

52:27H-60 to 52:27H-89

LEGISLATIVE HISTORY CHECKLIST
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("Urban Enterprise Zone Act"- for designated economically distressed areas)

NJSA: 52:27H-60 to 52:27H-89; 54:32B-8.22

LAWS OF: 1983 CHAPTER: 303

BILL NO: S3260

SPONSOR(S): Lunch and others

DATE INTRODUCED: April 25, 1983

COMMITTEE: ASSEMBLY Revenue, Finance and Appropriations
SENATE: Revenus, Finance & Appropriations;
County & Municipal Government

AMENDED DURING PASSAGE: Yes Amendments during passage denoted by asterisks. Substituted for A2253 (OCR-ACS, Assembly Committee statementss & sponsor's statement-- attached)

DATE OF PASSAGE: ASSEMBLY: June 27, 1983
SENATE: June 16, 1983

DATE OF APPROVAL: August 15, 1983

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No
SENATE: Yes 4-25-83 & 6-16-83

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: Yes
974.90 New Jersey. Legislature. County & Municipal Government Committee.
E19 Public hearing...on concurrent resolution No. 89 (urban
1982c enterprise zones). held 5-28-92. Trenton, 1982.

Also attached selected pages:
974.901 New Jersey. Governor (Kean, 1981-)
G52 Annual message...January 11, 1983.

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SENATE, No. 3260

STATE OF NEW JERSEY

INTRODUCED APRIL 25, 1983

By Senators LYNCH, GORMLEY, RODGERS, O'CONNOR, HURLEY, RAND, GRAVES, KENNEDY and CODEY

Referred to Committee on County and Municipal Government

AN ACT to provide for the establishment of "Urban Enterprise Zones" in certain areas of economic distress, authorizing various measures to stimulate economic activity within zones so designated, ****[and]**** ***providing for the relaxation of various State and municipal regulations in those areas,*** establishing the New Jersey Urban Enterprise Zone Authority^{**}, and amending P. L. 1980, c. 105^{**}.

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

1 1. This act shall be known and may be cited as the "New Jersey
2 Urban Enterprise Zones Act."

1 2. The Legislature finds:

2 a. That there persist in this State, particularly in its urban
3 centers, areas of economic distress characterized by high unemploy-
4 ment, low investment of new capital, blighted conditions, obsolete
5 or abandoned industrial or commercial structures, and deteriorat-
6 ing tax bases.

7 b. That the severe and persistent deterioration of these areas
8 demands vigorous and coordinated efforts by private and public
9 entities to restore their prosperity and enable them to resume
10 significant contributions to the economic and social life of the State.

11 c. That the economic revitalization of these areas requires ap-
12 plication of the skills and entrepreneurial vigor of private enter-
13 prise; and it is the responsibility of government to provide a frame-
14 work within which encouragement be given to private capital

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted April 25, 1983.

**—Senate amendments adopted May 23, 1983.

***—Senate amendments adopted June 16, 1983.

15 investment in these areas, disincentives to investment be removed
 16 or abated, and mechanisms be provided for the coordination and
 17 cooperation of private and public agencies in restoring the eco-
 18 nomic viability and prosperity of these areas.

1 3. As used in this act:

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

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

6 c. "Qualified business" means any entity authorized to do busi-
 7 ness in the State of New Jersey which, ***[during]*** **at** the time
 8 of designation as an enterprise zone, is engaged in the active con-
 9 duct of a trade or business in that zone ***[with]*** ***; *or an entity*
 10 *which, after that designation but during the designation period,*
 11 *becomes newly engaged in the active conduct of a trade or business*
 11A *in that zone and has** at least 25% of its **full-time** employees em-
 11B ployed at a business location in the zone, meeting one or more of
 11C the following criteria:

12 (1) Resident within the zone or within the municipality within
 13 which the zone is located; or

14 (2) Unemployed for at least a year prior to being hired and
 15 residing in New Jersey, and recipients of New Jersey public as-
 16 sistance programs for at least one year prior to being hired, or
 17 either of the aforesaid; or

18 (3) Determined to be economically disadvantaged pursuant to
 19 the Jobs Training Partnership Act, Pub. L. 97-300 **(29 U. S. C.*
 19A *§ 1501 et seq.)**

20 d. "Qualifying municipality" means any municipality in which
 21 there was, in the last full calendar year immediately preceding
 22 the year in which application for enterprise zone designation is
 23 submitted pursuant to section 14 of this act, an annual average of
 24 at least 2,000 unemployed persons, and in which the municipal
 25 average annual unemployment rate for that year exceeded the State
 26 average annual unemployment rate; except that any municipality
 27 which qualifies for State aid pursuant to P. L. 1978, c. 14
 28 (C. 52:27D-178 et seq.) shall qualify if its municipal average
 29 annual unemployment rate for that year exceeded the State average
 30 annual unemployment rate. The annual average of unemployed
 31 persons and the average annual unemployment rates shall be esti-
 32 mated for the relevant calendar year by the Office of Labor Sta-
 33 tistics, Division of Planning and Research of the State Department
 34 of Labor;

35 e. "Public assistance" means income maintenance funds admin-

36 istered by the Department of Human Services or by a county wel-
37 fare agency;

38 f. "Zone development corporation" means a nonprofit corpora-
39 tion or association created by the governing body of a qualifying
40 municipality to formulate and propose a preliminary zone develop-
41 ment plan pursuant to section 9 of this act; ***[and]***

42 g. "Zone development plan" means a plan adopted, by the gov-
43 erning body of a qualifying municipality for the development of
44 an enterprise zone therein, and for the direction and coordination
45 of activities of the municipality, zone businesses and community
46 organizations within the enterprise zone toward the economic
47 betterment of the residents of the zone and the municipal-
48 ity***[.]*** *;*

49 **h. "Zone neighborhood association" means a corporation or*
50 *association of persons who either are residents of, or have their*
51 *principal place of employment in, a municipality in which an enter-*
52 *prise zone has been designated pursuant to this act; which is orga-*
53 *nized under the provisions of Title 15 of the Revised Statutes; and*
54 *which has for its principal purpose the encouragement and support*
55 *of community activities within, or on behalf of, the zone so as to (1)*
56 *stimulate economic activity, (2) increase or preserve residential*
57 *amenities, or (3) otherwise encourage community cooperation in*
58 *achieving the goals of the zone development plan; and*

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

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

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

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

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

7 (4) The State Treasurer; and

8 (5) Five public members not holding any other office, position
9 or employment in the State Government, nor any local elective
10 office, who shall be appointed by the Governor with the advice and
11 consent of the Senate, and who shall be qualified for their appoint-
12 ments by training and experience in the areas of local government
13 finance, economic development and redevelopment, or volunteer
14 civic service and community organization. **No more than three*
14A *public members shall be of the same political party.**

15 b. The public members of the authority shall serve for terms of
16 five years, except that of the members first appointed, one shall
17 serve for a term of one year, one shall serve for a term of two

18 years, one shall serve for a term of three years, one shall serve for
 19 a term of four years, and one shall serve for a term of five years.
 20 Vacancies in the public membership shall be filled in the manner
 21 of the original appointment but for the unexpired term.

1 5. For purposes of compliance with Article V, Section IV, para-
 2 graph 1 of the Constitution of the State of New Jersey, the au-
 3 thority created by this act is allocated to the Department of Com-
 4 merce and Economic Development. All clerical and professional
 5 assistants, and all personnel, procurement, budgetary and other
 6 administrative services necessary or incidental to its proper func-
 7 tioning shall be provided by and through that department.

1 6. It shall be the duty of the authority to:

2 a. Promulgate criteria for the designation of zones pursuant to
 3 the provisions of this act;

4 b. Receive and evaluate applications of municipalities for the
 5 designation of zones;

6 c. Enter into discussions with applying municipalities regarding
 7 zone development proposals;

8 d. Act as agent of the State with respect to zone development
 9 plans, and in determining the State-furnished components to be
 10 included in those plans;

11 e. Designate zones in accordance with the provisions of this act
 12 and promulgate rules and regulations necessary to carry out its
 13 duties under this act;

14 f. Exercise continuing review and supervision of the implemen-
 15 tation of zone development plans;

15A **g. Receive and evaluate proposals of qualifying municipalities*
 15B *in which enterprise zones are designated for funding of projects*
 15C *and increased eligible municipal services from the enterprise zone*
 15D *assistance fund, and to certify annually to the State Treasurer*
 15E *amounts to be paid from the enterprise zone assistance fund to*
 15F *support approved projects and increased eligible municipal ser-*
 15G *vices in designated enterprise zones;**

16 ***[g.]* *h.*** Assist and represent qualifying municipalities in any
 17 negotiations with, or proceedings before, other agencies of State
 18 Government or of the federal government, to secure necessary or
 19 appropriate assistance, support and cooperation of those agencies
 20 in the implementation of zone development plans in accordance
 21 with the provisions of this act and any other applicable State or
 22 federal law;

23 ***[h.]* *i.*** Upon request, assist agencies of municipal government
 24 in gathering, compiling and organizing data to support an applica-
 25 tion for designation of a zone, and in identifying and coordinating

26 the elements of a zone development proposal suitable for the zone
27 sought to be designated:

28 ***[i.]*** *j.* ****[Enter into agreements with]**** *Provide assis-*
29 *tance to*** State and local government agencies relating to applica-
30 tion for and security of permits, licenses and other regulatory
31 approvals required by those agencies, to assure consideration and
32 expeditious handling of regulatory requirements of any zone busi-
33 ness, zone business association or zone neighborhood association;
34 ****[which agreement shall be entered into by all]**** regulatory
35 agencies of the State and its agencies and instrumentalities, ****[per-**
36 **mitting]**** *may agree to*** any simplification, consolidation or
37 other liberalization of procedural requirements which may be re-
38 quested by the authority and which is not inconsistent with pro-
38A visions of law;

39 ***[j.]*** *k.* Assist the State in applying to, or entering into nego-
40 tiations or agreements with, the federal government, for federal
41 enterprise zone designations; and

42 ***[k.]*** *l.* Exercise continuing review of the implementation of
43 this act, and to report annually to the Governor and the Legislature
44 on the effectiveness of enterprise zones in addressing the conditions
45 cited in this act, including any recommendations for legislation to
46 improve the effectiveness of operation of those zones. The report
47 shall be submitted one year from the effective date of this act, and
48 annually thereafter.

