

52:27H-62 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 52:27H-62 et al

("Urban
Enterprise Zone"-
amendments)

LAWS OF: 1988

CHAPTER: 93

Bill No: S2051

Sponsor(s): Hurley, Lynch & Van Wagner

Date Introduced: February 18, 1988

Committee: Assembly: -----

Senate: County & Municipal Government

Amended during passage: Yes Amendments during passage
denoted by asterisks.

Date of Passage: Assembly: June 9, 1988

Senate: May 23, 1988

Date of Approval: August 4, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: Yes

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New Jersey. Legislature.
Assembly. Urban Policy and Waterfront Development Committee.
Testimony on the implementation of the New Jersey Urban
Enterprise Zones Act, held 4-29-86. Trenton, 1986.

[THIRD REPRINT]

SENATE, No. 2051

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 18, 1988

By Senators HURLEY, LYNCH and VAN WAGNER

1 AN ACT to amend and supplement the "New Jersey Urban
Enterprise Zones Act," approved August 15, 1983 (P.L. 1983,
3 c. 303) and to amend P.L. 1980, c. 105.
(cf: P.L. 1983, c. 303, s. 1)

5

BE IT ENACTED *by the Senate and General Assembly of the*
7 *State of New Jersey:*

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

3. As used in this act:

11 a. "Enterprise zone" or "zone" means an urban enterprise zone
designated by the authority pursuant to this act;

13 b. "Authority" means the New Jersey Urban Enterprise Zone
Authority created by this act;

15 c. "Qualified business" means any entity authorized to do
business in the State of New Jersey which, at the time of
17 designation as an enterprise zone, is engaged in the active
conduct of a trade or business in that zone; or an entity which,
19 after that designation but during the designation period, becomes
newly engaged in the active conduct of a trade or business in that
21 zone and has at least 25% of its full-time employees employed at
a business location in the zone, meeting one or more of the
23 following criteria:

(1) Residents within the zone², within another zone² or within
25 the municipality within which the zone ²or any other zone² is
located ²[, or if the zone is located in a qualifying municipality
27 with a population of no less than 35,000 and no more than 36,000
on the basis of the 1980 federal census, residents within the zone,
29 or within another zone or within the municipality within which
the zone or any other zone is located]²; or

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 Senate SCM committee amendments adopted February 29, 1988.

² Senate SRF committee amendments adopted March 21, 1988.

³ Senate floor amendments adopted May 16, 1988.

1 (2) Unemployed for at least a year prior to being hired and
residing in New Jersey, and recipients of New Jersey public
3 assistance programs for at least one year prior to being hired, or
either of the aforesaid; or

5 (3) Determined to be economically disadvantaged pursuant to
the Jobs Training Partnership Act, Pub. L. 97-300 (29 U.S.C. §
7 1501 et seq.);

d. "Qualifying municipality" means any municipality in which
9 there was, in the last full calendar year immediately preceding
the year in which application for enterprise zone designation is
submitted pursuant to section 14 of this act, an annual average of
11 at least 2,000 unemployed persons, and in which the municipal
average annual unemployment rate for that year exceeded the
13 State average annual unemployment rate; except that any
municipality which qualifies for State aid pursuant to P.L. 1978,
15 c. 14 (C. 52:27D-178 et seq.) shall qualify if its municipal average
annual unemployment rate for that year exceeded the State
17 average annual unemployment rate. The annual average of
unemployed persons and the average annual unemployment rates
19 shall be estimated for the relevant calendar year by the Office of
Labor Statistics, Division of Planning and Research of the State
21 Department of Labor;

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

f. "Zone development corporation" means a nonprofit
27 corporation or association created by the governing body of a
qualifying municipality to formulate and propose a preliminary
zone development plan pursuant to section 9 of this act;

29 g. "Zone development plan" means a plan adopted by the
governing body of a qualifying municipality for the development
31 of an enterprise zone therein, and for the direction and
coordination of activities of the municipality, zone businesses and
33 community organizations within the enterprise zone toward the
economic betterment of the residents of the zone and the
35 municipality;

37 h. "Zone neighborhood association" means a corporation or
association of persons who either are residents of, or have their
39 principal place of employment in, a municipality in which an

1 enterprise zone has been designated pursuant to this act; which is
organized under the provisions of Title 15 of the Revised Statutes
3 ²or Title 15A of the New Jersey Statutes²; and which has for its
principal purpose the encouragement and support of community
5 activities within, or on behalf of, the zone so as to (1) stimulate
economic activity, (2) increase or preserve residential amenities,
7 or (3) otherwise encourage community cooperation in achieving
the goals of the zone development plan; and

9 i. "Enterprise zone assistance fund" or "assistance fund"
means the fund created by section 29 of this act.

