taxes, to be
28 computed according to either subsection b. or c. of this section, as
29 provided for in the enabling ordinance.

30 b. Payments in lieu of taxes may be computed as two percent of
31 the cost of the improvements or conversion alterations, as
32 appropriate for five years following such completion and in the
33 sixth and all subsequent tax years following completion, 100% of
34 the equalized taxes otherwise due; or

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

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

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

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

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

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

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

4 d. For the purposes of this section, the amount of "taxes
5 otherwise due" (not to be confused with "equalized taxes otherwise
6 due") shall be determined by including the appropriate percentage
7 of the assessed valuation of the abated structure, improvement or
8 conversion alteration, as the case may be, on the assessment list of
9 the municipality as taxable property, and levying taxes thereon in
10 the same manner as other taxes are levied pursuant to chapter 4 of
11 Title 54 of the Revised Statutes; provided, however, that no value
12 for a property subject to the provisions of this act shall be included
13 in the calculation of the "net valuation on which county taxes are
14 apportioned" until the first tax year for which a municipal-wide
15 revaluation is implemented.

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

17
18 18. The following sections of law are repealed:
19 Section 4 of P.L.2001, c.347 (C.52:27H-66.3);
20 Section 6 of P.L.2001, c.347 (C.52:27H-66.5);
21 Section 11 of P.L.2001, c.347 (C.52:27H-66.6);
22 Section 16 of P.L.1983, c.303 (C.52:27H-75); and
23 Section 9 of P.L.1988, c.93 (C.52:27H-80.2).

24
25 19. This act shall take effect immediately.