1 7. The authority shall designate enterprise zones from among
2 those areas of qualifying municipalities determined to be eligible
3 pursuant to this act. No more than two enterprise zones shall be
4 designated in any one year, no more than 10 enterprise zones shall
5 be in effect at any one time. No more than one enterprise zone
6 shall be designated in any one municipality. Any designation
7 granted shall be for a period of 20 years and shall not be renewed
8 at the end of that period. In designating enterprise zones the
9 authority shall seek to avoid excessive geographic concentration
10 of zones in any particular region of the State, and of the initial
11 four enterprise zones designated by the authority, two shall be
12 located in the 10 southernmost counties of the State. **Of the next*
13 *two enterprise zones designated thereafter, at least one shall be*
14 *located in one of the five counties next most northern to those 10*
15 *counties.**

1 8. The governing body of any qualifying municipality may, by
2 ordinance, create a nonprofit corporation pursuant to the provi-
3 sions of Title 15 of the Revised Statutes to act as the zone develop-
4 ment corporation for the municipality. Any zone development cor-

5 poration so created shall include on its board of directors repre-
 6 sentatives of the government of the qualifying municipality, mem-
 7 bers of the business community thereof, and representatives of
 8 community organizations in the municipality, and the total mem-
 9 bership of the board of directors shall be broadly representative
 10 of businesses and communities within the municipality.

11 Notwithstanding the provisions of any other law to the contrary,
 12 a zone development corporation shall be considered to be a local
 13 development corporation for the purpose of receiving any State
 14 financial or technical assistance as may be available, and the crea-
 15 tion of a zone development corporation shall not preclude a quali-
 16 fying municipality from creating another local development cor-
 17 poration for the municipality with responsibilities not related to
 18 the enterprise zone, nor preclude that other corporation from re-
 19 ceiving State financial or technical assistance.

1 9. The zone development corporation shall formulate and propose
 2 a preliminary zone development plan to the governing body of the
 3 qualifying municipality. The preliminary zone development plan
 4 shall set forth the boundaries of the proposed enterprise zone,
 5 findings of fact concerning the economic and social conditions
 6 existing in the area proposed for an enterprise zone, and the
 7 municipality's policy and intentions for addressing these conditions,
 8 and may include proposals respecting:

9 a. Utilizing the powers conferred on the municipality by law for
 10 the purpose of stimulating investment in and economic develop-
 11 ment of the proposed zone;

12 b. Utilizing State assistance through the provisions of this act
 13 relating to exemptions from, and credits against, State taxes;

14 c. Securing the involvement in, and commitment to, zone economic
 15 development by private entities, including **zone neighborhood*
 16 *associations,** voluntary community organizations supported by
 16A residents and businesses in the zone;

17 d. Utilizing the powers conferred by law to revise municipal
 18 planning and zoning ordinances and other land use regulations as
 19 they pertain to the zone, in order to enhance the attractions of
 20 the zone to prospective developers;

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

1 10. An area defined by a continuous border within a qualifying
 2 municipality shall be eligible for designation as a zone if:

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

8 b. It meets the criteria established by the authority pursuant
 9 to this act relating to the incidence of poverty, unemployment and
 10 general economic distress.

1 11. The first two areas ****and municipalities**** designated as
 2 enterprise zones by the authority shall meet ***[one or more]***
 3 **all** the following criteria:

4 a. A rate of unemployment among residents in the area ****and*
 5 *among residents of the municipality**** exceeding one and one-
 6 half times the national unemployment rate as determined by the
 7 most recently available data from the Bureau of Labor Statistics
 8 in the United States Department of Labor;

9 b. A least 20% of the population of the area ****and population*
 10 *of the municipality**** receive incomes below the poverty level, as
 11 defined by the United States Department of Labor;

12 c. At least 20% of the residents of the area ****and residents of*
 13 *the municipality**** depend upon public assistance as their pri-
 14 mary source of income.

1 12. ****[The authority may*, by rule or regulation]*** **recom-*
 2 *mend to the Governor and the Legislature*, from time to time*,*
 3 *that this act be revised to*]* **** After the designation of the first*
 4 *two enterprise zones, the authority may by regulation, from time*
 5 *to time*** modify, replace or supplement the criteria set forth in
 6 subsection c. **and d.** of section 3 and in sections 10 and 11 of this
 7 act so as to develop a complete set of criteria for the qualification
 8 of businesses for the benefits of this act, and for the designation of
 9 enterprise zones in qualifying municipalities ****[, which, in its judg-**
 10 **ment, will (1) most accurately determine the relative burden of**
 11 **poverty, unemployment and general distress among and between**
 12 **areas under consideration for designation as zones; (2) utilize**
 13 **newly available data, or exclude criteria the use of which requires**
 14 **data not available or found to be insufficiently complete or accurate;**
 15 **or (3) assure eligibility of designated areas for federal government**
 16 **assistance under programs now or hereafter undertaken by the**
 17 **federal government, for which those areas and the municipalities**
 18 **in which they are located would not be eligible in the absence of**
 19 **that designation.]*****

20 ***No regulation to modify, replace or supplement a criterion*
 21 *shall be adopted by the authority unless the authority has prior to*

22 *adoption issued a written report to the Governor and the Legisla-*
 23 *ture setting forth: the text of the proposed modification, replace-*
 24 *ment or supplement; a statement of the authority's reasons for the*
 25 *proposal; the written statement of any authority member dissent-*
 26 *ing from the authority's proposal; and a statement of the manner*
 27 *in which the proposal will further the legislative intent of this act.*
 28 *Not less than 60 days after the authority report is placed upon the*
 29 *desks of each member of the Legislature, the authority shall hold*
 30 *a public hearing at which any interested person shall be heard.*
 31 *Upon the completion of the public hearing, the regulation may be*
 32 *adopted by the authority in the manner otherwise prescribed by law.*

33 *The authority may modify, replace or supplement criteria pur-*
 34 *suant to this section, if it finds that:*

35 *a. The criteria set forth in this act do not accurately determine*
 36 *the relative burden of poverty, unemployment and general distress*
 37 *among and between areas under consideration for designation as*
 38 *enterprise zones;*

39 *b. The criteria do not utilize newly available data, or do utilize*
 40 *data not available or not complete and accurate;*

41 *c. The criteria would not assure the eligibility of designated*
 42 *zones for federal government assistance under programs now or*
 43 *hereafter undertaken by the federal government, for which those*
 44 *areas and the municipalities in which they are located would not*
 45 *be eligible in the absence of that designation.***

1 13. **a.* In designating eligible areas as enterprise zones, the au-*
 2 *thority shall accord preference to zone development plans which:*

3 **[a.]* *(1)* Have the greatest potential for success in stimulat-*
 4 *ing primarily new economic activity in the area;*

5 **[b.]* *(2)* Are designed to address the greatest degree of*
 6 *urban distress, as measured by existing levels of unemployment,*
 7 *poverty, and property tax arrearages;*

8 **[c.]* *(3)* Demonstrate the most substantial and reliable com-*
 9 *mitments of resources by zone businesses, *zone neighborhood asso-*
 10 *ciations,* voluntary community organizations and other private*
 11 *entities to the economic success of the zone;*

12 ***[(d.)]** *(4)* Demonstrate the most substantial effort and*
 13 *commitment by the municipality to encourage economic activity in*
 14 *the area and to remove disincentives for job creation compatible*
 15 *with the fiscal condition of the municipality.*

16 **b. In addition to the considerations set forth in subsection a.*
 17 *of this section, the authority in evaluating a zone development plan*
 18 *for designation purposes shall consider:*

19 *(1) The likelihood of attracting federal assistance to projects*

20 *in the eligible area, and of obtaining federal designation of the area*
 21 *as an enterprise zone for federal tax purposes;*

22 *(2) The adverse or beneficial effects of an enterprise zone located*
 23 *at the proposed area upon economic development activities or proj-*
 24 *ects of State or other public agencies which are in operation, or are*
 25 *approved for operation, in the qualifying municipality;*

26 *(3) The degree of commitment made by public and private en-*
 27 *tities to utilize minority contractors and assure equal opportunities*
 28 *for employment in connection with any construction or reconstruc-*
 29 *tion to be undertaken in the eligible area;*

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

32 *(5) The degree to which the implementation of the plan involves*
 33 *the relocation of residents from the eligible area, and the adequacy*
 34 *of commitments and provisions with respect thereto.**

1 14. a. Any qualifying municipality may **[by ordinance]** desig-
 2 nate any area set forth in the zone development plan as an enter-
 3 prise zone. The municipality may then make written application to
 4 the authority to have the area selected for State and federal assis-
 5 tance offered to enterprise zones or either type of assistance. The
 6 application shall include the zone development plan adopted for the
 7 area and any other information as the authority may require.

8 b. Upon receipt of an application from the qualifying munici-
 9 pality the authority shall review the application to determine
 10 whether the area described in the application qualifies for State
 11 assistance under the criteria of this act.

12 c. ***[The]*** ***Upon organization the authority shall establish*
 13 *a date for the receipt of initial applications for designations under*
 14 *this act, which shall be within one year of the effective date of this*
 15 *act. Thereafter, the*** authority shall complete its review within
 16 90 days of receipt of ***[the]*** ***an*** application, but may extend
 16A this time period by an additional 60 days if necessary. If the au-
 16B thority denies the application, it shall inform the municipality of
 16C that fact in writing setting forth the reasons for the denial.