11 (cf: P.L. 1983, c. 303, s. 3)

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

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

(1) The Commissioner of the Department of Commerce and
17 Economic Development, who shall be chairman of the authority;

(2) The Commissioner of the Department of Community Affairs;

19 (3) The Commissioner of the Department of Labor;

(4) The State Treasurer; and

21 (5) Five public members not holding any other office, position
or employment in the State Government, nor any local elective
23 office, who shall be appointed by the Governor with the advice
and consent of the Senate, and who shall be qualified for their
25 appointments by training and experience in the areas of local
government finance, economic development and redevelopment,
27 or volunteer civic service and community organization. No more
than three public members shall be of the same political party.

29 b. The public members of the authority shall serve for terms
of five years, except that of the members first appointed, one
31 shall serve for a term of one year, one shall serve for a term of
two years, one shall serve for a term of three years, one shall
33 serve for a term of four years, and one shall serve for a term of
five years. Vacancies in the public membership shall be filled in
35 the manner of the original appointments but for the unexpired
terms.

37 c. An ex officio member of the authority may, from time to
time, designate in writing to the authority an official within his
39 respective department to attend and represent the department at

1 the meetings of the authority from which the ex officio member
 2 is absent, and that designated representative shall be entitled to
 3 vote and otherwise act for the ex officio member at those
 4 meetings.

5 (cf: P.L. 1983, c. 303, s. 4)

6 3. Section 16 of P.L. 1983, c. 303 (C. 52:27H-75) is amended to
 7 read as follows:

8 16. A qualified business shall be eligible for an award based
 9 upon the amount of unemployment insurance tax it has paid for
 10 those new employees who meet the criteria set forth in
 11 subsection c. of section 3 of this act. The award shall apply only
 12 to those new employees whose gross salaries are less than
 13 [\$1,500.00 per month] \$4,500.00 per quarter, and shall commence
 14 in the next succeeding quarter. The award shall be based on the
 15 following schedule:

- | | | |
|----|------------------------------|--|
| 16 | a. First four years in zone | an amount equal to 50% of
the employer's unemployment
insurance payment; |
| 17 | b. Second four years in zone | an amount equal to 40% of
the employer's unemployment
insurance payment; |
| 18 | c. Third four years in zone | an amount equal to 30% of
the employer's unemployment
insurance payment; |
| 19 | d. Fourth four years in zone | an amount equal to 20% of
the employer's unemployment
insurance payment; |
| 20 | e. Fifth four years in zone | an amount equal to 10% of
the employer's unemployment
insurance payment. |
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31 [No] Prior to July 1, 1986, a qualified business with an
 32 unemployment insurance rating of more than 4.1% shall qualify
 33 for this award so long as it shall maintain that rating. On and
 34 after July 1, 1986, no qualified business with a deficit reserve
 35 ratio as provided for in R.S. 43:21-7 shall qualify for this award
 36 as long as it shall maintain that ratio.

37 (cf: P.L. 1983, c. 303, s. 16)

38 4. Section 19 of P.L. 1983, c. 303 (C. 52:27H-78) is amended to
 39 read as follows:

1 19. Any qualified business subject to the provisions of the
2 "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C.
3 54:10A-1 et seq.), as actively engaged in the conduct of business
4 from a location within an enterprise zone designated pursuant to
5 this act, which business at that location consists primarily of
6 manufacturing or other business which is not retail sales or
7 warehousing oriented, shall receive an enterprise zone employee
8 tax credit against the amount of tax imposed under the
9 "Corporation Business Tax Act (1945)," P.L. 1945, c. 162 (C.
10 54:10A-1 et seq.), as hereinafter provided:

