

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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"Murphy reactivates five Urban Enterprise Zones," NJBIZ, 5-31-2018

RWH/JA

P.L. 2018, CHAPTER 19, *approved May 30, 2018*
Senate Committee Substitute (*First Reprint*) for
Senate, No. 846

1 AN ACT concerning ¹**[certain]**¹ urban enterprise zones, amending
2 P.L.1983, c.303 and P.L.2001, c.347 ^{1,1} and supplementing Title
3 52 of the Revised Statutes.

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

7
8 1. Section 7 of P.L.1983, c.303 (C.52:27H-66) is amended to
9 read as follows:

10 7. The authority shall designate enterprise zones from among
11 those areas of qualifying municipalities determined to be eligible
12 pursuant to P.L.1983, **[s.]** c.303 (C.52:27H-60 et seq.). No more
13 than 32 enterprise zones shall be in effect at any one time. No more
14 than one enterprise zone shall be designated in any one
15 municipality. **[Except as otherwise provided by section 11 of**
16 **P.L.2001, c.347 (C.52:27H-66.6), any designation granted shall be**
17 **for a period of 20 years, beginning with the year in which a zone is**
18 **eligible for an exemption to the extent of 50% of the tax imposed**
19 **under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et**
20 **seq.), and shall not be renewed at the end of that period.]** In
21 designating enterprise zones the authority shall seek to avoid
22 excessive geographic concentration of zones in any particular
23 region of the State. At least six of the 10 additional enterprise
24 zones authorized pursuant to section 3 of P.L.1993, c.367 shall be
25 located in counties in which enterprise zones have not previously
26 been designated and shall be designated within 90 days of the date
27 of the submittal of an application and zone development plan. The
28 authority shall accept applications within 90 days of the effective
29 date of P.L.1993, c.367. Notwithstanding the provisions of
30 P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the six
31 additional enterprise zones to be designated by the authority
32 pursuant to the criteria for priority consideration in this section shall
33 be entitled to an exemption to the extent of **[50%]** 50 percent of the
34 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
35 (C.54:32B-1 et seq.). The following criteria shall be utilized in
36 according priority consideration for designation of these zones by
37 the authority:

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:

¹ **Assembly floor amendments adopted March 26, 2018.**

- 1 a. One zone shall be located in a county of the second class
2 with a population greater than 595,000 and less than 675,000
3 according to the latest federal decennial census and shall be located
4 in the qualifying municipality in that county with the highest annual
5 average number of unemployed persons and the highest average
6 annual unemployment rate for the 1992 calendar year according to
7 the estimate by the State Department of Labor and Workforce
8 Development;
- 9 b. Two zones shall be located in a county of the second class
10 with a population greater than 445,000 and less than 455,000
11 according to the latest federal decennial census, one of which shall
12 be located in the qualifying municipality in that county with the
13 highest annual average number of unemployed persons and the
14 highest average annual unemployment rate for the 1992 calendar
15 year according to the estimate by the State Department of Labor and
16 Workforce Development, and one of which shall be located in the
17 qualifying municipality in that county with the second highest
18 annual average number of unemployed persons and the second
19 highest average annual unemployment rate for the 1992 calendar
20 year according to the estimate by the State Department of Labor and
21 Workforce Development;
- 22 c. One zone shall be located in a county of the third class with
23 a population greater than 84,000 and less than 92,000 according to
24 the latest federal decennial census and shall be located in the
25 qualifying municipality in that county with the highest annual
26 average number of unemployed persons and the highest average
27 annual unemployment rate for the 1992 calendar year according to
28 the estimate by the State Department of Labor and Workforce
29 Development;
- 30 d. One zone shall be located within two noncontiguous
31 qualifying municipalities but comprised of not more than two
32 noncontiguous areas each having a continuous border, if:
- 33 (1) both municipalities are located in the same county which
34 shall be a county of the fifth class with a population greater than
35 500,000 and less than 555,000 according to the latest federal
36 decennial census;
- 37 (2) the two municipalities submit a joint application and zone
38 development plan; and
- 39 (3) each of the municipalities has a population greater than
40 16,000 and less than 30,000 and a population density of more than
41 5,000 persons per square mile, according to the latest federal
42 decennial census; and
- 43 e. One zone shall be located within a municipality having a
44 population greater than 38,000 and less than 46,000 according to
45 the latest federal decennial census if the municipality is located
46 within a county of the fifth class with a population greater than

1 340,000 and less than 440,000 according to the latest federal
2 decennial census.

3 (cf: P.L.2004, c.75, s.2)

4

5 2. Section 11 of P.L.2001, c.347 (C.52:27H-66.6) is amended
6 to read as follows:

7 11. a. Notwithstanding the provisions of any law, rule,
8 regulation or order to the contrary, the designation of an enterprise
9 zone by the authority pursuant to P.L.1983, c.303 (C.52:27H-60 et
10 seq.), which is located in a municipality in which the annual
11 average of unemployed persons is equal to or greater than 2,000, or
12 the municipal average annual unemployment rate exceeds the State
13 average annual unemployment rate, or an enterprise zone which is
14 located in a municipality contiguous to a municipality in which an
15 enterprise zone is designated pursuant to P.L.1983, c.303
16 (C.52:27H-60 et seq.) and in which the annual average of
17 unemployed persons is equal to or greater than 2,000 or the
18 municipal average annual unemployment rate exceeds the State
19 average annual unemployment rate, shall, following the expiration
20 of the third five-year period during which the State shall have
21 collected reduced rate revenues within the zone as provided in
22 subsection c. of section 21 of P.L.1983, c.303 (C.52:27H-80), be
23 extended by the authority **【**, on a one-time basis,**】** for a period of 16
24 years, within 90 days after the effective date of P.L.2001, c.347
25 (C.52:27H-66.2 et al.), or within 90 days after the expiration of that
26 third five-year period, whichever is later.

27 b. During the 90-day period provided for in subsection a. of
28 this section, the authority shall notify all qualified businesses in the
29 enterprise zone that the benefits authorized by sections 16 through
30 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be
31 extended to qualified businesses in the enterprise zone commencing
32 with the designation of the extended enterprise zone and continuing
33 as long as a zone retains its designation as an extended enterprise
34 zone.

35 c. Notwithstanding **【**any other**】** the provisions of any law, rule
36 or regulation to the contrary, 90 days after the expiration of the
37 period provided for in subsection c. of section 21 of P.L.1983, c.303
38 (C.52:27H-80), except as provided in subsection b. of section 6 of
39 P.L.1996, c.124 (C.13:1E-116.6), and after first depositing 10
40 percent of the gross amount of all revenues received from the
41 taxation of retail sales made by certified vendors from business
42 locations in an extended enterprise zone designated pursuant to
43 subsection a. of this section, to which this exemption shall apply
44 into the account created in the name of the authority in the
45 enterprise zone assistance fund established pursuant to section 29 of
46 P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be

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

3 (1) In the first five-year period during which the State shall have
4 collected reduced rate revenues within the extended enterprise zone,
5 **【all such】** those revenues shall be deposited in the enterprise zone
6 assistance fund ¹**【created pursuant to section 29 of P.L.1983, c.303**
7 **(C.52:27H-88)】¹**;

8 (2) In the second five-year period during which the State shall
9 have collected reduced rate revenues within the extended enterprise
10 zone, 66 **【2/3%】** and 2/3 percent of **【all】** those revenues shall be
11 deposited in the enterprise zone assistance fund, and 33 **【1/3%】** and
12 1/3 percent shall be deposited in the General Fund;

13 (3) In the third five-year period during which the State shall
14 have collected reduced rate revenues within the extended enterprise
15 zone, 33 **【1/3%】** and 1/3 percent of **【all】** those revenues shall be
16 deposited in the enterprise zone assistance fund, and 66 **【2/3%】** and
17 2/3 percent shall be deposited in the General Fund;

18 (4) In the **【final】** sixteenth year during which the State shall
19 have collected reduced rate revenues within the extended enterprise
20 zone, but not to exceed the life of the enterprise zone, **【all】** those
21 revenues shall be deposited in the General Fund.

22 The revenues required to be deposited in the enterprise zone
23 assistance fund **【under】** pursuant to this section shall be used for
24 the purposes of **【that】** the enterprise ¹**【urban】** zone¹ assistance fund
25 and for the uses prescribed in section 29 of P.L.1983, c.303
26 (C.52:27H-88), subject to annual appropriations being made for
27 those purposes and uses.

28 d. The designation as an extended enterprise zone pursuant to
29 this section shall terminate if the authority determines that the
30 municipality in which the zone is located fails to meet the criteria of
31 subsection a. of this section for three consecutive years. Any
32 enterprise zone which loses its designation as an extended
33 enterprise zone pursuant to this subsection shall be eligible to re-
34 apply to the authority for designation as an extended enterprise zone
35 pursuant to the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.).
36 If the authority approves its application, an urban enterprise zone
37 designation may be extended to the applicant in accordance with the
38 schedules set forth in P.L.1983, c.303 (C.52:27H-60 et seq.),
39 beginning at the point where the enterprise zone was located on
40 **【such】** those schedules on the effective date of P.L.2001, c.347
41 (C.52:27H-66.2 et al.).
42 (cf: P.L.2001, c.347, s.11)

43
44 ¹**【3. New section) a.** Notwithstanding the provisions of any
45 law, rule, or regulation to the contrary, the duration of the first five
46 enterprise zones that were designated pursuant to P.L.1983, c.303

1 (C.52:27H-60 et seq.) are hereby extended for a period commencing
2 on the effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill) and ending on September 30, 2019. This
4 extension shall be in addition to the extension provided for in
5 section 11 of P.L.2001, c.347 (C.52:27H-66.6).

6 b. The authority shall notify all qualified businesses in the
7 enterprise zones extended pursuant to subsection a. of this section
8 that the benefits authorized by sections 16 through 20 of P.L.1983,
9 c.303 (C.52:27H-75 through C.52:27H-79) and by section 23 of
10 P.L.2004, c.65 (C.52:27H-87.1) have been extended to qualified
11 businesses, and the exemption provided by section 21 of P.L.1983,
12 c.303 (C.52:27H-80) will remain in effect for retail sales made by a
13 certified seller from a place of business, in the enterprise zones for a
14 period commencing on the effective date of P.L. , c. (C.)
15 (pending before the Legislature as this bill) and ending on
16 September 30, 2019.

17 c. Notwithstanding the provisions of any law, rule, or
18 regulation to the contrary, after first depositing 10 percent of the
19 gross amount of all revenues received from the taxation of retail
20 sales made by qualified businesses from business locations in each
21 enterprise zone, to which this exemption shall apply, into the
22 account created in the name of the authority in the enterprise zone
23 assistance fund established pursuant to section 29 of P.L.1983,
24 c.303 (C.52:27H-88), the remaining 90 percent shall be deposited
25 immediately in the General Fund upon collection by the Department
26 of the Treasury.