17 **d. The designation of an enterprise zone by the authority shall*
 18 *take effect upon the adoption by the qualifying municipality of an*
 19 *ordinance accepting that designation.**

1 15. Except as otherwise specified in this act, a qualified business
 2 in an enterprise zone shall **be eligible to** receive **from among**
 3 those benefits authorized in sections 16 through 20 of this act**[,*
 4 for which the authority may determine the qualified business to be
 5 eligible]* **as are determined by the authority. The authority shall*
 6 *state in writing to the qualifying municipality at the time of desig-*

7 *nation its determinations as to which of those benefits are to apply*
8 *in an enterprise zone*.*

1 16. A qualified business shall be eligible for an award based
2 upon the amount of unemployment insurance tax it has paid for
3 those new employees who meet the criteria set forth in subsection
4 c. of section 3 of this act. The award shall apply only to those new
5 employees whose gross salaries are less than \$1,500.00 per month,
6 and shall be based on the following schedule:

7 a. First four years in zone . . . an amount equal to 50% of the
8 employer's unemployment insur-
9 ance payment;

10 b. Second four years in zone . . . an amount equal to 40% of the
11 employer's unemployment insur-
12 ance payment;

13 c. Third four years in zone . . . an amount equal to 30% of the
14 employer's unemployment insur-
15 ance payment;

16 d. Fourth four years in zone . . . an amount equal to 20% of the
17 employer's unemployment insur-
18 ance payment;

19 e. Fifth four years in zone . . . an amount equal to 10% of the
20 employer's unemployment insur-
21 ance payment.

22 No qualified business with an unemployment insurance rating
23 of more than 4.1% shall qualify for this award so long as it shall
24 maintain that rating.

1 17. 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.), ****[**which shall be certified by the Director of the
4 Division of Taxation in the Department of the Treasury**]**** as em-
5 ploying a larger number of persons at a place of business located
6 within an enterprise zone designated pursuant to this act than at
7 all other places of business of the taxpayer within the State, shall
8 be exempt from the net worth tax imposed pursuant to subsection
9 (a) of section 5 of P. L. 1945, c. 162 (C. 54:10A-5 (a)), and from
10 the tax imposed by subsection (f) of that section (C. 54:10A-5 (f)),
11 for a period of 20 tax years from the date of designation of the
12 enterprise zone, or for a period of 20 tax years from the date upon
13 which the taxpayer is first subject to the provisions of the "Corpo-
14 ration Business Tax Act (1945)," P. L. 1945, c. 162 (C. 54:10A-1
15 et seq.), whichever date is later. The termination of the designa-
16 tion of an enterprise zone at the end of a 20 year designation
17 period shall not terminate the exemption provided under this sec-

18 tion if the exemption was granted prior to the end of the designa-
19 tion period. **The provisions of this section are subject to the*
20 *phase-out provisions of P. L. 1982, c. 55 (C. 54:10A-4 et seq.).**

1 18. Enterprise zone employees tax credits provided under sec-
2 tion 19 of this act shall not reduce a taxpayer's tax liability under
3 the "Corporation Business Tax Act (1945)," P. L. 1945, c. 162
4 (C. 54:10A-1 et seq.) in any tax year by more than 50% of the
5 amount otherwise due, but any tax credits remaining and unused
6 in a tax year may be carried forward by the taxpayer to the next
7 succeeding tax year and applied against ***50% of*** the amount
8 of tax otherwise due in that succeeding tax year.

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.), ***[which shall be certified by the Director of the*
4 *Division of Taxation in the Department of the Treasury]*** as
5 actively engaged in the conduct of business from a location within
6 an enterprise zone designated pursuant to this act, which business
7 at that location consists primarily of manufacturing or other busi-
8 ness which is not retail sales or warehousing oriented, shall receive
9 an enterprise zone employees tax credit against the amount of tax
10 imposed under the "Corporation Business Tax Act (1945)," P. L.
11 1945, c. 162 (C. 54:10A-1 et seq.), as hereinafter provided:

12 a. A credit of \$1,500.00 for each new employee employed at that
13 location who is a resident of the qualifying municipality in which
14 the designated enterprise zone is located, and who immediately
15 prior to employment by the taxpayer was unemployed for at least
16 90 days, or was dependent upon public assistance as the primary
17 source of income;

18 b. A credit of \$500.00 for each new employee employed at that
19 location who is a resident of a qualifying municipality in which
20 a designated enterprise zone is located, who does not meet the
21 requirements of subsection a. of this section, and who was not,
22 immediately prior to employment by the taxpayer, employed at a
23 location within the qualifying municipality;

24 c. The enterprise zone employees tax credit shall be allowed in
25 the tax year immediately following the tax year in which the new
26 employee was first employed by the taxpayer, and shall be per-
27 mitted in any tax year of a 20 year period from the date of desig-
28 nation of the enterprise zone, or of a period of 20 tax years from
29 the date within that designation period upon which the taxpayer
30 is first subject to the provisions of the "Corporation Business Tax
31 Act (1945)," P. L. 1945, c. 162 (C. 54:10A-1 et seq.), whichever
32 date is later and the termination of the designation of an enter-

33 prise zone at the end of a 20 year designation period shall not
34 terminate the eligibility period provided under this section;

35 d. A tax credit shall be permitted under this section only for
36 those new employees who have been employed for at least six
37 continuous months by the taxpayer during the tax year for which
38 the tax credit is claimed.

1 20. **~~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.), which business at the zone location consists
4 primarily of manufacturing or other business which is not retail
5 sales or warehousing oriented, shall be permitted to carry forward
6 their net operation losses, including casualty losses, which are
7 attributable to the conduct of business at the enterprise zone loca-
8 tion under regulations promulgated by the director for the alloca-
9 tion of such losses. The taxpayer shall be permitted to carry
10 forward the loss to each of the seven taxable years following the
11 year of the loss, as a deduction against the taxpayer's entire net
12 income. The entire amount of the *~~next~~* *net* operating loss for
13 any year shall be carried to the earliest of the taxable years to
14 which the loss may be carried, and the portion of the loss which shall
15 be carried to each of the other taxable years to which the loss may
16 be carried shall be the excess, only, if any, of the loss over the
17 total of the entire net income for each of the prior taxable years
18 to which the loss has been carried.

19 To be eligible for the provisions of this section, the loss shall
20 have occurred in a tax year during the enterprise zone designation
21 period, but the termination of the enterprise zone designation
22 period shall not limit the seven-year carry forward period per-
23 mitted under this section.*** *Retail sales of tangible personal*
24 *property (except motor vehicles) and sales of services to a qualified*
25 *business for the exclusive use or consumption of such business*
26 *within an enterprise zone are exempt from the taxes imposed under*
27 *the "Sales and Use Tax Act," P. L. 1966, c. 30 (C. 54: 32B-1*
28 *et seq.).***

1 21. Receipts of retail sales, except retail sales of motor vehicles
2 and of manufacturing machinery, equipment or apparatus, made
3 by a certified vendor from a place of business owned or leased and
4 regularly operated by the vendor for the purpose of making retail
5 sales, and located in a designated enterprise zone established pur-
6 suant to the "New Jersey Urban Enterprise Zones Act," P. L.
7 , c. (C.), *(now pending before the Legislature*
8 *as Senate Bill No. 3260 of 1983),** are exempt *~~from~~* *to the*
9 *extent of 50% of** the tax imposed under the "Sales and Use Tax
9A Act," P. L. 1966, c. 30 (C. 54:32B-1 et seq.).

10 Any vendor**, *which is a qualified business*** having a place of
 11 business located in a designated enterprise zone**,** may apply,
 12 on or before October 1 of the pre-tax year, to the Director of the
 13 Division of Taxation in the Department of the Treasury for certifi-
 14 cation pursuant to this section. The director shall certify a vendor
 15 if he shall find that the vendor owns or leases and regularly oper-
 16 ates a place of business located in the designated enterprise zone
 17 for the purpose of making retail sales, that items are regularly
 18 exhibited and offered for retail sale at that location, and that the
 19 place of business is not utilized primarily for the purpose of cata-
 20 logue or mail order sales. Any certification so issued shall be for
 21 a one year period of a 20 year enterprise zone designation period,
 22 and may be renewed annually by the director upon reapplication
 23 of the vendor. A certification made pursuant to this section **~~shall~~
 24 take effect upon its presentation by the vendor to the director]****
 25 and shall apply to the next full calendar year following **~~presen-~~
 26 tation]**** *certification***. The director may at any time revoke
 27 a **~~certificate]~~** *certification*** granted pursuant to this sec-
 27A tion if he shall determine that the vendor no longer complies with
 27B the provisions of this section.

28 Notwithstanding the provisions of this act to the contrary, this
 29 section shall apply *~~only to those designated enterprise zones to~~
 30 which the New Jersey Urban Enterprise Zone Authority shall
 31 extend its provisions at the time of designation. The authority
 32 shall extend the applicability of the provisions of this section to
 33 two of the first five enterprise zones designated under this act, and
 34 to no more than two of the enterprise zones designated there-
 35 after* *to **~~each]~~** *two of the first five*** enterprise zone
 36 *designated under the provisions of this act***, and to no more than
 37 *four of all zones so designated***. Notwithstanding any other pro-
 38 *visions of law to the contrary, all revenues received from the taxa-*
 39 *tion of retail sales **~~may be]~~** *made by*** certified vendors
 40 *from business locations **~~is]~~** *in*** designated enterprise zones
 40A *to which this exemption shall apply,*** shall be deposited im-
 40B *mediately upon collection by the Department of the Treasury, as*
 40C *follows:***

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

44 b. *In the second five year period of the enterprise zone designa-*
 45 *tion, 66 $\frac{2}{3}$ % of all those revenues shall be deposited in the enter-*
 46 *prise zone assistance fund, and 33 $\frac{1}{3}$ % shall be deposited in the*
 47 *General Fund;*

48 *c. In the third five year period of the enterprise zone designa-*
 49 *tion, 33 $\frac{1}{3}$ % of all those revenues shall be deposited in the enter-*
 50 *prise zone assistance fund, and 66 $\frac{2}{3}$ % shall be deposited in the*
 51 *General Fund;*