11 a. A one-time credit of \$1,500.00 for each new full-time,
12 permanent employee employed at that location who is a resident
13 of the qualifying municipality in which the designated enterprise
14 zone is located, or ²[if the qualified business is situated in an
15 urban enterprise zone in a qualifying municipality with a
16 population of no less than 35,000 and no more than 36,000 on the
17 basis of the 1980 federal census, who is a resident of any] any
18 other² qualifying municipality in which an urban enterprise zone
19 is located, and who immediately prior to employment by the
20 taxpayer was unemployed for at least 90 days, or was dependent
21 upon public assistance as the primary source of income;

22 b. A one-time credit of \$500.00 for each new full-time,
23 permanent employee employed at that location who is a resident
24 of a qualifying municipality in which a designated enterprise zone
25 is located, or ²[if the qualified business is situated in an urban
26 enterprise zone in a qualifying municipality with a population of
27 no less than 35,000 and no more than 36,000 on the basis of the
28 1980 federal census, who is a resident of any] any other²
29 qualifying municipality in which an urban enterprise zone is
30 located, who does not meet the requirements of subsection a. of
31 this section, and who was not, immediately prior to employment
32 by the taxpayer, employed at a location within the qualifying
33 municipality;

34 c. A qualified business which is not entitled to an employees
35 tax credit under this section, but ²[is entitled to a credit] meets
36 the eligibility criteria² pursuant to the provisions of subsection c.
37 of section 27 of P.L. 1983, c. 303 (C. 52:27H-86), shall receive a
38 ²one-time² credit in an amount equal to 8% of ²[the] each new²
39 investment made by the qualified business in the enterprise zone

1 under an agreement approved by the authority.

3 This credit shall be applied against the taxpayer's corporation
4 business tax liability subject to the limitations ¹[an] ²[on¹] and²
5 carry forward provisions set forth in section 18 of P.L. 1983, c.
6 303 (C. 52:27H-77); provided, however, that a qualified business
7 shall not claim an employees tax credit and ²[a] an investment
8 tax² credit authorized pursuant to this ²[section] subsection² in
9 the same year regardless of whether those credits were earned
10 for the tax year or carried forward from a previous year.

11 [c] d. The enterprise zone employee tax credit shall be allowed
12 in the tax year immediately following the tax year in which the
13 new full-time, permanent employee was first employed by the
14 taxpayer, and shall be permitted in any tax year of a 20 year
15 period from the date of designation of the enterprise zone, or of
16 a period of 20 tax years from the date within that designation
17 period upon which the taxpayer is first subject to the provisions
18 of the "Corporation Business Tax Act (1945)," P.L.1945, c.162
19 (C.54:10A-1 et seq.), whichever date is later and the termination
20 of the designation of an enterprise zone at the end of a 20 year
21 designation period shall not terminate the eligibility period
22 provided under this section;

23 [d] e. A tax credit shall be permitted under this section only
24 for those new full-time permanent employees who have been
25 employed for at least six continuous months by the taxpayer
26 during the tax year for which the tax credit is claimed.

27 f. A newly employed employee shall not be deemed a new
28 full-time, permanent employee for the purposes of this section
29 unless the total number of full-time, permanent employees,
30 including the newly employed employee, employed by the
31 employer in the zone during the calendar year exceeds the
32 greatest number of full-time, permanent employees employed in
33 the zone by the employer during any prior calendar year during
34 the period commencing with the date of zone designation.

(cf: P.L. 1983, c. 303, s. 19)

35 5. Section 34 of P.L. 1980, c. 105 (C. 54:32B-8.22) is amended
36 to read as follows:

37 34. Receipts from sales made to contractors or repairmen of
38 materials, supplies or services for exclusive use in erecting
39 structures or building on, or otherwise improving, altering or

1 repairing real property of organizations described in subsections
2 (a) and (b) of section 9 of the Sales and Use Tax Act, P.L. 1966, c.
3 30 (C. 54:32B-9), and of qualified businesses within an enterprise
4 zone as authorized in section 20 of the "New Jersey Urban
5 Enterprise Zones Act," P.L. 1983, c. 303 (C. 52:27H-79), are
6 exempt from the tax imposed under that act, provided any person
7 seeking to qualify for the exemption shall do so pursuant to such
8 rules and regulations and upon forms as shall be prescribed by the
9 director. For the purposes of this section, a qualified business
10 within an enterprise zone shall include any urban renewal entity
11 established pursuant to P.L. 1961, c. 40 (C. 40:55C-40 et seq.),
12 provided, however, that the entity is the sole owner of an
13 operating company which is a qualified business pursuant to
14 subsection c. of section 3 of P.L. 1983, c. 303 (C. 52:27H-62), and
15 that the entity and its operating company are situated within the
16 same zone.