27 d. The revenues required to be deposited in the enterprise zone
28 assistance fund pursuant to subsection c. of this section shall be
29 used for the purposes of the assistance fund and for the uses
30 prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88), subject
31 to annual appropriations being made for those purposes and uses. ¹

32
33 ¹4. (New section) In addition to the duties of the authority
34 required pursuant to section 6 of P.L.1983, c.303 (C.52:27H-65),
35 and any other provisions of law, the authority shall undertake a
36 review and analysis of the Urban Enterprise Zone program created
37 pursuant to the “New Jersey Urban Enterprise Zones Act,”
38 P.L.1983, c.303 (C.52:27H-60 et seq.), and shall report the findings
39 and recommendations of the authority to the Governor and,
40 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
41 Legislature, no later than the date the Governor transmits the budget
42 message for the fiscal year ending June 30, 2020 to the Legislature.
43 The authority may enter into an agreement with a third party,
44 including, but not limited to, a public institution of higher education
45 in the State or an independent consulting firm, for purposes of
46 preparing all or part of the report. The report shall include, but not
47 be limited to, an assessment of the following aspects of the “New

- 1 Jersey Urban Enterprise Zones Act,” P.L.1983, c.303 (C.52:27H-60
2 et seq.):
- 3 a. the appropriateness of the criteria evaluated when
 - 4 designating an enterprise zone or UEZ-impacted business district;
 - 5 b. any additional criteria that should be considered when
 - 6 making or reviewing an enterprise zone designation;
 - 7 c. whether the designation of a new, or the de-designation of an
 - 8 existing, enterprise zone or UEZ-impacted business district furthers
 - 9 the goals of the “New Jersey Urban Enterprise Zones Act,” and if
 - 10 so, the municipalities, zones, or districts that should be designated
 - 11 or de-designated;
 - 12 d. impediments to obtaining an enterprise zone or UEZ-
 - 13 impacted business district designation, or to de-designating an
 - 14 existing enterprise zone or district;
 - 15 e. the economic, employment, and demographic effects
 - 16 attributable to the expiration of the first five enterprise zones;
 - 17 f. business participation rates; and
 - 18 g. whether an alternative, location-based program to assist
 - 19 fiscally distressed municipalities is appropriate, and if so, the
 - 20 parameters of such a program that would provide a sufficient return
 - 21 on State investment.】¹

22

23 ^{13.} (New section) a. The Department of Community Affairs
24 shall study the Urban Enterprise Zone program and submit to the
25 Legislature a report and recommendations as to whether the
26 program shall continue as is, be amended, or expire. The
27 department may enter into an agreement with a third party,
28 including but not limited to a public institution of higher education
29 in the State or an independent consulting firm, to conduct the study
30 and prepare the report. The Commissioner of Community Affairs,
31 after consulting with the State Treasurer, and prior to the first day
32 of the twelfth month next following the date of enactment of
33 P.L. , c. (C.) (pending before the Legislature as this bill),
34 shall submit to the Legislature the report on the Urban Enterprise
35 Zone program and the department's recommendations as to whether
36 the program shall be continued, as it exists on the effective date of
37 P.L. , c. (C.) (pending before the Legislature as this bill),
38 be continued with specific recommended changes, or be
39 reconstituted.

40 b. The study, report, and recommendations required pursuant to
41 subsection a. of this section shall include, but not be limited to, an
42 assessment of the following aspects of the Urban Enterprise Zone
43 program:

- 44 (1) the adequacy of past funding for urban enterprise zones in
- 45 furthering the goals of the “New Jersey Urban Enterprise Zones
- 46 Act”;

1 (2) whether changes are needed to address future funding for
2 urban enterprise zones in furthering these goals;

3 (3) whether the criteria established for eligibility to assist
4 fiscally distressed municipalities is appropriate; and

5 (4) what parameters shall be established to keep urban
6 enterprise zone municipalities competitive while providing a
7 sufficient return on State investment.

8 c. The New Jersey Urban Enterprise Zone Authority shall fund
9 the cost of conducting the study and preparing the report on the
10 Urban Enterprise Zone program from the account maintained,
11 pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), in the
12 name of the authority in the enterprise zone assistance fund.

13 d. (1) Notwithstanding the provisions of any law, rule,
14 regulation, or order to the contrary, each enterprise zone that
15 expired prior to the effective date of P.L. , c. (C.) (pending
16 before the Legislature as this bill) is hereby reinstated until
17 December 31, 2023.

18 (2) Notwithstanding the provisions of any law, rule, regulation,
19 or order to the contrary, the duration of each enterprise zone that is
20 scheduled to expire prior to December 31, 2023 is hereby extended
21 until December 31, 2023.

22 (3) Any extension or reinstatement granted pursuant to this
23 subsection shall occur notwithstanding the extension provided for in
24 section 11 of P.L.2001, c.347 (C.52:27H-66.6).

25 e. As necessary, the authority shall notify all qualified
26 businesses in the enterprise zones reinstated or extended pursuant to
27 subsection d. of this section that the benefits authorized by sections
28 16 through 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-
29 79) have been reinstated or extended to qualified businesses in the
30 enterprise zones until December 31, 2023.

31 f. Notwithstanding the provisions of any law, rule, regulation,
32 or order to the contrary, all reduced-rate revenues collected within
33 an enterprise zone which is reinstated or extended pursuant to
34 subsection d. of this section shall be deposited into the General
35 Fund.¹

36
37 ¹4. Section 29 of P.L.1983, c.303 (C.52:27H-88) is amended to
38 read as follows:

39 29. a. There is created an enterprise zone assistance fund to be
40 held by the State Treasurer, which shall be the repository for all
41 moneys required to be deposited therein under section 21 of
42 P.L.1983, c.303 (C.52:27H-80) or moneys appropriated annually to
43 the fund. All moneys deposited in the fund shall be held and
44 disbursed in the amounts necessary to fulfill the purposes of this
45 section and subject to the requirements hereinafter prescribed. The
46 State Treasurer may invest and reinvest any moneys in the fund, or
47 any portion thereof, in legal obligations of the United States or of

1 the State or of any political subdivision thereof. Any income from,
2 interest on, or increment to moneys so invested or reinvested shall
3 be included in the fund.

4 The State Treasurer shall maintain separate accounts for each
5 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et
6 seq.), and one in the authority's name for the administration of the
7 Urban Enterprise Zone program. The State Treasurer shall credit to
8 each account an amount of the moneys deposited in the fund equal
9 to the amount of revenues collected from the taxation of retail sales
10 made in the zone and appropriated to the enterprise zone assistance
11 fund, or that amount of moneys appropriated to the fund and
12 required to be credited to the enterprise zone account of the
13 qualifying municipality pursuant to section 21 of P.L.1983, c.303
14 (C.52:27H-80).

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

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

34 b. The enterprise zone assistance fund shall be used for the
35 purpose of assisting qualifying municipalities in which enterprise
36 zones are designated in undertaking **【public improvements,】**
37 economic development projects **【and in upgrading eligible**
38 **municipal services】** in designated enterprise zones.

39 c. The governing body of a qualifying municipality in which an
40 enterprise zone is designated and the zone development corporation
41 created or designated by the municipality for that enterprise zone
42 may, by resolution jointly adopted after public hearing, propose to
43 undertake **【a】** an economic development project **【for the public**
44 **improvement of the enterprise zone or to increase eligible municipal**
45 **services】** in the enterprise zone, and to fund that project **【or**
46 **increase in eligible municipal services】** from moneys deposited in

1 the enterprise zone assistance fund and credited to the account
2 maintained by the State Treasurer for the enterprise zone.

3 The proposal so adopted shall set forth a plan for the project [or
4 for the increase in eligible municipal services] and shall include:

5 (1) A description of the proposed project [or of the municipal
6 services to be increased];

7 (2) An estimate of the total project costs [, or of the total costs
8 of increasing the municipal services], and an estimate of the
9 amounts of funding necessary annually from the enterprise zone
10 account;

11 (3) A statement of any other revenue sources to be used to
12 finance the project [or to fund the increase in eligible municipal
13 services];

14 (4) A statement of the time necessary to complete the project [,
15 or of the time during which the increased municipal services are to
16 be maintained];

17 (5) A statement of the manner in which the proposed project [or
18 increase in municipal services] furthers the municipality's policy
19 and intentions for addressing [the] economic [and social conditions
20 existing] development in the [area of the] enterprise zone as set
21 forth in the zone 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 [or increased
25 municipal service] will accomplish 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, [including the
29 purchasing, leasing, condemning, or otherwise acquiring of land or
30 other property, or an interest therein, in the enterprise zone or as
31 necessary for a right-of-way or other easement to or from the
32 enterprise zone; the relocating and moving of persons or businesses
33 displaced by the acquisition of land or property; the rehabilitation
34 and redevelopment of land or property, including demolition,
35 clearance, removal, relocation, renovation, alteration, construction,
36 reconstruction, installation or repair of land or a building, street,
37 highway, alley, utility, service or other structure or improvement]
38 which will lead to the creation of new jobs and increased economic
39 activity within the zone [; the purchase and installation of closed
40 circuit television surveillance systems or other related equipment
41 and those expenses associated with homeland security and domestic
42 preparedness; the acquisition, construction, reconstruction,
43 rehabilitation, or installation of public facilities and improvements,
44 except buildings and facilities for the general conduct of
45 government and schools;] , such as: the establishment of revolving

1 loan [or grant] programs for qualified businesses in the zone to
2 encourage private investment and job creation, [matching grant
3 programs for the establishment or operation of pedestrian malls,
4 special improvement districts and tax increment districts, or other
5 appropriate entity;] and marketing, advertising and special event
6 activities that will lead to increased economic activity or encourage
7 private investment and job creation in the zone, but not including
8 the expenditures therefor which are required to be reported pursuant
9 to "The New Jersey Campaign Contributions and Expenditures
10 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.) and the costs
11 associated therewith including the costs of [an administrative
12 appraisal,] economic [and environmental] analyses [,
13 environmental remediation, engineering, planning, design,
14 architectural, surveying or other professional or managerial
15 services].

16 [As used in this section, "eligible municipal services" means the
17 hiring of additional policemen or firemen assigned duties in the
18 enterprise zone, or the purchasing or leasing of additional police or
19 fire vehicles, equipment or apparatus to be used for the provision of
20 augmented or upgraded public safety services in the enterprise zone
21 and its immediate vicinities.]

22 d. Upon adoption by the governing body of the qualifying
23 municipality and by the zone development corporation, the proposal
24 shall be sent to the authority for its evaluation and approval. The
25 authority shall approve the proposal if it shall find [:

26 (1) In the case of a project,] that the proposed project furthers
27 the policy and intentions of the zone development plan approved by
28 the authority, and that the estimated annual payments for the project
29 from the enterprise zone account to which the proposal pertains are
30 not likely to result in a deficit in that account [;

31 (2) In the case of an increase in eligible municipal services, that
32 the proposal furthers the policy and intentions of the zone
33 development plan approved by the authority; that the qualifying
34 municipality has furnished satisfactory assurances that the
35 additional policemen or firemen to be hired, or the additional
36 vehicles, equipment or apparatus to be purchased or leased, shall be
37 used to augment or upgrade public safety in the enterprise zone, and
38 shall not be used in other areas of the municipality; that the
39 qualifying municipality shall annually appropriate for the increased
40 eligible municipal services an amount equal to 20% of the amount
41 of annual payments for the eligible municipal services from the
42 enterprise zone account and shall not request for the increased
43 eligible municipal services an amount equal to more than 35% of
44 the amount of annual payments into the enterprise zone account,
45 unless the municipality and the authority have entered into an
46 agreement or agreements to the contrary prior to July 1, 1992; and

1 that the estimated annual payments for the eligible municipal
2 services from the enterprise zone account to which the proposal
3 pertains are not likely to result in a deficit in that account **】**.

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

15 f. Upon certification by the authority of the annual amount to
16 be paid to a qualifying zone with respect to any project **【**or increase
17 in eligible municipal services**】**, the State Treasurer shall pay in each
18 year to the qualifying municipality from the amounts deposited in
19 the enterprise zone assistance fund the amount so certified, within
20 the limits of the amounts credited to the enterprise zone account of
21 the qualifying municipality.

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
26 State, including but not limited to costs for personnel, operating
27 expenses and marketing. The balance of the remaining amount
28 shall be distributed to qualifying municipalities in proportion to
29 each municipality's contribution to the enterprise zone assistance
30 fund for the coordination and administration of the program within
31 the municipality, including but not limited to costs for personnel,
32 operating expenses and marketing.¹

33 (cf: P.L.2009, c.25, s.1)

34

35 5. This act shall take effect immediately.