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

54 *The revenues required to be deposited in the enterprise zone*
 55 *assistance fund under this section **[are hereby dedicated and*
 56 *pledged]** **shall be used** for the purposes of that fund and*
 57 ***[to]** **for** the uses prescribed in section 29 of this act* **,*
 58 *subject to annual appropriations being made for those purposes*
 59 *and uses**.*

1 22. The Director of the Division of Taxation in the Department
 2 of the Treasury shall promulgate such rules and regulations as
 3 may be necessary to effectuate the provisions of sections *[17]*
 4 **[*16*]** **17** through 21 of this act. ***The Commissioner of*
 5 *the Department of Commerce and Economic Development shall*
 6 *promulgate such rules and regulations as may be necessary to ef-*
 7 *fectuate the provisions of section 16 of this act.***

1 23. Notwithstanding any provisions of the "New Jersey Local
 2 Development Financing Fund Act" P. L. , c. (C.)
 3 (now pending before the Legislature as Senate Bill No. 701 of 1982)
 4 to the contrary, projects which are otherwise eligible under that
 5 act, but which are located in a municipality in which an enterprise
 6 zone is designated pursuant to the "New Jersey Urban Enterprise
 7 Zones Act," P. L. , c. (C.), **(now pending*
 8 *before the Legislature as Senate Bill No. 3260 of 1983),* shall*,*
 9 *upon the written recommendation of the authority,* be accorded*
 10 *priority in receiving assistance from the New Jersey Local *De-*
 11 *velopment* Financing Fund, over eligible projects which are not so*
 12 *located.*

1 24. The New Jersey Department of Labor shall develop and
 2 coordinate the delivery of skill training programs necessary to
 3 meet the needs of qualifying businesses.

1 25. In order to carry out the purposes of this act, any munici-
 2 pality or State agency may ***[, by regulation,]*** exempt designated
 3 enterprise zones from the provisions of any regulation, in whole
 4 or in part, promulgated by that entity or agency, but enterprise
 5 zones shall not be exempted from the provisions of any regula-
 6 tion, ***[if]** **except upon finding by the State or municipal*
 7 *agency, as appropriate, that*** the exemption would ***not*** en-
 8 danger the health and safety of the citizens of the State.

1 26. The authority shall conduct a continuing review of all State

2 regulations and shall recommend to the appropriate administrative
3 bodies the modification or waiver of regulations promulgated by
4 that agency in order to contribute to the implementation of this act.

1 27. To be eligible for any of the incentives provided under this
2 act a qualifying business must demonstrate to the satisfaction of
3 the authority that:

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

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

1 28. Any firm that receives any benefits set forth in sections 16
2 through 24 of this act shall annually certify to the authority that
3 it is a qualified business under subsection c. of section 3 of this act.
4 Failure to supply the certification or willful falsification of data
5 in the certification will result in a fine of not more than ten times
6 the benefits received, nor more than two years in prison.

1 *29. a. *There is created an enterprise zone assistance fund to be*
2 *held by the State Treasurer, **[but not to exist in the State Trea-*
3 *sury,]** which shall be the repository for all moneys required to be*
4 *deposited therein under section 21 of this act **or moneys appro-*
5 *priated annually to the fund**.* All moneys deposited in the
5A *fund shall be held and disbursed in the amounts necessary to*
6 *fulfill the purposes of this section and subject to the requirements*
7 *hereinafter prescribed. The State Treasurer may invest and re-*
8 *invest any moneys in the fund, or any portion thereof, in legal*
9 *obligations of the United States or of the State or of any political*
10 *subdivision thereof. Any income from, interest on, or increment to*
11 *moneys so invested or reinvested shall be included in the fund.*

12 *The State Treasurer shall maintain separate accounts for each*
13 *enterprise zone designated under this act, and shall credit to each*
14 *account an amount of the moneys deposited in the fund equal to*
15 *the amount of revenues collected from the taxation of retail sales*
16 *made in the zone and **[dedicated]** **appropriated** to the*
17 *enterprise zone assistance fund**, or that amount of moneys ap-*
17A *propriated to the fund and required to be credited to the enterprise*
17B *zone account of the qualifying municipality**.*

18 *The State Treasurer shall promulgate the rules and regulations*
19 *necessary to govern the administration of the fund for the purposes*
20 *of this section.*

21 *b. The enterprise zone assistance fund shall be used for the pur-*
22 *pose of assisting qualifying municipalities in which enterprise zones*
23 *are designated in undertaking public improvements and in upgrad-*
24 *ing eligible municipal services in designated enterprise zones.*

25 *c. The governing body of a qualifying municipality in which an*
26 *enterprise zone is designated and the zone development corporation*
27 *created by the municipality for that enterprise zone may, by resolu-*
28 *tion jointly adopted after public hearing, propose to undertake a*
29 *project for the public improvement of the enterprise zone or to*
30 *increase eligible municipal services in the enterprise zone, and to*
31 *fund that project or increase in eligible municipal services from*
32 *moneys deposited in the enterprise zone assistance fund and*
33 *credited to the account maintained by the State Treasurer for the*
34 *enterprise zone.*

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

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

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

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

45 (4) *A statement of the time necessary to complete the project,*
46 *or of the time during which the increased municipal services are*
47 *to be maintained; and*

48 (5) *A statement of the manner in which the proposed project or*
49 *increase in municipal services furthers the municipality's policy*
50 *and intentions for addressing the economic and social conditions*
51 *existing in the area of the enterprise zone as set forth in the zone*
52 *development plan approved by the authority.*

53 *As used in this section, "project" means the purchasing, leasing,*
54 *condemning, or otherwise acquiring of land or other property, or*
55 *an interest therein, in the enterprise zone or as necessary for a*
56 *right-of-way or other easement to or from the enterprise zone; the*
57 *relocating and moving of persons displaced by the acquisition of*
58 *land or property; the rehabilitation and redevelopment of land or*
59 *property, including demolition, clearance, removal, relocation, ren-*
60 *ovation, alteration, construction, reconstruction, installation or re-*
61 *pair of a land or a building, street, highway, alley, utility, service*
62 *or other structure or improvement; the acquisition, construction,*
63 *reconstruction, rehabilitation, or installation of public facilities and*
64 *improvements, except buildings and facilities for the general con-*
65 *duct of government and schools; and the costs associated there-*
66 *with including the costs of an administrative, appraisal, economic*
67 *and environmental analyses or engineering, planning, design,*

68 architectural, surveying or other professional services necessary
69 to effectuate the project.

70 As used in this section, "eligible municipal services" means the
71 hiring of additional policemen or firemen assigned duties in the
72 enterprise zone, or the purchasing or leasing of additional police
73 or fire vehicles, equipment or apparatus to be used for the provi-
74 sion of augmented or upgraded public safety services in the enter-
75 prise zone and its immediate vicinities.

76 d. Upon adoption by the governing body of the qualifying munic-
77 ipality and by the zone development corporation, the proposal shall
78 be sent to the authority for its evaluation and approval. The au-
79 thority shall approve the proposal if it shall find:

80 (1) In the case of a project, that the proposed project furthers
81 the policy and intentions of the zone development plan approved
82 by the authority, and that the estimated annual payments for the
83 project from the enterprise zone account to which the proposal
84 pertains are not likely to result in a deficit in that account;

85 (2) In the case of an increase in eligible municipal services, that
86 the proposal furthers the policy and intentions of the zone develop-
87 ment plan approved by the authority; that the qualifying munici-
88 pality has furnished satisfactory assurances that the additional
89 policemen or firemen to be hired, or the additional vehicles, equip-
90 ment or apparatus to be purchased or leased, shall be used to aug-
91 ment or upgrade public safety in the enterprise zone, and shall not
92 be used in other areas of the municipality; that the qualifying
93 municipality shall annually appropriate for the increased eligible
94 municipal services an amount equal to 20% of the amount of annual
95 payments for the eligible municipal services from the enterprise
96 zone account; and, that the estimated annual payments for the
97 eligible municipal services from the enterprise zone account to
98 which the proposal pertains are not likely to result in a deficit in
99 that account.

100 e. If the authority shall approve the proposal, it shall annually,
101 upon its receipt of a written statement from the governing body of
102 the qualifying municipality and the zone development corporation,
103 certify to the State Treasurer the amount to be paid in that year
104 from the enterprise zone account in the enterprize zone assistance
105 fund with respect to each project or increase in eligible municipal
106 services approved. The authority may at any time revoke its ap-
107 proval of a project or an increase in eligible municipal services if
108 it finds that the annual payments made from the enterprise zone
109 assistance fund are not being used as required by this section.

110 f. Upon certification by the authority of the annual amount to

111 *be paid to a qualifying municipality with respect to any project or*
 112 *increase in eligible municipal services, the State Treasurer shall*
 113 *pay in each year to the qualifying municipality from the amounts*
 114 *deposited in the enterprise zone assistance fund the amount so*
 115 *certified, within the limits of the amounts credited to the enterprise*
 116 *zone account of the qualifying municipality.**

1 ***[29.]*** ***30.*** No enterprise zones shall be designated after the
 2 date occurring ****[five]**** ****ten**** years from the effective date of
 3 this act.

1 ****31.** Section 34 of P. L. 1980, c. 105 (C. 54:32B-8.22) is amended
 2 to read as follows:

3 34. Receipts from sales made to contractors or repairmen of
 4 materials, supplies or services for exclusive use in erecting struc-
 5 tures or building on, or otherwise improving, altering or repairing
 6 real property of organizations described in subsections (a) and (b)
 7 of section 9 of the Sales and Use Tax Act (C. 54:32B-9), *and of*
 8 *qualified businesses within an enterprise zone as authorized in sec-*
 9 *tion 20 of the "New Jersey Urban Enterprise Zones Act," P. L.*
 10 *, c. (C.) (now pending before the Legis-*
 11 *lature as Senate Bill No. 3260 of 1983), are exempt from the tax im-*
 12 *posed under that act, provided any person seeking to qualify for*
 13 *the exemption shall do so pursuant to such rules and regulations*
 14 *and upon forms as shall be prescribed by the director.***

1 ***[30.]*** ****[31.]**** ****32.**** This act shall take effect immedi-
 2 ately.