17 (cf: P.L. 1983, c. 303, s. 31)

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

20 21. Receipts of retail sales, except retail sales of motor
21 vehicles and of manufacturing machinery, equipment or
22 apparatus, made by a certified vendor from a place of business
23 owned or leased and regularly operated by the vendor for the
24 purpose of making retail sales, and located in a designated
25 enterprise zone established pursuant to the "New Jersey Urban
26 Enterprise Zones Act," P.L. 1983, c. 303 (C. 52:27H-60 et seq.),
27 are exempt to the extent of 50% of the tax imposed under the
28 "Sales and Use Tax Act," P.L. 1966, c. 30 (C. 54:32B-1 et seq.).

29 Any vendor, which is a qualified business having a place of
30 business located in a designated enterprise zone, may apply²[, on
31 or before October 1 of the pretax year or on or before April 1 of
32 the tax year,]² to the Director of the Division of Taxation in the
33 Department of the Treasury for certification pursuant to this
34 section. The director shall certify a vendor if he shall find that
35 the vendor owns or leases and regularly operates a place of
36 business located in the designated enterprise zone for the purpose
37 of making retail sales, that items are regularly exhibited and
38 offered for retail sale at that location, and that the place of
39 business is not utilized primarily for the purpose of catalogue or

1 mail order sales. ²[Any certification issued for an application
2 received on or before October 1 shall be for a one year period
3 beginning the following January 1 and any certification issued for
4 an application received on or before April 1 shall be for a six
5 month period beginning July 1 of that same year. Any
6 certification may be renewed annually by the director upon
7 reapplication of the vendor.]² The ²certification under this
8 section shall remain in effect during the time the business retains
9 its status as a qualified business meeting the eligibility criteria of
10 section 27 of P.L. 1983, c. 303 (C. 52:27H-86). However, the²
11 director may at any time revoke a certification granted pursuant
12 to this section if he shall determine that the vendor no longer
13 complies with the provisions of this section.

²[For the purposes of this section, the date of application of
14 each vendor for certification shall be deemed to be the date of
15 the United States postmark stamped on the envelope. If the
16 application is sent by United States registered mail, the
17 registration shall be prima facie evidence that the application
18 was delivered to the director. When October 1 falls on a
19 Saturday, Sunday or a legal holiday in the State of New Jersey,
20 the submission of an application shall be considered timely if it is
21 performed on the next succeeding day which is not a Saturday,
22 Sunday or a legal holiday.]²

Notwithstanding the provisions of this act to the contrary,
23 ³[this section shall apply to]³ [two of] ³[the first five enterprise
24 zones designated under the provisions of this act] the authority
25 may, in its discretion, determine whether or not the provisions of
26 this section shall apply to any enterprise zone designated after
27 the effective date of P.L. 1985, c. 142 (C. 52:27H-66 et seq.);
28 provided, however, that the authority may make such a
29 determination only where the authority finds that the award of an
30 exemption of 50 percent of the tax imposed under the "Sales and
31 Use Tax Act," P.L. 1966, c. 30 (C. 54:32B-1 et seq.) will not have
32 any adverse economic impact upon any other urban enterprise
33 zone³ [, and to no more than four of all zones so designated].
34 Notwithstanding any other provisions of law to the contrary, all
35 revenues received from the taxation of retail sales made by
36 certified vendors from business locations in designated enterprise
37 zones to which this exemption shall apply, shall be deposited
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1 immediately upon collection by the Department of the Treasury,
as follows:

3 a. In the first five year period of the enterprise zone
designation, all such revenues shall be deposited in the enterprise
5 zone assistance fund created pursuant to section 29 of this act;

7 b. In the second five year period of the enterprise zone
designation, 66 2/3% of all those revenues shall be deposited in
the enterprise zone assistance fund, and 33 1/3% shall be
9 deposited in the General Fund;

11 c. In the third five year period of the enterprise zone
designation, 33 1/3% of all those revenues shall be deposited in
the enterprise zone assistance fund, and 66 2/3% shall be
13 deposited in the General Fund;

15 d. In the final five year period of the enterprise zone
designation, all those revenues shall be deposited in the General
Fund.