36

37

38

39

40 Reinstates and extends duration of certain UEZs; requires DCA
41 to study UEZ program and report recommendations to the
42 Legislature.

SENATE, No. 846

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Co-Sponsored by:

Senators Pou and Ruiz

SYNOPSIS

Extends duration of urban enterprise zones for 10 additional years; specifies permissible use of funds.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/26/2018)

1 AN ACT concerning urban enterprise zones, amending P.L.2001,
2 c.347 and P.L.1983, c.303, and supplementing Title 52 of the
3 Revised Statutes.

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

7
8 1. Section 7 of P.L.1983, c.303 (C.52:27H-66) is amended to
9 read as follows:

10 7. The authority shall designate enterprise zones from among
11 those areas of qualifying municipalities determined to be eligible
12 pursuant to P.L.1983, s.303 (C.52:27H-60 et al.). No more than 32
13 enterprise zones shall be in effect at any one time. No more than
14 one enterprise zone shall be designated in any one municipality.
15 **【**Except as otherwise provided by section 11 of P.L.2001, c.347
16 (C.52:27H-66.6) and section 3 of P.L. _____, c. _____ (C. _____)
17 (pending before the Legislature as this bill), any designation granted
18 shall be for a period of 20 years, beginning with the year in which a
19 zone is eligible for an exemption to the extent of **【50%】** 50 percent
20 of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
21 c.30 (C.54:32B-1 et seq.), and shall not be renewed at the end of
22 that period.**】** In designating enterprise zones the authority shall seek
23 to avoid excessive geographic concentration of zones in any
24 particular region of the State. At least six of the 10 additional
25 enterprise zones authorized pursuant to section 3 of P.L.1993, c.367
26 shall be located in counties in which enterprise zones have not
27 previously been designated and shall be designated within 90 days
28 of the date of the submittal of an application and zone development
29 plan. The authority shall accept applications within 90 days of the
30 effective date of P.L.1993, c.367. Notwithstanding the provisions
31 of P.L.1983, c.303 (C.52:27H-60 et **【**seq.**】** al.) to the contrary, the
32 six additional enterprise zones to be designated by the authority
33 pursuant to the criteria for priority consideration in this section shall
34 be entitled to an exemption to the extent of **【50%】** 50 percent of the
35 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
36 (C.54:32B-1 et seq.). The following criteria shall be utilized in
37 according priority consideration for designation of these zones by
38 the authority:

39 a. One zone shall be located in a county of the second class
40 with a population greater than 595,000 and less than 675,000
41 according to the latest federal decennial census and shall be located
42 in the qualifying municipality in that county with the highest annual
43 average number of unemployed persons and the highest average
44 annual unemployment rate for the 1992 calendar year according to

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 the estimate by the State Department of Labor and Workforce
2 Development;

3 b. Two zones shall be located in a county of the second class
4 with a population greater than 445,000 and less than 455,000
5 according to the latest federal decennial census, one of which shall
6 be located in the qualifying municipality in that county with the
7 highest annual average number of unemployed persons and the
8 highest average annual unemployment rate for the 1992 calendar
9 year according to the estimate by the State Department of Labor and
10 Workforce Development, and one of which shall be located in the
11 qualifying municipality in that county with the second highest
12 annual average number of unemployed persons and the second
13 highest average annual unemployment rate for the 1992 calendar
14 year according to the estimate by the State Department of Labor and
15 Workforce Development;

16 c. One zone shall be located in a county of the third class with
17 a population greater than 84,000 and less than 92,000 according to
18 the latest federal decennial census and shall be located in the
19 qualifying municipality in that county with the highest annual
20 average number of unemployed persons and the highest average
21 annual unemployment rate for the 1992 calendar year according to
22 the estimate by the State Department of Labor and Workforce
23 Development;

24 d. One zone shall be located within two noncontiguous
25 qualifying municipalities but comprised of not more than two
26 noncontiguous areas each having a continuous border, if:

27 (1) both municipalities are located in the same county which
28 shall be a county of the fifth class with a population greater than
29 500,000 and less than 555,000 according to the latest federal
30 decennial census;

31 (2) the two municipalities submit a joint application and zone
32 development plan; and

33 (3) each of the municipalities has a population greater than
34 16,000 and less than 30,000 and a population density of more than
35 5,000 persons per square mile, according to the latest federal
36 decennial census; and

37 e. One zone shall be located within a municipality having a
38 population greater than 38,000 and less than 46,000 according to
39 the latest federal decennial census if the municipality is located
40 within a county of the fifth class with a population greater than
41 340,000 and less than 440,000 according to the latest federal
42 decennial census.

43 (cf: P.L.2004, c.75, s.2)

44

45 2. Section 11 of P.L.2001, c.347 (C.52:27H-66.6) is amended
46 to read as follows:

47 11. a. Notwithstanding the provisions of any law, rule,
48 regulation, or order to the contrary, the designation of an enterprise

1 zone by the authority pursuant to P.L.1983, c.303 [(C.52:27H-60 et
2 seq.)] (C.52:27H-60 et al.), which is located in a municipality in
3 which the annual average of unemployed persons is equal to or
4 greater than 2,000, or the municipal average annual unemployment
5 rate exceeds the State average annual unemployment rate, or an
6 enterprise zone which is located in a municipality contiguous to a
7 municipality in which an enterprise zone is designated pursuant to
8 P.L.1983, c.303 [(C.52:27H-60 et seq.)] (C.52:27H-60 et al.) and
9 in which the annual average of unemployed persons is equal to or
10 greater than 2,000 or the municipal average annual unemployment
11 rate exceeds the State average annual unemployment rate, shall,
12 following the expiration of the third five-year period during which
13 the State shall have collected reduced rate revenues within the zone
14 as provided in subsection c. of section 21 of P.L.1983, c.303
15 (C.52:27H-80), be extended by the authority[, on a one-time basis,]
16 for a period of 16 years, within 90 days after the effective date of
17 P.L.2001, c.347 (C.52:27H-66.2 et al.), or within 90 days after the
18 expiration of that third five-year period, whichever is later.

19 b. During the 90-day period provided for in subsection a. of
20 this section, the authority shall notify all qualified businesses in the
21 enterprise zone that the benefits authorized by sections 16 through
22 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be
23 extended to qualified businesses in the enterprise zone commencing
24 with the designation of the extended enterprise zone and continuing
25 as long as a zone retains its designation as an extended enterprise
26 zone.

27 c. Notwithstanding [any other] the provisions of any law, rule,
28 or regulation to the contrary, 90 days after the expiration of the
29 period provided for in subsection c. of section 21 of P.L.1983, c.303
30 (C.52:27H-80), except as provided in subsection b. of section 6 of
31 P.L.1996, c.124 (C.13:1E-116.6) and, and after first depositing 10
32 percent of the gross amount of all revenues received from the
33 taxation of retail sales made by certified vendors from business
34 locations in an extended enterprise zone designated pursuant to
35 subsection a. of this section, to which this exemption shall apply,
36 into the account created in the name of the authority in the
37 enterprise zone assistance fund established pursuant to section 29 of
38 P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be
39 deposited immediately upon collection by the Department of the
40 Treasury, as follows:

41 (1) In the first five-year period, during which the State shall
42 have collected reduced rate revenues within the extended enterprise
43 zone, [all such] those revenues shall be deposited in the enterprise
44 zone assistance fund [created pursuant to section 29 of P.L.1983,
45 c.303 (C.52:27H-88)];

46 (2) In the second five-year period during which the State shall
47 have collected reduced rate revenues within the extended enterprise

1 zone, 66 **[2/3%]** and 2/3 percent of **[all]** those revenues shall be
2 deposited in the enterprise zone assistance fund, and 33 **[1/3%]** and
3 1/3 percent shall be deposited in the General Fund;

4 (3) In the third five-year period during which the State shall
5 have collected reduced rate revenues within the extended enterprise
6 zone, 33 **[1/3%]** and 1/3 percent of **[all]** those revenues shall be
7 deposited in the enterprise zone assistance fund, and 66 **[2/3%]** and
8 2/3 percent shall be deposited in the General Fund;

9 (4) In the **[final]** sixteenth year during which the State shall
10 have collected reduced rate revenues within the extended enterprise
11 zone, but not to exceed the life of the enterprise zone, **[all]** those
12 revenues shall be deposited in the General Fund.

13 The revenues required to be deposited in the enterprise zone
14 assistance fund **[under]** pursuant to this section shall be used for
15 the purposes of **[that]** the enterprise zone assistance fund and for
16 the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88),
17 subject to annual appropriations being made for those purposes and
18 uses.

19 d. The designation as an extended enterprise zone pursuant to
20 this section shall terminate if the authority determines that the
21 municipality in which the zone is located fails to meet the criteria of
22 subsection a. of this section for three consecutive years. Any
23 enterprise zone which loses its designation as an extended
24 enterprise zone pursuant to this subsection shall be eligible to re-
25 apply to the authority for designation as an extended enterprise zone
26 pursuant to the provisions of P.L.1983, c.303 **[(C.52:27H-60 et**
27 **seq.)]** (C.52:27H-60 et al.). If the authority approves its application,
28 an urban enterprise zone designation may be extended to the
29 applicant in accordance with the schedules set forth in P.L.1983,
30 c.303 **[(C.52:27H-60 et seq.)]** (C.52:27H-60 et al.), beginning at
31 the point where the enterprise zone was located on **[such]** those
32 schedules on the effective date of P.L.2001, c.347 (C.52:27H-66.2
33 et al.).

34 (cf: P.L.2001, c.347, s.11)

35

36 3. (New section) a. Notwithstanding the provisions of any
37 law, rule, or regulation to the contrary, the duration of each
38 enterprise zone that was designated prior to the effective date of
39 P.L. , c. (pending before the Legislature as this bill), is hereby
40 extended for a period of 10 additional years beyond the date the
41 zone was scheduled to expire prior to the effective date of P.L. ,
42 c. (pending before the Legislature as this bill). This extension
43 shall be in addition to the extension provided for in section 11 of
44 P.L.2001, c.347 (C.52:27H-66.6).

45 b. The authority shall notify all qualified businesses in the
46 enterprise zones extended pursuant to subsection a. of this section
47 that the benefits authorized by sections 16 through 20 of P.L.1983,

1 c.303 (C.52:27H-75 through C.52:27H-79) have been extended to
2 qualified businesses in the enterprise zones for a period of 10
3 additional years.

4 c. Notwithstanding the provisions of any law, rule, or
5 regulation to the contrary, within 90 days after the date each
6 enterprise zone was scheduled to expire prior to the effective date of
7 P.L. , c. (pending before the Legislature as this bill), and after
8 first depositing 10 percent of the gross amount of all revenues
9 received from the taxation of retail sales made by qualified
10 businesses from business locations in each enterprise zone, to which
11 this exemption shall apply, into the account created in the name of
12 the authority in the enterprise zone assistance fund established
13 pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88), the
14 remaining 90 percent shall be deposited immediately upon
15 collection by the Department of the Treasury, as follows:

16 (1) In the first three-year period during which the State shall
17 have collected reduced rate revenues within the enterprise zones
18 extended pursuant to subsection a. of this section, those revenues
19 shall be deposited in the enterprise zone assistance fund;

20 (2) In the second three-year period during which the State shall
21 have collected reduced rate revenues within the enterprise zones
22 extended pursuant to subsection a. of this section, 66 and 2/3
23 percent of those revenues shall be deposited in the enterprise zone
24 assistance fund, and 33 and 1/3 percent shall be deposited in the
25 General Fund;

26 (3) In the third three-year period during which the State shall
27 have collected reduced rate revenues within the enterprise zones
28 extended pursuant to subsection a. of this section, 33 and 1/3
29 percent of those revenues shall be deposited in the enterprise zone
30 assistance fund, and 66 and 2/3 percent shall be deposited in the
31 General Fund; and

32 (4) In the final year during which the State shall have collected
33 reduced rate revenues within the enterprise zones extended pursuant
34 to subsection a. of this section, but not to exceed the life of the
35 enterprise zones, those revenues shall be deposited in the General
36 Fund.