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

1 28. Any firm that receives any benefits set forth in sections 16
2 through 24 of this act shall annually certify to the authority that
3 it is a qualified business under subsection c. of section 3 of this act.
4 Failure to supply the certification or willful falsification of data
5 in the certification will result in a fine of not more than ten times
6 the benefits received, nor more than two years in prison.

1 29. No enterprise zones shall be designated after the date occur-
2 ring five years from the effective date of this act.

1 30. This act shall take effect immediately.

STATEMENT

This bill, the "New Jersey Urban Enterprise Zones Act," would permit the establishment of enterprise zones by qualifying municipalities. The purpose is to encourage private efforts to provide employment opportunities in urban areas through the use of tax and other incentives and regulatory relief.

The bill establishes a New Jersey Urban Enterprise Zone Authority to administer the act, assist municipalities in formulating enterprise zone development plans, and designate qualifying enterprise zones for State assistance. The authority consists of four State cabinet officers, and five public members appointed with the advice and consent of the Senate.

The authority may designate up to two zones per year, over a five year period, for a total of ten zones. To assure proper geographic distribution of zones, two of the first four zones designated must be in South Jersey.

For a business to be eligible to receive any of the benefits offered by the legislation, at least 25% of the work force of a firm must:

- a. Reside within the zone or municipality, or
- b. Be unemployed or on public assistance for one year prior to being hired;
- c. Be eligible for the federal Jobs Training Partnership Act.

Fiscal incentives include a loss carryover provision, and elimination of net worth tax liability. Other incentives are offered to employers who hire new employees who meet the specified eligibility criteria.

The Department of Labor will develop and coordinate a skill training program to meet the needs of private sector employers. It will develop educational programs targeted to employers' needs, and coordinate recruiting, screening, testing and training programs.

53260 (1983)

A venture capital element is provided by according priority for financial assistance from the New Jersey Local Development Financing Fund for projects located in enterprise zones.

An experimental program providing for the exemption from the "Sales and Use Tax Act" of retail sales made within an enterprise zone, except for sales of motor vehicles and certain manufacturing equipment, is included. This provision is limited to a maximum of four of the 10 enterprise zones designated.

Under the bill, municipalities will qualify to apply for designation if they have at least 2,000 unemployed persons and an unemployment rate exceeding the State average rate, or if they qualify for State urban aid and have an unemployment rate exceeding the State average rate.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 3260

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 25, 1983

This bill, the "New Jersey Urban Enterprise Zones Act," would permit the establishment of enterprise zones by qualifying municipalities. The purpose is to encourage private investment in areas of high unemployment through the use of tax and other incentives and regulatory relief.

The bill provides for an enterprise zone program which is experimental in nature. While a proposed federal enterprise zone program has been pending before Congress for some time, it appears that a New Jersey enterprise zones program would proceed without the benefits of any federal incentives, at least in the initial stages. If the initial success of enterprise zones is to depend upon local and State efforts, it befits the Legislature to proceed in a conservative, yet effective, manner. The bill provides, therefore, for the designation of a limited number of enterprise zones, to be located in municipalities experiencing extremely high unemployment. The designation of a small number of enterprise zones conserves the revenue loss to the State resulting from State tax incentives to be provided, while it allows for the use of an array of incentives which may have a significant effect in zones. The bill is intended to provide a true test of this experimental program, in order to determine whether or not private enterprise will respond in the way that advocates of enterprise zones have claimed.

Under the bill, municipalities will qualify to apply for an enterprise zone if they have at least 2,000 unemployed persons and an unemployment rate exceeding the State average rate, or if they qualify for State urban aid and have an unemployment rate exceeding the State average rate.

The bill requires the formulation and adoption of a zone development plan. The qualifying municipality would create a zone development corporation, which shall include on its board of directors representatives of the municipal government, of the business community, and of community organizations. The zone development corporation is made a local development corporation for the purposes of receiving State financial and technical assistance.

The zone development corporation is to formulate and propose a preliminary zone development plan to the municipal governing body. The plan sets forth the municipality's findings concerning the economic and social conditions existing in the area, and the municipality's intentions for addressing them.

The bill establishes a New Jersey Urban Enterprise Zone Authority to administer the act, assist municipalities in formulating enterprise zone development plans, and designate qualifying enterprise zones for State assistance. The authority consists of four State cabinet officers, and five public members appointed with the advice and consent of the Senate.

The authority may designate up to two zones per year, over a five year period, for a total of ten zones. To assure proper geographic distribution of zones, two of the first four zones designated must be in South Jersey. One of the next two designated must be in Central Jersey.

For a business to be eligible to receive any of the benefits offered by the legislation, at least 25% of the work force of a firm must:

- a. Reside within the zone or municipality, or
- b. Be unemployed or on public assistance for one year prior to being hired;
- c. Be eligible for the federal Jobs Training Partnership Act.

Fiscal incentives include a loss carryover provision, and elimination of net worth tax liability. Other incentives are offered to employers who hire new employees who meet the specified eligibility criteria.

The Department of Labor will develop and coordinate a skill training program to meet the needs of private sector employers. It will develop educational programs targeted to employers' needs, and coordinate recruiting, screening, testing and training programs.

A venture capital element is provided by according priority for financial assistance from the New Jersey Local Development Financing Fund for projects located in enterprise zones.

In addition, the bill provides for a partial exemption from the "Sales and Use Tax Act" for retail sales made within an enterprise zone, except for sales of motor vehicles and certain manufacturing equipment. The effective Sales Tax within the enterprise zone would be 3%.

An enterprise zone assistance fund is established to provide municipalities in which enterprise zones are designated with assistance in undertaking public improvements and in upgrading public safety services in the enterprise zone area. Moneys for the fund come from the dedication of the revenues from the 3% Sales Tax levied in the zone. The dedication is phased out over the zone designation period. The

public improvement projects and programs to increase public safety services are to be approved by the New Jersey Enterprise Zone Authority as furthering the zone development plan for the enterprise zone. The increased public safety services may consist of hiring additional policemen or firemen assigned duties in the enterprise zone, or the purchasing or leasing of additional police or fire vehicles, equipment or apparatus. The public safety service funding requires a 20% municipal match.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 3260

[SECOND OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 16, 1983

Senate Bill No. 3260, (2nd OCR), the "New Jersey Urban Enterprise Zones Act" would permit the establishment of enterprise zones in qualifying municipalities.

The zones may be established only in municipalities that had an annual average of 2,000 unemployed persons and an annual average unemployment rate for that year exceeding the State average rate; or in urban aid municipalities that have an unemployment rate exceeding the State average rate. In addition, the first two designated enterprise zones must have:

- A rate of unemployment exceeding one and one half times the national rate;
- At least 20% of the population of the area with income below the poverty level; and
- At least 20% of the residents of the area dependent upon public assistance as their primary source of income.

After the designation of the first two zones, the criteria may be modified by regulation of the Urban Enterprise Zone Authority if the criteria in the act do not accurately reflect relative poverty, newer and more accurate criteria become available and the criteria in the bill would not assure the eligibility of designated zones for federal assistance. The proposed changes must, however, be in written form, be presented to the Legislature and the Governor, be subject to public hearing, and only then be adopted as prescribed by law.

The New Jersey Urban Enterprise Zone Authority is established to administer the act, assist municipalities in formulating enterprise zone development plans, and designate qualifying enterprise zones for State assistance. The authority consists of four State cabinet officers, and five public members appointed with the advice and consent of the Senate.

The authority may designate up to two zones per year, and no more than 10 zones may be in effect at any one time. Any designation shall be for a period of 20 years and shall not be renewed. No more than one

zone shall be designated in any municipality. Two of the first four zones designated must be in South Jersey. At least one of the next two designated after the first four must be in Central Jersey.

The bill provides that qualified businesses subject to the Corporation Business Tax and located in a designated zone would be eligible for certain tax benefits:

- Exemption from net worth portion of the tax for 20 years subject, however, to the phase out provisions of P. L. 1982, c. 55.
- For businesses that are primarily manufacturing or other types of business which are not retail sales or warehousing oriented, a tax credit of \$1,500.00 for each new employee who is a resident of the municipality and was previously unemployed or received public assistance. A credit of \$500.00 for each new employee who is a resident of the municipality but was not previously employed in the municipality is also permitted; but in no case could the tax credit exceed 50% of the amount otherwise due. Unused credits could be carried forward.

Additionally, a qualified business could qualify for an award based on its unemployment tax payments made on behalf of certain new employees

Exemptions from the Sales Tax are also included in the bill. Generally, sales made to qualified businesses (except sales of motor vehicles) in an enterprise zone for the exclusive use of that business are exempt. Secondly, sales made by qualified businesses in two of the first five designated zones, and in no case than in more than four of the zones, are to be taxed at one half the Sales Tax rate in effect. The reduced amount of sales tax collected by those businesses in the four zones is to be deposited in the urban enterprise zone assistance fund. Over the 20 year period, however, an ever increasing portion of the tax collections would be paid to the State until in the final five year period of the zone designation, all of the tax collections would be paid to the State.

The urban enterprise zone fund is to be used for upgrading police and fire services or funding approved projects such as building rehabilitation, relocating persons displaced by property acquisitions, etc. In the case of upgrading police and fire services, the municipality must fund 20% of the increased costs.

Lastly, no enterprise zone may be designated after the date occurring 10 years from the effective date of the act

The act takes effect immediately.

1 26. The initial amount of the revolving fund created by sub-
 2 section b. of section 22 of this act shall be \$10,000,000.00, which sum
 3 is appropriated for that purpose.

1 27. This act shall take effect immediately but shall remain inop-
 2 erative until the proposed amendment to the Constitution now
 3 pending before the Legislature as Senate Concurrent Resolution
 4 No. 89 of 1982 becomes a part of the Constitution.