17 The revenues required to be deposited in the enterprise zone
assistance fund under this section shall be used for the purposes
19 of that fund and for the uses prescribed in section 29 of this act,
subject to annual appropriations being made for those purposes
21 and uses.

(cf: P.L. 1987, c. 135, s. 1)

23 7. Section 27 of P.L. 1983, c. 303 (C. 52:27H-86) is amended to
read as follows:

25 27. To be eligible for any of the incentives provided under this
act a [qualifying] qualified business must demonstrate to the
27 satisfaction of the authority that:

29 a. The business will create new employment in the
municipality; and

31 b. The business will not create unemployment in other areas of
the State, including the municipality in which the zone is located.

33 c. For the purposes of eligibility for the incentives provided
under sections 17, 19, 20, and 21 of P.L. 1983, c. 303 (C.
52:27H-76, 52:27H-78, 52:27H-79, and 52:27H-80, respectively),
35 a qualified business shall not be required to meet the
requirements of subsection a. of this section, if:

37 (1) At the time of designation of the enterprise zone, the
qualified business had been engaged in the active conduct of a
39 trade or business in that zone for at least one year prior to that
designation;

1 (2) The qualified business employs fewer than 50 employees;
2 (3) The qualified business has entered into an agreement,
3 approved by the authority, with the governing body of the
4 qualifying municipality in which the enterprise zone is located,
5 under which the qualified business agrees to undertake
6 ¹[investments] an investment¹ in the enterprise zone in lieu of
7 the employment of new employees. ¹[Investments] An
8 investment¹ permitted under an agreement shall be in an amount
9 and of a nature which the municipal governing body and the
10 authority finds shall contribute substantially to the economic
11 attractiveness of the enterprise zone, and may include, but shall
12 not be limited to:

13 (a) The improvement of the exterior appearance or customer
14 facilities of the property constituting the place of business of the
15 qualified business within the zone; or

16 (b) Monetary ²[or in-kind]² contributions to the qualifying
17 municipality to undertake improvements to increase the safety or
18 attractiveness of the zone to businesses which may wish to locate
19 there or to consumer visitors to the zone, including, but not
20 limited to litter clean-up and control, landscaping, parking areas
21 and facilities, recreational and rest areas and facilities, repair or
22 improvements to public streets, curbing, sidewalks and pedestrian
23 thoroughfares, street lighting, or increased police, fire or
24 sanitation services in the enterprise zone.

25 In order to ²[qualify under this section] meet the requirements
26 of paragraph 3 of this subsection², an investment shall be in an
27 amount no less than \$5,000.00 if the qualified business employs 10
28 or fewer employees, or if the qualified business employs more
29 than 10 employees, not less than the amount produced by
30 multiplying the number of employees employed by the qualified
31 business by \$500.00. ²In order to receive the incentives
32 permitted by this section, the business shall provide written
33 evidence of the investment to the authority.²

(cf: P.L. 1983, c. 303, s. 27)

35 8. Section 18 of P.L. 1983, c. 303 (C. 52:27H-77) is amended to
36 read:

37 18. Enterprise zone employee tax credits ²or enterprise zone
38 investment tax credits² provided under section 19 of this act
39 shall not reduce a taxpayer's tax liability under the "Corporation

1 Business Tax Act (1945)," P.L. 1945, c. 162 (C. 54:10A-1 et seq.)
2 in any tax year by more than 50% of the amount otherwise due,
3 but ²[any] either employee tax credits or investment² tax credits
4 remaining and unused in a tax year may be carried forward by the
5 taxpayer to the next succeeding tax year and applied against 50%
6 of the amount of tax otherwise due in that succeeding tax year.
7 (cf: P.L. 1983, c. 303, s. 18)