37 d. The revenues required to be deposited in the enterprise zone
38 assistance fund pursuant to subsection c. of this section shall be
39 used for the purposes of the assistance fund and for the uses
40 prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88), subject
41 to annual appropriations being made for those purposes and uses.

42

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

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

1 moneys deposited in the fund shall be held and disbursed in the
2 amounts necessary to fulfill the purposes of this section and subject to
3 the requirements hereinafter prescribed. The State Treasurer may
4 invest and reinvest any moneys in the fund, or any portion thereof, in
5 legal obligations of the United States or of the State or of any political
6 subdivision thereof. Any income from, interest on, or increment to
7 moneys so invested or reinvested shall be included in the fund.

8 The State Treasurer shall maintain separate accounts for each
9 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et al.),
10 and one in the authority's name for the administration of the Urban
11 Enterprise Zone program. The State Treasurer shall credit to each
12 account an amount of the moneys deposited in the fund equal to the
13 amount of revenues collected from the taxation of retail sales made in
14 the zone and appropriated to the enterprise zone assistance fund, or
15 that amount of moneys appropriated to the fund and required to be
16 credited to the enterprise zone account of the qualifying municipality
17 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

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

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

36 b. The enterprise zone assistance fund shall be used for the
37 purpose of assisting qualifying municipalities in which enterprise
38 zones are designated in undertaking **public improvements,** economic
39 development projects **and in upgrading eligible municipal services**
40 in designated enterprise zones.

41 c. The governing body of a qualifying municipality in which an
42 enterprise zone is designated and the zone development corporation
43 created or designated by the municipality for that enterprise zone may,
44 by resolution jointly adopted after public hearing, propose to undertake
45 **an economic development** project **for the public improvement of**
46 **the enterprise zone or to increase eligible municipal services** in the
47 enterprise zone, and to fund that project **or increase in eligible**

1 municipal services】 from moneys deposited in the enterprise zone
2 assistance fund and credited to the account maintained by the State
3 Treasurer for the enterprise zone.

4 The proposal so adopted shall set forth a plan for the project 【or
5 for the increase in eligible municipal services】 and shall include:

6 (1) A description of the proposed project 【or of the municipal
7 services to be increased】;

8 (2) An estimate of the total project costs 【, or of the total costs of
9 increasing the municipal services】, and an estimate of the amounts of
10 funding necessary annually from the enterprise zone account;

11 (3) A statement of any other revenue sources to be used to finance
12 the project 【or to fund the increase in eligible municipal services】;

13 (4) A statement of the time necessary to complete the project 【, or
14 of the time during which the increased municipal services are to be
15 maintained】;

16 (5) A statement of the manner in which the proposed project 【or
17 increase in municipal services】 furthers the municipality's policy and
18 intentions for addressing 【the】 economic 【and social conditions
19 existing】 development in the 【area of the】 enterprise zone as set forth
20 in the zone development plan approved by the authority; and

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

25 As used in this section, "project" means an activity funded by the
26 zone assistance fund through the qualified municipality and
27 implemented by the zone development corporation 【, including the
28 purchasing, leasing, condemning, or otherwise acquiring of land or
29 other property, or an interest therein, in the enterprise zone or as
30 necessary for a right-of-way or other easement to or from the
31 enterprise zone; the relocating and moving of persons or businesses
32 displaced by the acquisition of land or property; the rehabilitation and
33 redevelopment of land or property, including demolition, clearance,
34 removal, relocation, renovation, alteration, construction,
35 reconstruction, installation or repair of land or a building, street,
36 highway, alley, utility, service or other structure or improvement】
37 which will lead to the creation of new jobs and increased economic
38 activity within the zone 【; the purchase and installation of closed
39 circuit television surveillance systems or other related equipment and
40 those expenses associated with homeland security and domestic
41 preparedness; the acquisition, construction, reconstruction,
42 rehabilitation, or installation of public facilities and improvements,
43 except buildings and facilities for the general conduct of government
44 and schools;】 , such as: the establishment of revolving loan 【or grant】
45 programs for qualified businesses in the zone to encourage private
46 investment and job creation, 【matching grant programs for the

1 establishment or operation of pedestrian malls, special improvement
2 districts and tax increment districts, or other appropriate entity;] and
3 marketing, advertising and special event activities that will lead to
4 increased economic activity or encourage private investment and job
5 creation in the zone, but not including the expenditures therefor which
6 are required to be reported pursuant to "The New Jersey Campaign
7 Contributions and Expenditures Reporting Act," P.L.1973, c.83
8 (C.19:44A-1 et al.) and the costs associated therewith including the
9 costs of [an administrative appraisal,] economic [and environmental]
10 analyses [, environmental remediation, engineering, planning, design,
11 architectural, surveying or other professional or managerial services].

12 [As used in this section, "eligible municipal services" means the
13 hiring of additional policemen or firemen assigned duties in the
14 enterprise zone, or the purchasing or leasing of additional police or
15 fire vehicles, equipment or apparatus to be used for the provision of
16 augmented or upgraded public safety services in the enterprise zone
17 and its immediate vicinities.]

18 d. Upon adoption by the governing body of the qualifying
19 municipality and by the zone development corporation, the proposal
20 shall be sent to the authority for its evaluation and approval. The
21 authority shall approve the proposal if it shall find [:

22 (1) In the case of a project,] that the proposed project furthers the
23 policy and intentions of the zone development plan approved by the
24 authority, and that the estimated annual payments for the project from
25 the enterprise zone account to which the proposal pertains are not
26 likely to result in a deficit in that account [;

27 (2) In the case of an increase in eligible municipal services, that
28 the proposal furthers the policy and intentions of the zone development
29 plan approved by the authority; that the qualifying municipality has
30 furnished satisfactory assurances that the additional policemen or
31 firemen to be hired, or the additional vehicles, equipment or apparatus
32 to be purchased or leased, shall be used to augment or upgrade public
33 safety in the enterprise zone, and shall not be used in other areas of the
34 municipality; that the qualifying municipality shall annually
35 appropriate for the increased eligible municipal services an amount
36 equal to 20% of the amount of annual payments for the eligible
37 municipal services from the enterprise zone account and shall not
38 request for the increased eligible municipal services an amount equal
39 to more than 35% of the amount of annual payments into the enterprise
40 zone account, unless the municipality and the authority have entered
41 into an agreement or agreements to the contrary prior to July 1, 1992;
42 and that the estimated annual payments for the eligible municipal
43 services from the enterprise zone account to which the proposal
44 pertains are not likely to result in a deficit in that account].

45 e. If the authority shall approve the proposal, it shall annually,
46 upon its receipt of a written statement from the governing body of the
47 qualifying municipality and the zone development corporation, certify

1 to the State Treasurer the amount to be paid in that year from the
2 enterprise zone account in the enterprise zone assistance fund with
3 respect to each approved project **【or increase in eligible municipal**
4 **services approved】**. The authority may at any time revoke its approval
5 of a project **【or an increase in eligible municipal services】** if it finds
6 that the annual payments made from the enterprise zone assistance
7 fund are not being used as required by this section.

8 f. Upon certification by the authority of the annual amount to be
9 paid to a qualifying zone with respect to any project **【or increase in**
10 **eligible municipal services】**, the State Treasurer shall pay in each year
11 to the qualifying municipality from the amounts deposited in the
12 enterprise zone assistance fund the amount so certified, within the
13 limits of the amounts credited to the enterprise zone account of the
14 qualifying municipality.

15 g. An amount not to exceed one-third of the amount deposited in
16 the account created in the name of the authority in the enterprise zone
17 assistance fund shall be used by the authority for the coordination and
18 administration of the program throughout the State, including but not
19 limited to costs for personnel, operating expenses and marketing. The
20 balance of the remaining amount shall be distributed to qualifying
21 municipalities in proportion to each municipality's contribution to the
22 enterprise zone assistance fund for the coordination and administration
23 of the program within the municipality, including but not limited to
24 costs for personnel, operating expenses and marketing.

25 (cf: P.L.2009, c.25, s.1)

26
27 5. This act shall take effect immediately.
28
29

30 STATEMENT
31

32 This bill extends the duration of each previously designated
33 urban enterprise zone (UEZ) for 10 years beyond the date each zone
34 is scheduled to expire, thus continuing the participation of each
35 zone in the Urban Enterprise Zone Program. The bill specifies that
36 the 10-year extension of each UEZ will occur automatically by
37 operation of law. The bill authorizes qualifying retail businesses in
38 the UEZs to continue to charge and collect the State's sales and use
39 tax (SUT) at one-half of the normal rate.

40 The bill provides that, after dedicating 10 percent of the reduced-
41 rate SUT revenues to the New Jersey Urban Enterprise Zone
42 Authority:

43 1) during the first three-year extension period, the remaining
44 revenues collected will be appropriated for use by the UEZs;

45 2) during the second three-year extension period, 66 and 2/3
46 percent of the remaining revenues collected will be appropriated for
47 use by the UEZs and the remaining 33 and 1/3 percent will be

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1 deposited in the General Fund;

2 3) during the third three-year extension period, 33 and 1/3
3 percent of the remaining revenues collected will be appropriated for
4 use by the UEZs and the remaining 66 and 2/3 percent will be
5 deposited in the General Fund; and

6 4) in the final year, all remaining revenues will be deposited in
7 the General Fund.

8 The bill amends current law to restrict the use of funds to
9 economic development and job creation purposes.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 846

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 25, 2018

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 846.

As amended and reported, this bill extends the duration of each previously designated urban enterprise zone (UEZ) for 10 years beyond their current expiration date, or the effective date of this bill, whichever is later, thus continuing the participation of each zone in the Urban Enterprise Zone Program for an additional 10 year period. The bill specifies that the 10-year extension of each UEZ will occur automatically by operation of law. The bill authorizes qualifying retail businesses in the UEZs to continue to charge and collect the State's sales and use tax (SUT) at one-half of the normal rate.

The bill provides that, after dedicating 10 percent of the reduced-rate SUT revenues to the New Jersey Urban Enterprise Zone Authority:

- 1) during the first three-year extension period, the remaining revenues collected will be appropriated for use by the UEZs;
- 2) during the second three-year extension period, 66 and 2/3 percent of the remaining revenues collected will be appropriated for use by the UEZs and the remaining 33 and 1/3 percent will be deposited in the General Fund;
- 3) during the third three-year extension period, 33 and 1/3 percent of the remaining revenues collected will be appropriated for use by the UEZs and the remaining 66 and 2/3 percent will be deposited in the General Fund; and
- 4) in the final year, all remaining revenues will be deposited in the General Fund.

The bill restricts the use of funds by UEZs to economic development and job creation purposes.

The committee amended the bill to specify that the 10 year extension is to extend from the later of the current expiration date, or the effective date of the bill, so that every UEZ gets a minimum extension of 10 years.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 846**

STATE OF NEW JERSEY

DATED: FEBRUARY 15, 2018

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 846.

This substitute extends the duration of the first five designated urban enterprise zones (UEZ) and requires the New Jersey Urban Enterprise Zone Authority (authority) to review and issue a report on the UEZ program.