STATEMENT

This bill provides for designation of certain economically dis-
 stressed areas as "urban enterprise zones," and authorizes a
 number of measures to stimulate economic activity in areas so
 designated.

General administration of the program would be in the hands of
 an Urban Enterprise Zone Authority, to consist of seven members:
 the Commissioners of Commerce and Economic Development (as
 chairman), Community Affairs, and Labor, and the State Treas-
 urer, ex officio, and three citizen members appointed by the
 Governor and confirmed by the Senate.

This authority would determine eligibility of areas nominated by
 municipalities for designation as enterprise zones, and would
 negotiate a "zone development plan" for each eligible zone in
 consultation with the municipal government. The development
 plan would determine which of the measures of economic stimula-
 tion authorized by the bill would be employed, and to what extent.
 Each development plan agreed upon by the authority and a munici-
 pality would be laid before the Legislature, which would have
 power to nullify it by a concurrent resolution of disapproval within
 60 days of its transmission.

Available measures of economic stimulus, the use of which are to
 be determined and governed in each zone by its particular zone
 development plan, include:

1. Property-tax exemptions or abatements for new or expanded
 commercial and industrial construction.

2. State assistance in the form of (a) reduction of State business
 taxes in consideration of a firm's location in a designated zone
 or its provision of new employment opportunities or job-training
 programs, and (b) direct assistance from an Enterprise Zone
 Assistance Fund financed by State appropriations.

3. Simplified and expeditious procedures for handling regulatory
 approvals required by new or expanding businesses, and in some
 cases waiver of local land-use regulations when that waiver would
 be advantageous in realizing the aims of the zone development plan.

A2253(1983)

ASSEMBLY HOUSING AND URBAN POLICY
COMMITTEE

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2253 and 3054

STATE OF NEW JERSEY

DATED: MAY 9, 1983

This bill, the "New Jersey Urban Enterprise Zones Act," would permit the establishment of enterprise zones by qualifying municipalities. The purpose is to encourage private investment in areas of high unemployment through the use of tax and other incentives and regulatory relief.

The bill provides for an enterprise zone program which is experimental in nature. While a proposed federal enterprise zone program has been pending before Congress for some time, it appears that a New Jersey enterprise zones program would proceed without the benefits of any federal incentives, at least in the initial stages. If the initial success of enterprise zones is to depend upon local and State efforts, it befits the Legislature to proceed in a conservative, yet effective, manner. The bill provides, therefore, for the designation of a limited number of enterprise zones, to be located in municipalities experiencing extremely high unemployment. The designation of a small number of enterprise zones conserves the revenue loss to the State resulting from State tax incentives to be provided, while it allows for the use of an array of incentives which may have a significant effect in zones. The bill is intended to provide a true test of this experimental program, in order to determine whether or not private enterprise will respond in the way that advocates of enterprise zones have claimed.

Under the bill, municipalities will qualify to apply for an enterprise zone if they have at least 2,000 unemployed persons and an unemployment rate exceeding the State average rate, or if they qualify for State urban aid and have an unemployment rate exceeding the State average rate.

The bill requires the formulation and adoption of a zone development plan. The qualifying municipality would create a zone development corporation, which shall include on its board of directors representatives of the municipal government, of the business community, and of community organizations. The zone development corporation is made a local development corporation for the purposes of receiving State financial and technical assistance.

The zone development corporation is to formulate and propose a preliminary zone development plan to the municipal governing body. The plan sets forth the municipality's findings concerning the economic and social conditions existing in the area, and the municipality's intentions for addressing them.

The bill establishes a New Jersey Urban Enterprise Zone Authority to administer the act, assist municipalities in formulating enterprise zone development plans, and designate qualifying enterprise zones for State assistance. The authority consists of four State cabinet officers, and five public members appointed with the advice and consent of the Senate.

The authority may designate up to two zones per year, over a 10-year period, for a total of 10 zones. The first applications are to be received within one year from the effective date of this act. To assure proper geographic distribution of zones, two of the first four zones designated must be in South Jersey. One of the next two designated must be in Central Jersey.

For a business to be eligible to receive any of the benefits offered by the legislation, at least 25% of the work force of a firm must:

- a. reside within the zone or municipality, or
- b. be unemployed or on public assistance for one year prior to being hired;
- c. be eligible for the federal Jobs Training Partnership Act.

Fiscal incentives include elimination of net worth tax liability, and a provision under which materials and services purchased by a business to construct or expand facilities in an enterprise zone are exempt from sales tax. Other incentives are offered to employers who hire new employees who meet the specified eligibility criteria.

The Department of Labor will develop and coordinate a skill training program to meet the needs of private sector employers. It will develop educational programs targeted to employers' needs, and coordinate recruiting, screening, testing and training programs.

A venture capital element is provided by according priority for financial assistance from the New Jersey Local Development Financing Fund for projects located in enterprise zones.

In addition, the bill provides for a partial exemption from the "Sales and Use Tax Act" for retail sales made within certain enterprise zones, except for sales of motor vehicles and certain manufacturing equipment. The effective Sales Tax within the enterprise zone would be 3%. This exemption shall be applied to two of the first five enterprise zones designated, and to no more than four in all.

An enterprise zone assistance fund is established to provide municipalities in which enterprise zones are designated with assistance in

undertaking public improvements and in upgrading public safety services in the enterprise zone area. Moneys for the fund come from the dedication of the revenues from the 3% Sales Tax levied in the zone. The dedication is phased out over the zone designation period. The public improvement projects and programs to increase public safety services are to be approved by the New Jersey Enterprise Zone Authority as furthering the zone development plan for the enterprise zone. The increased public safety services may consist of hiring additional policemen or firemen assigned duties in the enterprise zone, or the purchasing or leasing of additional police or fire vehicles, equipment or apparatus. The public safety service funding requires a 20% municipal match.

[OFFICIAL COPY REPRINT]
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2253 and 3054

STATE OF NEW JERSEY

ADOPTED MAY 26, 1983

By Assemblymen BRYANT, SCHWARTZ, KERN, CHARLES
and WATSON

AN ACT to provide for the establishment of "Urban Enterprise Zones" in certain areas of economic distress, authorizing various measures to stimulate economic activity within zones so designated, providing for the relaxation of various State and municipal regulations in those areas, establishing the New Jersey Urban Enterprise Zone Authority, and amending P. L. 1980, c. 105.

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

1 1. This act shall be known and may be cited as the "New Jersey
2 Urban Enterprise Zones Act."

1 2. The Legislature finds:

2 a. That there persist in this State, particularly in its urban
3 centers, areas of economic distress characterized by high unemploy-
4 ment, low investment of new capital, blighted conditions, obsolete
5 or abandoned industrial or commercial structures, and deteriorating
6 tax bases.

7 b. That the severe and persistent deterioration of these areas
8 demands vigorous and coordinated efforts by private and public
9 entities to restore their prosperity and enable them to resume
10 significant contributions to the economic and social life of the State.

11 c. That the economic revitalization of these areas requires appli-
12 cation of the skills and entrepreneurial vigor of private enterprise;
13 and it is the responsibility of government to provide a framework
14 within which encouragement be given to private capital investment

**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 printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

***—Assembly committee amendments adopted June 23, 1983.**

15 in these areas, disincentives to investment be removed or abated,
16 and mechanisms be provided for the coordination and cooperation
17 of private and public agencies in restoring the economic viability
18 and prosperity of these areas.

1 3. As used in this act:

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

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

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

14 (1) resident within the zone or within the municipality within
15 which the zone is located; or

16 (2) unemployed for at least a year prior to being hired and
17 residing in New Jersey, and recipients of New Jersey public
18 assistance programs for at least one year prior to being hired, or
19 either of the aforesaid; or

20 (3) determined to be economically disadvantaged pursuant to
21 the Jobs Training Partnership Act, Pub. L. 97-300 (29 U.S.C.
22 § 1501 et seq.).

23 d. "Qualifying municipality" means any municipality in which
24 there was, in the last full calendar year immediately preceding
25 the year in which application for enterprise zone designation is
26 submitted pursuant to section 14 of this act, an annual average of
27 at least 2,000 unemployed persons, and in which the municipal
28 average annual unemployment rate for that year exceeded the
29 State average annual unemployment rate; except that any municipi-
30 pality which qualifies for State aid pursuant to P. L. 1978, c. 14
31 (C. 52:27D-178 et seq.) shall qualify if its municipal average
32 annual unemployment rate for that year exceeded the State average
33 annual unemployment rate. The annual average of unemployed
34 persons and the average annual unemployment rates shall be
35 estimated for the relevant calendar year by the Office of Labor
36 Statistics, Division of Planning and Research of the State Depart-
37 ment of Labor;

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

41 f. "Zone development corporation" means a nonprofit corporation
 42 or association created by the governing body of a qualifying mu-
 43 nicipality to formulate and propose a preliminary zone development
 44 plan pursuant to section 9 of this act;

45 g. "Zone development plan" means a plan adopted, by the govern-
 46 ing body of a qualifying municipality for the development of an
 47 enterprise zone therein, and for the direction and coordination of
 48 activities of the municipality, zone businesses and community
 49 organizations within the enterprise zone toward the economic
 50 betterment of the residents of the zone and the municipality;

51 h. "Zone neighborhood association" means a corporation or
 52 association of persons who either are residents of, or have their
 53 principal place of employment in, a municipality in which an enter-
 54 prise zone has been designated pursuant to this act; which is
 55 organized under the provisions of Title 15 of the Revised Statutes;
 56 and which has for its principal purpose the encouragement and
 57 support of community activities within, or on behalf of, the zone so
 58 as to (1) stimulate economic activity, (2) increase or preserve
 59 residential amenities, or (3) otherwise encourage community co-
 60 operation in achieving the goals of the zone development plan; and

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

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

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

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

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

7 (4) The State Treasurer; and

8 (5) Five public members not holding any other office, position
 9 or employment in the State Government, nor any local elective
 10 office, who shall be appointed by the Governor with the advice and
 11 consent of the Senate, and who shall be qualified for their appoint-
 12 ments by training and experience in the areas of local government
 13 finance, economic development and redevelopment, or volunteer
 14 civic service and community organization. No more than three
 15 public members shall be of the same political party.