²[8.] 9.² (New section) In addition to those enterprise zones to
8 which the provisions of section 21 of P.L. 1983, c. 303 (C.
9 52:27H-80) have been or may be extended by the authority, the
10 provisions of that section shall be extended to any designated
11 enterprise zone situated within two or more contiguous qualifying
12 municipalities.
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²[9.] 10.² This act shall take effect immediately, except that
14 the provisions of subsections a. and b. of section 19 of P.L. 1983,
15 c. 303 (C. 52:27H-78) as amended in section 4 shall be applicable
16 to taxable years beginning on or after July 1, 1988.
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MUNICIPALITIES

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Municipal Development

23 Revises certain sections of the "Urban Enterprise Zones Act."

1 (b) Monetary or in-kind contributions to the qualifying
 2 municipality to undertake improvements to increase the safety or
 3 attractiveness of the zone to businesses which may wish to locate
 4 there or to consumer visitors to the zone, including, but not
 5 limited to litter clean-up and control, landscaping, parking areas
 6 and facilities, recreational and rest areas and facilities, repair or
 7 improvements to public streets, curbing, sidewalks and pedestrian
 8 thoroughfares, street lighting, or increased police, fire or
 9 sanitation services in the enterprise zone.

10 In order to qualify under this section, an investment shall be in
 11 an amount no less than \$5,000.00 if the qualified business employs
 12 10 or fewer employees, or if the qualified business employs more
 13 than 10 employees, not less than the amount produced by
 14 multiplying the number of employees employed by the qualified
 15 business by \$500.00.

(cf: P.L. 1983, c. 303, s. 27)

16 8. (New section) In addition to those enterprise zones to which
 17 the provisions of section 21 of P.L. 1983, c. 303 (C. 52:27H-80)
 18 have been or may be extended by the authority, the provisions of
 19 that section shall be extended to any designated enterprise zone
 20 situated within two or more contiguous qualifying municipalities.

21 9. This act shall take effect immediately, except that the
 22 provisions of subsections a. and b. of section 19 of P.L. 1983, c.
 23 303 (C. 52:27H-78) as amended in section 4 shall be applicable to
 24 taxable years beginning on or after July 1, 1988.

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STATEMENT

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29 This bill makes various revisions to the "New Jersey Urban
 30 Enterprise Zones Act," P.L. 1983, c. 303 (C. 52:27H-60 et seq.).
 31 The definition of a "qualified business" is expanded to include,
 32 for zones in qualifying municipalities with populations of 35,000
 33 to 36,000, according to the 1980 census, employees who are
 34 residents within any other urban enterprise zone or any
 35 municipality containing an urban enterprise zone.

36 Under this bill an ex officio member of the Urban Enterprise
 37 Zone Authority is permitted to designate, in writing, an official
 38 from his department to represent the department at meetings
 39 from which the ex officio member is absent.

52051 (1988)

1 This bill also amends current law pertaining to the
2 unemployment insurance tax abatement to change the employee
3 maximum salary requirement from \$1,500.00 per month to
4 \$4,500.00 per quarter. This amendment is technical in nature and
5 is necessary to conform the employee maximum salary
6 requirement to the Department of Labor's current auditing
7 procedures.

8 This bill amends existing law to ensure that an eligible small
9 business will be able to claim an 8% investment tax credit or a
10 \$1,500.00 or \$500.00 new employee tax credit during each year
11 for a 20 year period, regardless of whether the business carries
12 over either tax credit to a succeeding tax year.

13 The bill amends current law pertaining to the \$1,500.00 or
14 \$500.00 tax credit for each new employee hired (new employee
15 tax credit) to clarify that an employer will receive a one-time
16 tax credit for each new full-time, permanent employee hired who
17 satisfies certain other criteria set forth in the act. These
18 amendments promote the goal of creating permanent employment
19 within urban enterprise zones and those municipalities in which
20 the zones are located.

21 The bill amends current law to clarify that an employer will
22 not be eligible for a new employee tax credit unless the total
23 number of full-time, permanent employees employed during a
24 current calendar year exceeds the greatest number of full-time,
25 permanent employees employed during any prior calendar year
26 during the period commencing with the date of zone designation.
27 This amendment ensures that an employer receives a new
28 employee tax credit only for each new job created and not for
29 mere replacement of employees.