The substitute extends the UEZ designation for certain UEZs located in the cities of Bridgeton, Camden, Newark, Plainfield, and Trenton, commencing on the date the bill is enacted into law and ending on September 30, 2019. The UEZs located in these cities were the first five zones to receive a UEZ designation from the authority in 1983, and UEZ designation for these five zones expired on December 31, 2016.

During the extension, the UEZs in those cities will participate in the UEZ program to the economic benefit of the communities in which the zones are located. Qualified businesses that participate in the program will continue to be eligible for certain UEZ incentives and benefits currently available through the program, including the corporation business tax employees tax credit and the investment tax credit, the sales and use tax exemption for qualified business purchases, and the sales and use tax exemption for energy and utility services, and, if certified, will continue to be permitted to collect the sales and use tax on retail sales made from a place of business located in the zone at one-half the Statewide sales and use tax rate. After a 10 percent dedication of the reduced-rate sales and use tax revenue to the authority, the remaining 90 percent is to be deposited into the General Fund.

The substitute also directs the authority to review and analyze the UEZ program and issue a report on the findings and recommendations to the Governor and the Legislature. The authority is required to complete and transmit the report to the Governor and the Legislature no later than the date that the Governor delivers the budget message for fiscal year 2020 to the Legislature. The report will examine the UEZ program in its entirety, but must specifically address the following: (1) the appropriateness of the criteria evaluated when designating an enterprise zone or UEZ-impacted business district; (2)

any additional criteria that should be considered when making or reviewing an enterprise zone designation; (3) whether the designation of a new, or the de-designation of an existing, enterprise zone or UEZ-impacted business district furthers the goals of the New Jersey Urban Enterprise Zones Act, and if so, the municipalities, zones, or districts that should be designated or de-designated; (4) impediments to obtaining an enterprise zone or UEZ-impacted business district designation, or to de-designating an existing enterprise zone or district; (5) the economic, employment, and demographic effects attributable to the expiration of the first five enterprise zones; (6) business participation rates; and (7) whether an alternative, location-based program to assist fiscally distressed municipalities is appropriate, and if so, the parameters of such a program that would provide a sufficient return on State investment.

FISCAL IMPACT:

The OLS estimates this bill will result in a decrease of state revenue of about \$19.5 million over the six calendar quarters to which the bill pertains, assuming an effective date of April 1, 2018, as follows: FY 2018, about \$3.3 million; FY 2019, about \$13 million; and FY 2020, about \$3.3 million. The revenue loss results from reinstating within the five urban enterprise zones that expired on January 1, 2017 – Bridgeton, Camden, Newark, Plainfield and Trenton - sales taxation at one-half the full tax rate (3.313 percent rather than 6.625 percent). In addition, State expenditures will increase by a total of about \$2 million, from the bill's requirement to deposit 10 percent of sales tax revenue from the retail sales over the same six calendar quarters by qualified businesses within the five zones to the urban enterprise assistance fund, for eventual distribution to the five zones,. The time period over which these funds will be expended will be determined by the New Jersey Enterprise Zone Authority after approval of spending plans, as per current law, and may differ from the time period over which the revenues are deposited. The \$2 million represented by the deposits into the urban enterprise assistance fund will also increase local revenue in these municipalities upon disbursement by the New Jersey Enterprise Zone Authority.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 846
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: MARCH 1, 2018

SUMMARY

- Synopsis:** Extends duration of first five designated UEZs until September 30, 2019; requires UEZ authority to assess and issue report on UEZ program.
- Type of Impact:** Increased revenue in certain municipalities, decreased State revenue.
- Agencies Affected:** Urban enterprise zone municipalities, Department of Community Affairs, Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
State Revenue	(\$3.3 million)	(\$13.0 million)	(\$3.3 million)
State Cost	\$2.0 million once UEZ Authority approves spending.		
Local Revenue	\$2.0 million once UEZ Authority approves spending.		

- The first five urban enterprise zone (UEZ) municipalities established, had their UEZ designations expire on January 1, 2017. Under the bill, upon enactment, those five UEZ municipalities will return to the UEZ program until September 30, 2019, and they will collect a reduced sales tax at the 3.313 percent level and will receive 10 percent of that reduced revenue into their accounts within the Enterprise Zone Assistance Fund (EZAF).
- The extension of UEZs until September 30, 2019 is expected to result in \$3.3 million in FY 2018, \$13.0 million in FY 2019, and \$3.3 million in FY 2020 State revenue loss attributable to the five UEZ municipalities collecting a reduced sales tax, and result in a reduction of \$2.0 million in FY 2018 through FY 2020 increase in State costs attributable to the requirement that 10 percent of the reduced sales tax collections be deposited into the EZAF. The municipalities will ultimately receive the EZAF deposits, so it also represents a \$2.0 million increase in local revenue. These deposits into the EZAF are sales tax revenues that would have otherwise been deposited into the General Fund if the five UEZ municipalities remained expired from the UEZ program.

- Current budget language directs all reduced sales tax revenues collected in UEZs to the General Fund. If that language persists in future budgets, the amount of increased State cost and local revenue in this estimate will not be realized.

BILL DESCRIPTION

This substitute extends the duration of the first five designated UEZs and requires the New Jersey Urban Enterprise Zone Authority (authority) to review and issue a report on the UEZ program. The substitute extends the UEZ designation for certain UEZs located in the cities of Bridgeton, Camden, Newark, Plainfield, and Trenton, commencing on the date the bill is enacted into law and ending on September 30, 2019. The UEZs located in these cities were the first five zones to receive a UEZ designation from the authority in 1983, and UEZ designation for these five zones expired on December 31, 2016.

During the extension, the UEZs in those cities will participate in the UEZ program to the economic benefit of the communities in which the zones are located. Qualified businesses that participate in the program will continue to be eligible for certain UEZ incentives and benefits currently available through the program, including the corporation business tax employees tax credit and the investment tax credit, the sales and use tax exemption for qualified business purchases, and the sales and use tax exemption for energy and utility services, and, if certified, will continue to be permitted to collect the sales and use tax on retail sales made from a place of business located in the zone at one-half the Statewide sales and use tax rate.

After a 10 percent dedication of the reduced-rate sales and use tax revenue to the authority, the remaining 90 percent is to be deposited into the General Fund. The substitute also directs the authority to review and analyze the UEZ program and issue a report on the findings and recommendations to the Governor and the Legislature. The authority is required to complete and transmit the report to the Governor and the Legislature no later than the date that the Governor delivers the budget message for fiscal year 2020 to the Legislature. The report will examine the UEZ program in its entirety, but must specifically address the following: (1) the appropriateness of the criteria evaluated when designating an enterprise zone or UEZ-impacted business district; (2) any additional criteria that should be considered when making or reviewing an enterprise zone designation; (3) whether the designation of a new, or the de-designation of an existing, enterprise zone or UEZ impacted business district furthers the goals of the New Jersey Urban Enterprise Zones Act, and if so, the municipalities, zones, or districts that should be designated or de-designated; (4) impediments to obtaining an enterprise zone or UEZ-impacted business district designation, or to de-designating an existing enterprise zone or district; (5) the economic, employment, and demographic effects attributable to the expiration of the first five enterprise zones; (6) business participation rates; and (7) whether an alternative, location-based program to assist fiscally distressed municipalities is appropriate, and if so, the parameters of such a program that would provide a sufficient return on State investment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services finds that the bill is expected to result in a FY 2018 \$3.3 million, FY 2019 \$13 million, and a FY 2020 \$3.3 million reduction in State revenue, and a FY 2018 through FY 2020 \$2.0 million increase in State costs and UEZ municipal revenues, as a result of reduced sales tax revenues that are to be deposited into the UEZAF. These calculations do not adjust for any potential growth or decline in overall sales tax revenue collection in UEZ municipalities due to inflation, State economic climate, changing consumer behavior as tax rates change, or otherwise. To the extent that those factors alter future sales tax revenues, these amounts may need to be increased by that indeterminate amount.

Under current law, the UEZ designation in Bridgeton, Camden, Newark, Plainfield, and Trenton expired on December 31, 2016. At that point, the sales tax in the former UEZs increased to the Statewide sales tax rate. This bill reduces the sales tax rate in those municipalities to 3.313 percent until September 30, 2019 and requires 10 percent of the sales tax collected in those UEZs to be deposited into the respective EZAF municipal accounts. For these five municipalities, \$13.0 million represents the full year amount of sales tax revenue that will not be collected as a result of this bill, and \$2.0 million represents the amount over the full 18 month period of an extension, if this bill were to take effect on April 1, 2018, that would be deposited into the UEZAF. The timing of the expenditure of monies from the UEZAF will be depend upon approval by the authority of municipal spending plans, and the drawdown of funds for local costs consistent with those spending plans.

Current budget language directs all reduced sales tax revenues collected in UEZs to the General Fund. If that language persists in future budgets, the amount of increased State cost and local revenue in this estimate will not be realized.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

STATEMENT TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 846

with Assembly Floor Amendments
(Proposed by Assemblywoman PINTOR MARIN)

ADOPTED: MARCH 26, 2018

This amendment will reinstate, until December 31, 2023, each urban enterprise zone (UEZ) that has expired. The amendment will also extend, until December 31, 2023, the duration of each UEZ that is scheduled to expire prior to December 31, 2023. The amendment provides that all reduced-rate revenues collected within a UEZ, during reinstatement or extension, will be deposited in the General Fund.

The amendment will require the Department of Community Affairs (DCA) to study the UEZ program and to report to the Legislature a report and recommendations as to whether the program shall continue as is, be amended, or expire. The amendment authorizes DCA to enter into an agreement with a third party to conduct the study and prepare the report. The amendment requires the Commissioner of Community Affairs, after consulting with the State Treasurer, and prior to the first day of the twelfth month next following enactment of this bill, to submit to the Legislature the report on the Urban Enterprise Zone program and the department's recommendations as to whether the program should be reconstituted, continued as it currently exists, or continued with specific recommended changes.

The amendment specifies that the study, report, and recommendations must include an assessment of the following:

- (1) the adequacy of past funding for UEZs in furthering the goals of the "New Jersey Urban Enterprise Zones Act";
- (2) whether changes are needed to address future funding for UEZs in furthering these goals;
- (3) whether the criteria established for eligibility to assist fiscally distressed municipalities is appropriate; and
- (4) what parameters should be established to keep UEZ municipalities competitive while providing a sufficient return on State investment.

The amendment directs the New Jersey Urban Enterprise Zone Authority to fund the cost of conducting the study and preparing the report from the account maintained in the name of the authority in the enterprise zone assistance fund.

LEGISLATIVE FISCAL ESTIMATE
 [First Reprint]
 SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 846
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: APRIL 23, 2018

SUMMARY

- Synopsis:** Reinstates and extends duration of certain UEZs; requires DCA to study UEZ program and report recommendations to Legislature.
- Type of Impact:** Decreased State revenue, increased State cost.
- Agencies Affected:** Urban enterprise zone municipalities, Department of Community Affairs, Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
State Revenue	(\$13.5 million)	(\$29.9 million)	(\$35.3 million)
State Cost	Indeterminate		

- The designations of the first five urban enterprise zone (UEZ) municipalities expired on January 1, 2017. Under the bill, those five UEZ municipalities will return to the UEZ program until December 31, 2023, qualified businesses will collect a reduced sales tax at the 3.3125 percent level and all reduced rate revenues collected will be deposited into the General Fund. The State will forego half the sales tax revenue it would otherwise collect, an annual estimated revenue decrease of about \$13.5 million.
- Two zone designations which are scheduled to during fiscal year 2020 will also be renewed: Millville and Vineland by October 1, 2019. Over the remaining months of FY 2020 in which the UEZ designation would have expired, the OLS estimates that the amount of reduced State revenue attributable to the renewal of these two UEZs in FY 2020 is estimated at \$16.4 million over the 9 months of the fiscal year in which these UEZs would have been expired and \$21.8 million over the full fiscal year in FY 2021.
- The impact of extending the expiration of the Millville and Vineland zones results and the continued impact of restoring the first five zones to the program would result in an estimated

FY 2020 State revenue decrease of \$29.9 million and a FY 2021 State revenue decrease of \$35.3 million.