16 b. The public members of the authority shall serve for terms
 17 of five years, except that of the members first appointed, one shall
 18 serve for a term of one year, one shall serve for a term of two years,
 19 one shall serve for a term of three years, one shall serve for a
 20 term of four years, and one shall serve for a term of five years.
 21 Vacancies in the public membership shall be filled in the manner of
 22 the original appointment but for the unexpired term.

1 5. For purposes of compliance with Article V, Section IV, para-
2 graph 1 of the Constitution of the State of New Jersey, the author-
3 ity created by this act is allocated to the Department of Commerce
4 and Economic Development. All clerical and professional assist-
5 ants, and all personnel, procurement, budgetary and other admin-
6 istrative services necessary or incidental to its proper functioning
7 shall be provided by and through that department.

1 6. It shall be the duty of the authority to:

2 a. Promulgate criteria for the designation of zones pursuant to
3 the provisions of this act;

4 b. Receive and evaluate applications of municipalities for the
5 designation of zones;

6 c. Enter into discussions with applying municipalities regarding
7 zone development proposals;

8 d. Act as agent of the State with respect to zone development
9 plans, and in determining the State-furnished components to be
10 included in those plans;

11 e. Designate zones in accordance with the provisions of this act
12 and promulgate rules and regulations necessary to carry out its
13 duties under this act;

14 f. Exercise continuing review and supervision of the imple-
15 mentation of zone development plans;

16 g. Receive and evaluate proposals of qualifying municipalities in
17 which enterprise zones are designated for funding of projects and
18 increased eligible municipal services from the enterprise zone
19 assistance fund, and to certify annually to the State Treasurer
20 amounts to be paid from the enterprise zone assistance fund to
21 support approved projects and increased eligible municipal services
22 in designated enterprise zones;

23 h. Assist and represent qualifying municipalities in any nego-
24 tiations with, or proceedings before, other agencies of State Govern-
25 ment or of the federal government, to secure necessary or appro-
26 priate assistance, support and cooperation of those agencies in
27 the implementation of zone development plans in accordance with
28 the provisions of this act and any other applicable State or federal
29 law;

30 i. Upon request, assist agencies of municipal government in
31 gathering, compiling and organizing data to support an applica-
32 tion for designation of a zone, and in identifying and coordinating
33 the elements of a zone development proposal suitable for the zone
34 sought to be designated;

35 j. Provide assistance to State and local government agencies
36 relating to application for and securing of permits, licenses and
37 other regulatory approvals required by those agencies, to assure

38 consideration and expeditious handling of regulatory requirements
39 of any zone business, zone business association or zone neighbor-
40 hood association; regulatory agencies of the State and its agencies
41 and instrumentalities, may agree to any simplification, consolidation
42 or other liberalization of procedural requirements which may be
43 requested by the authority and which is not inconsistent with pro-
44 visions of law;

45 k. Assist the State in applying to, or entering into negotiations
46 or agreements with, the federal government, for federal enterprise
47 zone designations; and

48 l. Exercise continuing review of the implementation of this act,
49 and to report annually to the Governor and the Legislature on
50 the effectiveness of enterprise zones in addressing the conditions
51 cited in this act, including any recommendations for legislation
52 to improve the effectiveness of operation of those zones. The report
53 shall be submitted one year from the effective date of this act, and
54 annually thereafter.

1 7. The authority shall designate enterprise zones from among
2 those areas of qualifying municipalities determined to be eligible
3 pursuant to this act. No more than two enterprise zones shall be
4 designated in any one year, no more than 10 enterprise zones shall
5 be in effect at any one time. No more than one enterprise zone
6 shall be designated in any one municipality. Any designation
7 granted shall be for a period of 20 years and shall not be renewed
8 at the end of that period. In designating enterprise zones the
9 authority shall seek to avoid excessive geographic concentration
10 of zones in any particular region of the State, and of the initial
11 four enterprise zones designated by the authority, two shall be
12 located in the 10 southernmost counties of the State. Of the next
13 two enterprise zones designated thereafter, at least one shall be
14 located in one of the five counties next most northern to those 10
15 counties.

1 8. The governing body of any qualifying municipality may, by
2 ordinance, create a nonprofit corporation pursuant to the pro-
3 visions of Title 15 of the Revised Statutes to act as the zone
4 development corporation for the municipality. Any zone develop-
5 ment corporation so created shall include on its board of directors
6 representatives of the government of the qualifying municipality,
7 members of the business community thereof, and representatives
8 of community organizations in the municipality, and the total
9 membership of the board of directors shall be broadly represen-
10 tative of businesses and communities within the municipality.

11 Notwithstanding the provisions of any other law to the contrary,
12 a zone development corporation shall be considered to be a local
13 development corporation for the purpose of receiving any State

14 financial or technical assistance as may be available, and the
 15 creation of a zone development corporation shall not preclude a
 16 qualifying municipality from creating another local development
 17 corporation for the municipality with responsibilities not related
 18 to the enterprise zone, nor preclude that other corporation from
 19 receiving State financial or technical assistance.

1 9. *~~Before applying for designation of an enterprise zone, the~~
 2 ~~municipal governing body shall cause a preliminary zone develop-~~
 3 ~~ment plan to be formulated, either through a zone development~~
 4 ~~corporation, or by the governing body with the assistance of such~~
 5 ~~officers and agencies of the municipality as the governing body~~
 6 ~~may see fit.~~* *The zone development corporation shall formulate*
 7 *and propose a preliminary zone development plan to the governing*
 8 *body of the qualifying municipality.** The preliminary zone devel-
 9 opment plan shall set forth the boundaries of the proposed enter-
 10 prise zone, findings of fact concerning the economic and social
 11 conditions existing in the area proposed for an enterprise zone,
 11A and the municipality's policy and intentions for addressing these
 11B conditions, and may include proposals respecting:

12 a. Utilizing the powers conferred on the municipality by law
 13 for the purpose of stimulating investment in any economic develop-
 14 ment of the proposed zone;

15 b. Utilizing State assistance through the provisions of this act
 16 relating to exemptions from, and credits against, State taxes;

17 c. Securing the involvement in, and commitment to, zone eco-
 18 nomic development by private entities, including zone neighborhood
 19 associations, voluntary community organizations supported by
 20 residents and businesses in the zone;

21 d. Utilizing the powers conferred by law to revise municipal
 22 planning and zoning ordinances and other land use regulations as
 23 they pertain to the zone, in order to enhance the attractions of the
 24 zone to prospective developers;

25 e. Increasing the availability and efficiency of support services,
 26 public and private, generally used by and necessary to the efficient
 27 functioning of commercial and industrial facilities in the area, and
 28 the extent to which the increase or improvement is to be provided
 29 and financed by the municipal government or by other entities.

1 10. An area defined by a continuous border within a qualifying
 2 municipality shall be eligible for designation as a zone if:

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

8 b. It meets the criteria established by the authority pursuant to
 9 this act relating to the incidence of poverty, unemployment and
 10 general economic distress.

1 11. The first two areas **and municipalities** designated as en-
 2 terprise zones by the authority shall meet all the following criteria :

3 a. A rate of unemployment among residents in the area **and*
 4 *among residents of the municipality** exceeding one and one-half
 5 times the national unemployment rate as determined by the most
 6 recently available data from the Bureau of Labor Statistics in the
 7 United States Department of Labor ;

8 b. At least 20% of the population of the area **and population*
 9 *of the municipality** receive incomes below the poverty level, as
 10 defined by the United States Department of Labor ;

11 c. At least 20% of the residents of the area **and residents of*
 12 *the municipality** depend upon public assistance as their primary
 13 source of income.

1 12. After the designation of the first two enterprise zones, the
 2 authority may by regulation, from time to time, modify, replace
 3 or supplement the criteria set forth in subsection c. and d. of
 4 section 3 and in sections 10 and 11 of this act so as to develop a
 5 complete set of criteria for the qualification of businesses for the
 6 benefits of this act, and for the designation of enterprise zones in
 7 qualifying municipalities.

8 No regulation to modify, replace or supplement a criterion shall
 9 be adopted by the authority unless the authority has prior to
 10 adoption issued a written report to the Governor and the Legisla-
 11 ture setting forth: the text of the proposed modification, replace-
 12 ment or supplement; a statement of the authority's reasons for
 13 the proposal; the written statement of any authority member dis-
 14 senting from the authority's proposal; and a statement of the
 15 manner in which the proposal will further the legislative intent
 16 of this act. Not less than 60 days after the authority report is
 17 placed upon the desks of each member of the Legislature, the
 18 authority shall hold a public hearing at which any interested
 19 person shall be heard. Upon the completion of the public hearing,
 20 the regulation may be adopted by the authority in the manner
 21 otherwise prescribed by law.

22 The authority may modify, replace or supplement criteria pur-
 23 suant to this section, if it finds that :

24 a. The criteria set forth in this act do not accurately determine
 25 the relative burden of poverty, unemployment and general distress
 26 among and between areas under consideration for designation as
 27 enterprise zones ;

28 b. The criteria do not utilize newly available data, or do utilize
 29 data not available or not complete and accurate ;

30 c. The criteria would not assure the eligibility of designated
 31 zones for federal government assistance under programs now or
 32 hereafter undertaken by the federal government, for which those
 33 areas and the municipalities in which they are located would not
 34 be eligible in the absence of that designation.