30 This bill makes a technical amendment to current law
31 pertaining to the 50% sales tax exemption on retail sales to
32 clarify that the October 1 deadline for a business to file for the
33 exemption can be met by the postmark date of the application
34 rather than its receipt at the Division of Taxation in the
35 Department of the Treasury.

36 This bill amends existing law concerning qualifications for a
37 business to receive economic incentives by allowing a business to
38 qualify for economic incentives under the act by making a capital
39 investment in the business or a monetary or in-kind investment in
40 the zone in which it is located. The investment must be at least

1 \$5,000.00 if the business has 10 or fewer employees, or at least
2 \$500.00 per employee if the business has more than 10 employees
3 but fewer than 50 employees. An eligible business must make a
4 new investment each year to retain eligibility for the economic
5 incentives under the act. These provisions favor certain small
6 businesses who cannot afford to hire new employees but who can
7 afford to make these investments.

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MUNICIPALITIES

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Municipal Development

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Revises certain sections of the "Urban Enterprise Zones Act."

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 2051

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 29, 1988

The Senate County and Municipal Government Committee reports favorably and with committee amendments Senate Bill 2051.

Senate Bill 2051 Sca makes various revisions to the "New Jersey Urban Enterprise Zones Act," P.L. 1983, c. 303 (C. 52:27H-60 et seq.). The definition of a "qualified business" is expanded to include, for zones in qualifying municipalities with populations of 35,000 to 36,000, according to the 1980 census, employees who are residents within any other urban enterprise zone or any municipality containing an urban enterprise zone. Of the designated zones, Kearny fulfills this population criterion.

Under this bill an ex officio member of the Urban Enterprise Zone Authority is permitted to designate, in writing, an official from his department to represent the department at meetings from which the ex officio member is absent.

This bill amends current law pertaining to the unemployment insurance tax abatement to change the employee maximum salary requirement from \$1,500.00 per month to \$4,500.00 per quarter. This amendment conforms the employee maximum salary requirement to the Department of Labor's current auditing procedures.

This bill amends existing law to ensure that an eligible small business will be able to claim an 8% investment tax credit or a \$1,500.00 or \$500.00 new employee tax credit during each year for a 20 year period; however, a qualified business shall not claim a new employee tax credit and an investment tax credit in the same year, regardless of whether the business carries over either tax credit to a succeeding tax year.

The bill amends current law pertaining to the \$1,500.00 or \$500.00 tax credit for each new employee hired to clarify that an employer will receive a one-time tax credit for each new full-time, permanent employee hired who satisfies certain other criteria set forth in the act. These amendments promote the goal of creating permanent employment within urban enterprise zones and those municipalities in which the zones are located.

The bill amends current law to clarify that an employer will not be eligible for a new employee tax credit unless the total number of full-time, permanent employees employed during a current calendar year exceeds the greatest number of full-time, permanent employees employed during any prior calendar year during the period commencing with the date of zone designation. This amendment ensures that an employer receives a new employee tax credit only for each new job created and not for mere replacement of employees.

The bill amends the "Sales and Use Tax Act," P.L. 1966, c. 30 (C.54:32B-1 et seq.) to include in the definition of qualified businesses within an enterprise zone urban renewal entities. This amendment has the effect of exempting these entities from paying sales tax on building materials, provided that the entity is the sole owner of an operating company which is defined as a qualified business and that the entity and its operating company are situated within the same zone.

This bill amends existing law concerning qualifications for a business to receive economic incentives by allowing a business to qualify for economic incentives under the act by making a capital investment in the business or a monetary or in-kind investment in the zone in which it is located. The investment must be at least \$5,000.00 if the business has 10 or fewer employees, or at least \$500.00 per employee if the business has more than 10 employees but fewer than 50 employees. An eligible business must make a new investment each year to retain eligibility for the economic incentives under the act. These provisions favor certain small businesses who cannot afford to hire new employees but who can afford to make these investments.

Finally, the bill extends the 50% reduction of the sales tax to any designated enterprise zone situated in two contiguous municipalities. Currently, Millville-Vineland is the only such enterprise zone.

The Committee amended the bill to clarify that a small business may qualify for economic incentives under the act by making an investment in the enterprise zone in which it is situated.