- The extension of all expired and soon to expire UEZs for the period specified by the bill will result in indeterminate annual State revenue decreases through FY 2024. The number of additional years of enterprise zone status differs from zone to zone over this five year period.
- The State will also face an indeterminate cost over the first 12 months of the bill to contract for or conduct internally, a study and report on the UEZ program with Legislative recommendations on how the program should be structured in the future and whether it should be continued.

BILL DESCRIPTION

This bill will reinstate, until December 31, 2023, each urban enterprise zone (UEZ) that has expired. The bill will also extend, until December 31, 2023, the duration of each UEZ that is scheduled to expire prior to December 31, 2023. The bill provides that all reduced-rate revenues collected within a UEZ, during reinstatement or extension, will be deposited in the General Fund.

The bill will require the Department of Community Affairs (DCA) to study the UEZ program and to submit to the Legislature a report and recommendations as to whether the program should continue as is, be amended, or expire. The bill authorizes DCA to enter into an agreement with a third party to conduct the study and prepare the report. The bill requires the Commissioner of Community Affairs, after consulting with the State Treasurer, and prior to the first day of the twelfth month next following enactment of this bill, to submit to the Legislature the report on the Urban Enterprise Zone program and the department's recommendations as to whether the program should be reconstituted, continued as it currently exists, or continued with specific recommended changes.

The bill specifies that the study, report, and recommendations must include an assessment of the following: (1) the adequacy of past funding for UEZs in furthering the goals of the “New Jersey Urban Enterprise Zones Act”; (2) whether changes are needed to address future funding for UEZs in furthering these goals; (3) whether the criteria established for eligibility to assist fiscally distressed municipalities is appropriate; and (4) what parameters should be established to keep UEZ municipalities competitive while providing a sufficient return on State investment.

The bill directs the New Jersey Urban Enterprise Zone Authority to fund the cost of conducting the study and preparing the report from the account maintained in the name of the authority in the enterprise zone assistance fund.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) estimates that the bill will result in reductions in State revenue of about \$13.5 million in FY 2019, about \$29.9 million in FY 2020 and about \$35.3 million in FY 2021. These calculations do not adjust for any potential growth or decline in qualified business sales tax revenue collection in UEZ municipalities due to inflation, State economic climate, changing consumer behavior as tax rates change, or other factors. These estimates will differ from actual revenue changes by indeterminate amounts to the extent that those factors alter future sales tax revenues.

The first significant fiscal impact of this bill is due to restoring expired UEZ designations in Bridgeton, Camden, Newark, Plainfield, and Trenton. UEZ status in those municipalities ceased on January 1, 2017. This bill reduces the qualified business sales tax rate in those municipalities' zones to 3.3125 percent and requires the reduced rate sales tax collected in those UEZs to be deposited into the State General Fund. For these five municipalities, the OLS estimates an annual reduction of \$13.5 million in sales tax revenue due to the reduction of the sales tax rate from 6.625 percent to 3.3125 percent.

The second significant fiscal impact of this bill is due to extending the October 1, 2019 (during FY 2020) expiration date of the Millville and Vineland UEZs. Over the remaining months of FY 2020 in which the UEZ designation would have been expired, the OLS estimates that qualified businesses in these zones would have collected about \$16.4 million less in sales tax revenue at the reduced rate. This amount, combined with the \$13.5 million impact from the first five UEZs equals \$29.9 million in total reduced State revenue in FY 2020. Annualizing the impact of extending the expiration of the Millville and Vineland zones in addition to the annual impact from the first five UEZs results in an estimated FY 2021 State revenue decrease of \$35.3 million.

The impact of the bill on State revenue extends beyond the three fiscal years addressed above to December 31, 2023. The aggregate impact of the bill is an indeterminate additional State revenue decrease. Ten additional zones currently have varied expirations dates through December 31, 2023, but under the bill any zone that would have expired before December 31, 2023, is extended until December 31, 2023. Each zone will thus have a different extension length.

The State will also face an indeterminate increase in costs over the first 12 months of the bill to conduct a study and issue a report on the UEZ program. The report is to include Legislative recommendations on how the program should be structured in the future and whether it should be continued. The cost is indeterminate because it is not clear whether the Department of Community Affairs will conduct the study internally, or contract with an outside entity to conduct the study. It is also not clear how comprehensive the report will be, which in turn will dictate the amount of staff time and cost to complete. The cost of the report is to be paid for from balances in the State account of the UEZ assistance fund.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

ASSEMBLY, No. 3549

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 5, 2018

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

Co-Sponsored by:

**Assemblyman Chiaravalloti, Assemblywoman Quijano, Assemblymen
Karabinchak, Burzichelli, Assemblywomen McKnight and Tucker**

SYNOPSIS

Extends duration of all urban enterprise zones for 10 years; specifies permissible use of funds.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/27/2018)

1 AN ACT concerning urban enterprise zones, amending P.L.1983,
2 c.303 and P.L.2001, c.347, and supplementing Title 52 of the
3 Revised Statutes.

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

7
8 1. Section 7 of P.L.1983, c.303 (C.52:27H-66) is amended to
9 read as follows:

10 7. The authority shall designate enterprise zones from among
11 those areas of qualifying municipalities determined to be eligible
12 pursuant to P.L.1983, **[s.]** c.303 (C.52:27H-60 et seq.). No more
13 than 32 enterprise zones shall be in effect at any one time. No more
14 than one enterprise zone shall be designated in any one
15 municipality. **[Except as otherwise provided by section 11 of**
16 **P.L.2001, c.347 (C.52:27H-66.6), any designation granted shall be**
17 **for a period of 20 years, beginning with the year in which a zone is**
18 **eligible for an exemption to the extent of 50% of the tax imposed**
19 **under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et**
20 **seq.), and shall not be renewed at the end of that period.]** In
21 designating enterprise zones the authority shall seek to avoid
22 excessive geographic concentration of zones in any particular
23 region of the State. At least six of the 10 additional enterprise
24 zones authorized pursuant to section 3 of P.L.1993, c.367 shall be
25 located in counties in which enterprise zones have not previously
26 been designated and shall be designated within 90 days of the date
27 of the submittal of an application and zone development plan. The
28 authority shall accept applications within 90 days of the effective
29 date of P.L.1993, c.367. Notwithstanding the provisions of
30 P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the six
31 additional enterprise zones to be designated by the authority
32 pursuant to the criteria for priority consideration in this section shall
33 be entitled to an exemption to the extent of **[50%]** 50 percent of the
34 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30
35 (C.54:32B-1 et seq.). The following criteria shall be utilized in
36 according priority consideration for designation of these zones by
37 the authority:

38 a. One zone shall be located in a county of the second class
39 with a population greater than 595,000 and less than 675,000
40 according to the latest federal decennial census and shall be located
41 in the qualifying municipality in that county with the highest annual
42 average number of unemployed persons and the highest average
43 annual unemployment rate for the 1992 calendar year according to
44 the estimate by the State Department of Labor and Workforce
45 Development;

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 b. Two zones shall be located in a county of the second class
2 with a population greater than 445,000 and less than 455,000
3 according to the latest federal decennial census, one of which shall
4 be located in the qualifying municipality in that county with the
5 highest annual average number of unemployed persons and the
6 highest average annual unemployment rate for the 1992 calendar
7 year according to the estimate by the State Department of Labor and
8 Workforce Development, and one of which shall be located in the
9 qualifying municipality in that county with the second highest
10 annual average number of unemployed persons and the second
11 highest average annual unemployment rate for the 1992 calendar
12 year according to the estimate by the State Department of Labor and
13 Workforce Development;

14 c. One zone shall be located in a county of the third class with
15 a population greater than 84,000 and less than 92,000 according to
16 the latest federal decennial census and shall be located in the
17 qualifying municipality in that county with the highest annual
18 average number of unemployed persons and the highest average
19 annual unemployment rate for the 1992 calendar year according to
20 the estimate by the State Department of Labor and Workforce
21 Development;

22 d. One zone shall be located within two noncontiguous
23 qualifying municipalities but comprised of not more than two
24 noncontiguous areas each having a continuous border, if:

25 (1) both municipalities are located in the same county which
26 shall be a county of the fifth class with a population greater than
27 500,000 and less than 555,000 according to the latest federal
28 decennial census;

29 (2) the two municipalities submit a joint application and zone
30 development plan; and

31 (3) each of the municipalities has a population greater than
32 16,000 and less than 30,000 and a population density of more than
33 5,000 persons per square mile, according to the latest federal
34 decennial census; and

35 e. One zone shall be located within a municipality having a
36 population greater than 38,000 and less than 46,000 according to
37 the latest federal decennial census if the municipality is located
38 within a county of the fifth class with a population greater than
39 340,000 and less than 440,000 according to the latest federal
40 decennial census.

41 (cf: P.L.2004, c.75, s.2)

42

43 2. Section 11 of P.L.2001, c.347 (C.52:27H-66.6) is amended
44 to read as follows:

45 11. a. Notwithstanding the provisions of any law, rule,
46 regulation, or order to the contrary, the designation of an enterprise
47 zone by the authority pursuant to P.L.1983, c.303 (C.52:27H-60 et
48 seq.), which is located in a municipality in which the annual

1 average of unemployed persons is equal to or greater than 2,000, or
2 the municipal average annual unemployment rate exceeds the State
3 average annual unemployment rate, or an enterprise zone which is
4 located in a municipality contiguous to a municipality in which an
5 enterprise zone is designated pursuant to P.L.1983, c.303
6 (C.52:27H-60 et seq.) and in which the annual average of
7 unemployed persons is equal to or greater than 2,000 or the
8 municipal average annual unemployment rate exceeds the State
9 average annual unemployment rate, shall, following the expiration
10 of the third five-year period during which the State shall have
11 collected reduced rate revenues within the zone as provided in
12 subsection c. of section 21 of P.L.1983, c.303 (C.52:27H-80), be
13 extended by the authority **【, on a one-time basis,】** for a period of 16
14 years, within 90 days after the effective date of P.L.2001, c.347
15 (C.52:27H-66.2 et al.), or within 90 days after the expiration of that
16 third five-year period, whichever is later.

17 b. During the 90-day period provided for in subsection a. of
18 this section, the authority shall notify all qualified businesses in the
19 enterprise zone that the benefits authorized by sections 16 through
20 20 of P.L.1983, c.303 (C.52:27H-75 through C.52:27H-79) shall be
21 extended to qualified businesses in the enterprise zone commencing
22 with the designation of the extended enterprise zone and continuing
23 as long as a zone retains its designation as an extended enterprise
24 zone.

25 c. Notwithstanding **【any other】** the provisions of any law, rule,
26 or regulation to the contrary, 90 days after the expiration of the
27 period provided for in subsection c. of section 21 of P.L.1983, c.303
28 (C.52:27H-80), except as provided in subsection b. of section 6 of
29 P.L.1996, c.124 (C.13:1E-116.6), and after first depositing 10
30 percent of the gross amount of all revenues received from the
31 taxation of retail sales made by certified vendors from business
32 locations in an extended enterprise zone designated pursuant to
33 subsection a. of this section, to which this exemption shall apply
34 into the account created in the name of the authority in the
35 enterprise zone assistance fund established pursuant to section 29 of
36 P.L.1983, c.303 (C.52:27H-88), the remaining 90 percent shall be
37 deposited immediately upon collection by the Department of the
38 Treasury, as follows:

39 (1) In the first five-year period₂ during which the State shall
40 have collected reduced rate revenues within the extended enterprise
41 zone, **【all such】** those revenues shall be deposited in the enterprise
42 zone assistance fund **【created pursuant to section 29 of P.L.1983,**
43 **c.303 (C.52:27H-88)】**;

44 (2) In the second five-year period during which the State shall
45 have collected reduced rate revenues within the extended enterprise
46 zone, 66 **【2/3%】** and 2/3 percent of **【all】** those revenues shall be

1 deposited in the enterprise zone assistance fund, and 33 **1/3%** and
2 1/3 percent shall be deposited in the General Fund;

3 (3) In the third five-year period during which the State shall
4 have collected reduced rate revenues within the extended enterprise
5 zone, 33 **1/3%** and 1/3 percent of **all** those revenues shall be
6 deposited in the enterprise zone assistance fund, and 66 **2/3%** and
7 2/3 percent shall be deposited in the General Fund;

8 (4) In the **final** sixteenth year during which the State shall
9 have collected reduced rate revenues within the extended enterprise
10 zone, but not to exceed the life of the enterprise zone, **all** those
11 revenues shall be deposited in the General Fund.

12 The revenues required to be deposited in the enterprise zone
13 assistance fund **under** pursuant to this section shall be used for
14 the purposes of **that** the enterprise zone assistance fund and for
15 the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88),
16 subject to annual appropriations being made for those purposes and
17 uses.

18 d. The designation as an extended enterprise zone pursuant to
19 this section shall terminate if the authority determines that the
20 municipality in which the zone is located fails to meet the criteria of
21 subsection a. of this section for three consecutive years. Any
22 enterprise zone which loses its designation as an extended
23 enterprise zone pursuant to this subsection shall be eligible to re-
24 apply to the authority for designation as an extended enterprise zone
25 pursuant to the provisions of P.L.1983, c.303 (C.52:27H-60 et seq.).
26 If the authority approves its application, an urban enterprise zone
27 designation may be extended to the applicant in accordance with the
28 schedules set forth in P.L.1983, c.303 (C.52:27H-60 et seq.),
29 beginning at the point where the enterprise zone was located on
30 **such** those schedules on the effective date of P.L.2001, c.347
31 (C.52:27H-66.2 et al.).

32 (cf: P.L.2001, c.347, s.11)

33

34 3. (New section) a. Notwithstanding the provisions of any
35 law, rule, or regulation to the contrary, the duration of each
36 enterprise zone that was designated prior to the effective date of
37 P.L. , c. (C.) (pending before the Legislature as this bill), is
38 hereby extended on a one-time basis for a period of 10 years,
39 beginning 90 days after the effective date of P.L. , c. (C.)
40 (pending before the Legislature as this bill), and expiring 10 years
41 thereafter. This extension shall occur notwithstanding the extension
42 provided for in section 11 of P.L.2001, c.347 (C.52:27H-66.6).

43 b. The authority shall notify all qualified businesses in the
44 enterprise zones extended pursuant to subsection a. of this section
45 that the benefits authorized by sections 16 through 20 of P.L.1983,
46 c.303 (C.52:27H-75 through C.52:27H-79) have been extended to
47 qualified businesses in the enterprise zones for a period of 10 years.

1 c. Notwithstanding the provisions of any law, rule, or
2 regulation to the contrary, after first depositing 10 percent of the
3 gross amount of all revenues received from the taxation of retail
4 sales made by certified vendors from business locations in an
5 enterprise zone into the account created in the name of the authority
6 in the enterprise zone assistance fund, the remaining 90 percent
7 shall be deposited immediately upon collection by the Department
8 of the Treasury throughout the 10-year extension period, where 50
9 percent of those remaining reduced rate revenues shall be deposited
10 in the enterprise zone assistance fund and 50 percent of those
11 remaining reduced rate revenues shall be deposited in the General
12 Fund.

13 d. The revenues required to be deposited in the enterprise zone
14 assistance fund pursuant to subsection c. of this section shall be
15 used for the purposes of the enterprise zone assistance fund and for
16 the uses prescribed in section 29 of P.L.1983, c.303 (C.52:27H-88),
17 subject to annual appropriations being made for those purposes and
18 uses.

19

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

22 29. a. There is created an enterprise zone assistance fund to be
23 held by the State Treasurer, which shall be the repository for all
24 moneys required to be deposited therein under section 21 of P.L.1983,
25 c.303 (C.52:27H-80) or moneys appropriated annually to the fund. All
26 moneys deposited in the fund shall be held and disbursed in the
27 amounts necessary to fulfill the purposes of this section and subject to
28 the requirements hereinafter prescribed. The State Treasurer may
29 invest and reinvest any moneys in the fund, or any portion thereof, in
30 legal obligations of the United States or of the State or of any political
31 subdivision thereof. Any income from, interest on, or increment to
32 moneys so invested or reinvested shall be included in the fund.

33 The State Treasurer shall maintain separate accounts for each
34 enterprise zone designated under P.L.1983, c.303 (C.52:27H-60 et
35 seq.), and one in the authority's name for the administration of the
36 Urban Enterprise Zone program. The State Treasurer shall credit to
37 each account an amount of the moneys deposited in the fund equal to
38 the amount of revenues collected from the taxation of retail sales made
39 in the zone and appropriated to the enterprise zone assistance fund, or
40 that amount of moneys appropriated to the fund and required to be
41 credited to the enterprise zone account of the qualifying municipality
42 pursuant to section 21 of P.L.1983, c.303 (C.52:27H-80).

43 The State Treasurer shall promulgate the rules and regulations
44 necessary to govern the administration of the fund for the purposes of
45 this section, which shall include, but not be limited to, regulations
46 requiring the establishment of separate bank accounts for funds
47 credited to the enterprise zone account of each municipality from the
48 enterprise zone assistance fund, commonly known as "first generation

1 funds," and funds generated from the repayments of loans to
2 individuals and businesses from the enterprise zone account of each
3 municipality and the proceeds from the sale of properties and
4 equipment acquired through the enterprise zone program, commonly
5 known as "second generation funds," and the review, compilation, and
6 monitoring of second generation fund quarterly reports submitted by
7 each enterprise zone.

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

13 b. The enterprise zone assistance fund shall be used for the
14 purpose of assisting qualifying municipalities in which enterprise
15 zones are designated in undertaking **public improvements,** economic
16 development projects **and in upgrading eligible municipal services**
17 in designated enterprise zones.

18 c. The governing body of a qualifying municipality in which an
19 enterprise zone is designated and the zone development corporation
20 created or designated by the municipality for that enterprise zone may,
21 by resolution jointly adopted after public hearing, propose to undertake
22 **a an economic development** project **for the public improvement of**
23 the enterprise zone or to increase eligible municipal services **in the**
24 enterprise zone, and to fund that project **or increase in eligible**
25 municipal services **from moneys deposited in the enterprise zone**
26 assistance fund and credited to the account maintained by the State
27 Treasurer for the enterprise zone.

28 The proposal so adopted shall set forth a plan for the project **or**
29 for the increase in eligible municipal services **and shall include:**

30 (1) A description of the proposed project **or of the municipal**
31 services to be increased **;**

32 (2) An estimate of the total project costs **, or of the total costs of**
33 increasing the municipal services **, and an estimate of the amounts of**
34 funding necessary annually from the enterprise zone account;

35 (3) A statement of any other revenue sources to be used to finance
36 the project **or to fund the increase in eligible municipal services** **;**

37 (4) A statement of the time necessary to complete the project **, or**
38 of the time during which the increased municipal services are to be
39 maintained **;**

40 (5) A statement of the manner in which the proposed project **or**
41 increase in municipal services **furthers the municipality's policy and**
42 intentions for addressing **the** economic **and social conditions**
43 existing **development** in the **area of the** enterprise zone as set forth
44 in the zone development plan approved by the authority; and

45 (6) A description of the financial and programmatic controls and
46 reporting mechanisms to be used to guarantee that the funds will be

1 spent in accordance with the plan and that the project **【**or increased
2 municipal service**】** will accomplish its purpose.

3 As used in this section, "project" means an activity funded by the
4 zone assistance fund through the qualified municipality and
5 implemented by the zone development corporation, **【**including the
6 purchasing, leasing, condemning, or otherwise acquiring of land or
7 other property, or an interest therein, in the enterprise zone or as
8 necessary for a right-of-way or other easement to or from the
9 enterprise zone; the relocating and moving of persons or businesses
10 displaced by the acquisition of land or property; the rehabilitation and
11 redevelopment of land or property, including demolition, clearance,
12 removal, relocation, renovation, alteration, construction,
13 reconstruction, installation or repair of land or a building, street,
14 highway, alley, utility, service or other structure or improvement**】**
15 which will lead to the creation of new jobs and increased economic
16 activity within the zone **【**; the purchase and installation of closed
17 circuit television surveillance systems or other related equipment and
18 those expenses associated with homeland security and domestic
19 preparedness; the acquisition, construction, reconstruction,
20 rehabilitation, or installation of public facilities and improvements,
21 except buildings and facilities for the general conduct of government
22 and schools;**】** . such as: the establishment of revolving loan **【**or grant**】**
23 programs for qualified businesses in the zone to encourage private
24 investment and job creation, **【**matching grant programs for the
25 establishment or operation of pedestrian malls, special improvement
26 districts and tax increment districts, or other appropriate entity;**】** and
27 marketing, advertising and special event activities that will lead to
28 increased economic activity or encourage private investment and job
29 creation in the zone, but not including the expenditures therefor which
30 are required to be reported pursuant to "The New Jersey Campaign
31 Contributions and Expenditures Reporting Act," P.L.1973, c.83
32 (C.19:44A-1 et al.) and the costs associated therewith including the
33 costs of **【**an administrative appraisal,**】** economic **【**and environmental**】**
34 analyses **【**, environmental remediation, engineering, planning, design,
35 architectural, surveying or other professional or managerial services**】**.

36 **【**As used in this section, "eligible municipal services" means the
37 hiring of additional policemen or firemen assigned duties in the
38 enterprise zone, or the purchasing or leasing of additional police or
39 fire vehicles, equipment or apparatus to be used for the provision of
40 augmented or upgraded public safety services in the enterprise zone
41 and its immediate vicinities.**】**

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 **【**:

1 (1) In the case of a project,] that the proposed project furthers the
2 policy and intentions of the zone development plan approved by the
3 authority, and that the estimated annual payments for the project from
4 the enterprise zone account to which the proposal pertains are not
5 likely to result in a deficit in that account [;

6 (2) In the case of an increase in eligible municipal services, that
7 the proposal furthers the policy and intentions of the zone development
8 plan approved by the authority; that the qualifying municipality has
9 furnished satisfactory assurances that the additional policemen or
10 firemen to be hired, or the additional vehicles, equipment or apparatus
11 to be purchased or leased, shall be used to augment or upgrade public
12 safety in the enterprise zone, and shall not be used in other areas of the
13 municipality; that the qualifying municipality shall annually
14 appropriate for the increased eligible municipal services an amount
15 equal to 20% of the amount of annual payments for the eligible
16 municipal services from the enterprise zone account and shall not
17 request for the increased eligible municipal services an amount equal
18 to more than 35% of the amount of annual payments into the enterprise
19 zone account, unless the municipality and the authority have entered
20 into an agreement or agreements to the contrary prior to July 1, 1992;
21 and that the estimated annual payments for the eligible municipal
22 services from the enterprise zone account to which the proposal
23 pertains are not likely to result in a deficit in that account].

24 e. If the authority shall approve the proposal, it shall annually,
25 upon its receipt of a written statement from the governing body of the
26 qualifying municipality and the zone development corporation, certify
27 to the State Treasurer the amount to be paid in that year from the
28 enterprise zone account in the enterprise zone assistance fund with
29 respect to each approved project [or increase in eligible municipal
30 services approved]. The authority may at any time revoke its approval
31 of a project [or an increase in eligible municipal services] if it finds
32 that the annual payments made from the enterprise zone assistance
33 fund are not being used as required by this section.

34 f. Upon certification by the authority of the annual amount to be
35 paid to a qualifying zone with respect to any project [or increase in
36 eligible municipal services], the State Treasurer shall pay in each year
37 to the qualifying municipality from the amounts deposited in the
38 enterprise zone assistance fund the amount so certified, within the
39 limits of the amounts credited to the enterprise zone account of the
40 qualifying municipality.

41 g. An amount not to exceed one-third of the amount deposited in
42 the account created in the name of the authority in the enterprise zone
43 assistance fund shall be used by the authority for the coordination and
44 administration of the program throughout the State, including but not
45 limited to costs for personnel, operating expenses and marketing. The
46 balance of the remaining amount shall be distributed to qualifying
47 municipalities in proportion to each municipality's contribution to the

1 enterprise zone assistance fund for the coordination and administration
2 of the program within the municipality, including but not limited to
3 costs for personnel, operating expenses and marketing.
4 (cf: P.L.2009, c.25, s.1)

5

6 5. This act shall take effect immediately.

7

8

9

STATEMENT

10

11 This bill extends the duration of each previously designated
12 urban enterprise zone (UEZ) for 10 years from the effective date of
13 the bill, thus continuing the participation of each zone in the Urban
14 Enterprise Zone Program. Each UEZ is to expire after the 10-year
15 extension period. The bill specifies that the 10-year extension of
16 each UEZ is to occur automatically by operation of law. The bill
17 authorizes qualifying retail businesses in the UEZs to continue to
18 charge and collect the State's sales and use tax (SUT) at one-half of
19 the normal rate.

20 The bill provides that, after dedicating 10 percent of the reduced-
21 rate SUT revenues to the New Jersey Urban Enterprise Zone
22 Authority during the 10-year extension period, of the remaining 90
23 percent of those remaining revenues collected, 50 percent are to be
24 appropriated for use by the UEZs and 50 percent are to be deposited
25 in the General Fund.

26 The bill restricts the use of funds by UEZs to economic
27 development and job creation purposes.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3549

STATE OF NEW JERSEY

DATED: MARCH 5, 2018

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 3549.

This bill would extend the duration of each urban enterprise zone (UEZ) for 10 years starting 90 days after the effective date of the bill. This extension will reactivate the five UEZs that expired. Under the bill, qualifying retail businesses in UEZs may continue to charge and collect the State's sales and use tax at one-half of the normal rate. The bill would restore a funding stream to UEZs.

The bill provides that, after dedicating 10 percent of UEZ sales and use tax revenues for administration of the UEZ program, the remaining revenues would be divided equally for UEZ purposes and General Fund purposes. The bill would specify that "UEZ purposes" are limited to economic development and job creation purposes.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3549

STATE OF NEW JERSEY

DATED: MARCH 22, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3549.

This bill would extend the duration of each urban enterprise zone (UEZ) for 10 years starting 90 days after the effective date of the bill. This extension will reactivate the five UEZs that expired. Under the bill, qualifying retail businesses in UEZs may continue to charge and collect the State's sales and use tax at one-half of the normal rate. The bill would restore a funding stream to UEZs.

The bill provides that, after dedicating 10 percent of UEZ sales and use tax revenues for administration of the UEZ program, the remaining revenues would be divided equally for UEZ purposes and General Fund purposes. The bill would specify that "UEZ purposes" are limited to economic development and job creation purposes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in reductions in State revenue of about \$19.6 million in FY 2019, about \$43.3 million in FY 2020, and about \$51.2 million in FY 2021. The bill will also result in increased municipal revenue for the benefit of the enterprise zones of \$6.1 million in FY 2019, \$13.4 million in FY 2020, and \$15.9 million in FY 2021. These calculations do not adjust for any potential growth or decline in qualified business sales tax revenue collection in UEZ municipalities due to inflation, State economic climate, changing consumer behavior as tax rates change, or otherwise. These estimates will differ by indeterminate amounts to the extent that those factors alter future sales tax revenues.

The first significant fiscal impact of this bill is due to the expiration of the UEZ designation in Bridgeton, Camden, Newark, Plainfield, and Trenton. Under current law, those UEZs ceased on January 1, 2017. This bill reduces the qualified business sales tax rate in those municipalities to 3.3125 percent and requires the applicable percentage of the sales tax collected in those UEZs to be deposited into the respective Enterprise Zone Assistance Fund (EZAF) municipal accounts. For these five municipalities, the OLS estimates \$6.1 million as the full year amount of UEZ sales tax collections to be deposited into the EZAF for the benefit of the zones, or 45 percent of sales tax collections at the reduced rate (the equivalent of 50 percent of those collections after subtracting the 10 percent retained by the State

to administer the UEZ program). The OLS estimates that \$19.6 million is the total decrease in State revenue, attributable to the \$6.1 million that is instead being deposited into the EZAF for municipal use, and the \$13.5 million in sales tax revenue that is not collected at all due to the reduction of the sales tax rate from 6.625 percent to 3.3125 percent.

The second significant fiscal impact of this bill is due to the subsequent expiration of the UEZ designation in other municipalities. Over the three fiscal years covered by this fiscal estimate, that includes the expiration of the UEZs in Millville and Vineland by October 1, 2019 during fiscal year 2020. Over the remaining months of FY 2020 in which the UEZ designation would have expired, the OLS estimates that qualified businesses in these zones would have collected about \$16.3 million in sales tax revenue at the reduced rate. After deducting the amount retained by the State for revenue and to administer the UEZ program, local revenue to benefit the zone would be \$7.35 million. This amount, plus the local revenues retained by the first five UEZs, equals \$13.4 million in increased local revenue in FY 2020. The amount of reduced State revenue attributable to the renewal of these two UEZs in FY 2020 is \$23.7 million, consisting of the half of the sales tax not collected as well as the amount to be newly deposited into the EZAF over the 9 months of the fiscal year in which these UEZs would have been expired. This combined with the \$19.6 million impact from the first five UEZs accounts equals \$43.3 million in total reduced State revenue in FY 2020. Annualizing the impact of extending the expiration of the Millville and Vineland zones results in an estimated FY 2021 local revenue gain of \$15.9 million and a State revenue decrease of \$51.2 million.

STATEMENT TO
ASSEMBLY, No. 3549

with Assembly Floor Amendments
(Proposed by Assemblywoman PINTOR MARIN)

ADOPTED: MARCH 26, 2018

This amendment will reinstate, until December 31, 2023, each urban enterprise zone (UEZ) that has expired. The amendment will also extend, until December 31, 2023, the duration of each UEZ that is scheduled to expire prior to December 31, 2023. The amendment provides that all reduced-rate revenues collected within a UEZ, during reinstatement or extension, will be deposited in the General Fund.

The amendment will require the Department of Community Affairs (DCA) to study the UEZ program and to submit to the Legislature a report and recommendations as to whether the program should continue as is, be amended, or expire. The amendment authorizes DCA to enter into an agreement with a third party to conduct the study and prepare the report. The amendment requires the Commissioner of Community Affairs, after consulting with the State Treasurer, and prior to the first day of the twelfth month next following enactment of this bill, to submit to the Legislature the report on the Urban Enterprise Zone program and the department's recommendations as to whether the program should be reconstituted, continued as it currently exists, or continued with specific recommended changes.

The amendment specifies that the study, report, and recommendations must include an assessment of the following:

- (1) the adequacy of past funding for UEZs in furthering the goals of the "New Jersey Urban Enterprise Zones Act";
- (2) whether changes are needed to address future funding for UEZs in furthering these goals;
- (3) whether the criteria established for eligibility to assist fiscally distressed municipalities is appropriate; and
- (4) what parameters should be established to keep UEZ municipalities competitive while providing a sufficient return on State investment.

The amendment directs the New Jersey Urban Enterprise Zone Authority to fund the cost of conducting the study and preparing the report from the account maintained in the name of the authority in the enterprise zone assistance fund.



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Newark, N.J.

Governor Murphy Takes Action on Legislation

05/30/2018

TRENTON – Today, Governor Phil Murphy announced that he has signed the following bills into law:

A2787 (Dancer, Andrzejczak, Houghtaling, Rooney/Cruz-Perez, Singer) – Extends pilot program authorizing special occasion events at wineries on preserved farmland; implements reporting requirement.

A3380 (McKeon, Murphy, Lampitt, Conaway/Vitale, Singleton) – “New Jersey Health Insurance Market Preservation Act.”

S482 (Vitale/Vainieri Huttle, Quijano, Jasey) – Authorizes certain gestational carrier agreements.

S846 (Turner, Cruz-Perez/Pintor Marin, Mukherji, Gusciora, Jones, Sumter) – Reinstates and extends duration of certain UEZs; requires DCA to study UEZ program and report recommendations to the Legislature.

S868 (Sweeney, Vitale/Coughlin, Jasey, Schaer)– Permits candidates for school board to circulate petitions jointly and be bracketed together on ballot; permits short nonpolitical designation of principles on petitions and ballots.

S1217 (Sweeney, Smith/Mazzeo, Armato, DeAngelo) – Requires BPU consideration and approval of amended application for qualified wind energy project offshore in certain NJ territorial waters.

S1870 (Vitale, Ruiz/Speight, Quijano, McKnight) – Requires Child Fatality and Near Fatality Review Board to study racial and ethnic disparities that contribute to infant mortality.

S1876 (Ruiz, Corrado/Vainieri Huttle, Caputo, Jasey) – Requires Commissioner of Education to include data on chronic absenteeism and disciplinary suspensions on School Report Card and requires public schools to make certain efforts to combat chronic absenteeism.

S1878 (Vitale, Singleton/McKeon, Lampitt, Murphy) – "New Jersey Health Insurance Premium Security Act;" establishes health insurance reinsurance plan.

S1894 (Ruiz, Turner/Lampitt, Sumter, Barclay) – Requires "breakfast after the bell" program in all schools with 70% or more of students eligible for free or reduced price meals.

S1895 (Ruiz, Turner/Lampitt, Jones, Wimberly) – Requires certain school districts to submit report on nonparticipation in "Community Eligibility Provision" of National School Lunch and School Breakfast Programs.

S1896 (Ruiz, Turner/Lampitt, Wimberly, Jones) – Requires school district to report at least biannually to Department of Agriculture number of students who are denied school breakfast or school lunch.

S1897 (Ruiz, Turner/Lampitt, Pintor Marin, Barclay) – Expands summer meal program to all school districts with 50 percent or more of students eligible for free or reduced price meals.

S2247 (Sweeney/Burzichelli, Mukherji, Murphy) – Allows charitable assets set aside from the sale of nonprofit hospital to for-profit entity to be allocated to successor nonprofit charitable entity that is establishing and operating

equivalent nonprofit hospital.

Governor Murphy also announced that he has conditionally vetoed the following bills:

S879 (Sweeney/Burzichelli, Taliaferro, Murphy) – Amends definition of "existing major hazardous waste facility" in "Major Hazardous Waste Facilities Siting Act."

[Copy of message on S879](#)

S976 (Vitale, Bateman/Vainieri Huttie, Lagana, Mukherji) – "Revised State Medical Examiner Act"; establishes Office of the Chief State Medical Examiner in DOH.

[Copy of message on S976](#)

S1968 (Pou/Wimberly, Mukherji, Sumter) – Extends document submission deadline for certain residential and mixed use parking projects under Economic Redevelopment and Growth Grant program; increases maximum credit amounts awarded for certain residential and mixed use parking projects.

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