1 13. a. In designating eligible areas as enterprise zones, the
 2 authority shall accord preference to zone development plans which:

3 (1) Have the greatest potential for success in stimulating pri-
 4 marily new economic activity in the area;

5 (2) Are designed to address the greatest degree of urban dis-
 6 tress, as measured by existing levels of unemployment, poverty,
 7 and property tax arrearages;

8 (3) Demonstrate the most substantial and reliable commitments
 9 of resources by zone businesses, zone neighborhood associations,
 10 voluntary community organizations and other private entities to
 11 the economic success of the zone;

12 (4) Demonstrate the most substantial effort and commitment by
 13 the municipality to encourage economic activity in the area and
 14 to remove disincentives for job creation compatible with the fiscal
 15 condition of the municipality;

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

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

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

26 (3) The degree of commitment made by public and private en-
 27 tities to utilize minority contractors and assure equal opportunities
 28 for employment in connection with any construction or recon-
 29 struction to be undertaken in the eligible area;

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

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

1 14. a. Any qualifying municipality may designate any area set
 2 forth in the zone development plan as an enterprise zone. The
 3 municipality may then make written application to the authority
 4 to have the area selected for State and federal assistance offered

5 to enterprise zones or either type of assistance. The application
6 shall include the zone development plan adopted for the area and
7 any other information as the authority may require.

8 b. Upon receipt of an application from the qualifying municipi-
9 pality the authority shall review the application to determine
10 whether the area described in the application qualifies for State
11 assistance under the criteria of this act.

12 c. Upon organization the authority shall establish a date for the
13 receipt of initial applications for designation under this act, which
14 shall be within one year of the effective date of this act. Thereafter,
15 the authority shall complete its review within 90 days of receipt
16 of an application, but may extend this time period by an additional
17 60 days if necessary. If the authority denies the application, it
18 shall inform the municipality of that fact in writing setting forth
19 the reasons for the denial.

20 d. The designation of an enterprise zone by the authority shall
21 take effect upon the adoption by the qualifying municipality of
22 an ordinance accepting that designation.

1 15. Except as otherwise specified in this act, a qualified business
2 in an enterprise zone shall be eligible to receive from among those
3 benefits authorized in section 16 through 20 of this act, as are deter-
4 mined by the authority. The authority shall state in writing at the
5 time of designation its determinations as to which of those benefits
6 are to apply in an enterprise zone.

1 16. A qualified business shall be eligible for an award based upon
2 the amount of unemployment insurance tax it has paid for those
3 new employees who meet the criteria set forth in subsection c. of
4 section 3 of this act. The award shall apply only to those new
5 employees whose gross salaries are less than \$1,500.00 per month,
6 and shall be based on the following schedule:

7 a. First 4 years in zonean amount equal to 50% of the em-
8 ployer's unemployment insurance
9 payment;

10 b. Second 4 years in zonean amount equal to 40% of the em-
11 ployer's unemployment insurance
12 payment;

13 c. Third 4 years in zonean amount equal to 30% of the em-
14 ployer's unemployment insurance
15 payment;

16 d. Fourth 4 years in zonean amount equal to 20% of the em-
17 ployer's unemployment insurance
18 payment;

19 e. Fifth 4 years in zone an amount equal to 10% of the em-
 20 ployer's unemployment insurance
 21 payment;

22 No qualified business with an unemployment insurance rating
 23 of more than 4.1% shall qualify for this award so long as it shall
 24 maintain that rating.

1 17. 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.), which shall be certified by the Director of the
 4 Division of Taxation in the Department of the Treasury as em-
 5 ploying a larger number of persons at a place of business located
 6 within an enterprise zone designated pursuant to this act than at
 7 all other places of business of the taxpayer within the State, shall
 8 be exempt from the net worth tax imposed pursuant to subsection
 9 (a) of section 5 of P. L. 1945, c. 162 (C. 54:10A-5(a)), and from
 10 the tax imposed by subsection (f) of that section (C. 54:10A-5 (f)),
 11 for a period of 20 tax years from the date of designation of the
 12 enterprise zone, or for a period of 20 tax years from the date upon
 13 which the taxpayer is first subject to the provisions of the "Corpo-
 14 ration Business Tax Act (1945)," P. L. 1945, c. 162 (C. 54:10A-1
 15 et seq.), whichever date is later. The termination of the designation
 16 of an enterprise zone at the end of a 20 year designation period
 17 shall not terminate the exemption provided under this section if
 18 the exemption was granted prior to the end of the designation
 19 period. The provisions of this section are subject to the phase-out
 20 provisions of P. L. 1982, c. 55 (C. 54:10A-4 et seq.).

1 18. Enterprise zone employees tax credits provided under section
 2 19 of this act shall not reduce a taxpayer's tax liability under the
 3 "Corporation Business Tax Act (1945)," P. L. 1945, c. 162 (C.
 4 54:10A-1 et seq.) in any tax year by more than 50% of the amount
 5 otherwise due, but any tax credits remaining and unused in a tax
 6 year may be carried forward by the taxpayer to the next succeeding
 7 tax year and applied against the amount of tax otherwise due in
 8 that succeeding tax year.

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

10 the "Corporation Business Tax Act (1945)," P. L. 1945, c. 162
11 (C. 54:10A-1 et seq.) as hereinafter provided:

12 a. A credit of \$1,500.00 for each new employee employed at that
13 location who is a resident of the qualifying municipality in which
14 the designated enterprise zone is located, and who immediately
15 prior to employment by the taxpayer was unemployed for at least
16 90 days, or was dependent upon public assistance as the primary
17 source of income;

18 b. A credit of \$500.00 for each new employee employed at that
19 location who is a resident of a qualifying municipality in which a
20 designated enterprise zone is located, who does not meet the require-
21 ments of subsection a. of this section, and who was not, immediately
22 prior to employment by the taxpayer, employed at a location
23 within the qualifying municipality;

24 c. The enterprise zone employees tax credit shall be allowed in
25 the tax year immediately following the tax year in which the new
26 employee was first employed by the taxpayer, and shall be per-
27 mitted in any tax year of a 20 year period from the date of
28 designation of the enterprise zone, or of a period of 20 tax years
29 from the date within that designation period upon which the tax-
30 payer is first subject to the provisions of the "Corporation Busi-
31 ness Tax Act (1945)," P. L. 1945, c. 162 (C. 54:10A-1 et seq.),
32 whichever date is later and the termination of the designation of
33 an enterprise zone at the end of a 20 year designation period shall
34 not terminate the eligibility period provided under this section;

35 d. A tax credit shall be permitted under this section only for those
36 new employees who have been employed for at least six continuous
37 months by the taxpayer during the tax year for which the tax credit
38 is claimed.

1 20. Retail sales of tangible personal property (except motor
2 vehicles) and sales of services of a qualified business for the ex-
3 clusive use or consumption of such business within an enterprise
4 zone are exempt to the extent provided under section 34 of P. L.
5 1980, c. 105 (C. 54:32B-8.22) from the taxes imposed under the
6 "Sales and Use Tax Act," P. L. 1966, c. 30 (C. 54:32B-1 et seq.).

1 21. Receipts of retail sales, except retail sales of motor vehicles
2 and of manufacturing machinery, equipment or apparatus, made
3 by a certified vendor from a place of business owned or leased and
4 regularly operated by the vendor for the purpose of making retail
5 sales, and located in a designated enterprise zone established
6 pursuant to the "New Jersey Urban Enterprise Zones Act, P. L.
7 , c. (C.) (now pending before the Legislature
8 as Senate Bill No. 3260 of 1983), are exempt to the extent of 50%

9 of the tax imposed under the "Sales and Use Tax Act," P. L. 1966,
10 c. 30 (C. 54:32B-1 et seq.).

11 Any vendor having a place of business located in a designated
12 enterprise zone may apply, on or before October 1 of the pre-tax
13 year, to the Director of the Division of Taxation in the Department
14 of the Treasury for certification pursuant to this section. The
15 director shall certify a vendor if he shall find that the vendor owns
16 or leases and regularly operates a place of business located in the
17 designated enterprise zone for the purpose of making retail sales,
18 that items are regularly exhibited and offered for retail sale at that
19 location, and that the place of business is not utilized primarily for
20 the purpose of catalogue or mail order sales. Any certification so
21 issued shall be for a one year period of a 20 year enterprise zone
22 designation period, and may be renewed annually by the director
23 upon reapplication of the vendor. A certification made pursuant to
24 this section shall take effect upon its presentation by the vendor to
25 the director and shall apply to the next full calendar year following
26 presentation. The director may at any time revoke a certificate
27 granted pursuant to this section if he shall determine that the
28 vendor no longer complies with the provisions of this section.

29 Notwithstanding the provisions of this act to the contrary, this
30 section shall apply to two of the first five enterprise zones desig-
31 nated under the provisions of this act, and to no more than four
32 of all zones so designated. Notwithstanding any other provisions
33 of law to the contrary, all revenues received from the taxation of
34 retail sales made by certified vendors from business locations in
35 designated enterprise zones to which the exemption shall apply,
21 issued shall be for a one year period of a 20 years enterprise zone
36 shall be deposited immediately upon collection by the Department
37 of the Treasury, as follows:

38 a. In the first five year period of the enterprise zone designation,
39 all such revenues shall be deposited in the enterprise zone assist-
40 ance fund created pursuant to section 29 of this act;

41 b. In the second five year period of the enterprise zone designa-
42 tion, $66\frac{2}{3}\%$ of all those revenues shall be deposited in the enter-
43 prise zone assistance fund, and $33\frac{1}{3}\%$ shall be deposited in the
44 General Fund;

45 c. In the third five year period of the enterprise zone designation,
46 $33\frac{1}{3}\%$ of all those revenues shall be deposited in the enterprise
47 zone assistance fund, and $66\frac{2}{3}\%$ shall be deposited in the General
48 Fund;

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

51 The revenues required to be deposited in the enterprise zone

52 assistance fund under this section shall be used for the purposes
 53 of that fund and for the uses prescribed in section 29 of this act,
 54 subject to annual appropriations being made for those purposes
 55 and uses.

1 22. The Director of the Division of Taxation in the Department
 2 of the Treasury shall promulgate such rules and regulations as
 3 may be necessary to effectuate the provisions of sections 16 through
 4 21 of this act.

1 23. Notwithstanding any provisions of the "New Jersey Local
 2 Development Financing Fund Act," P. L. , c. (C.)
 3 (now pending before the Legislature as Senate Bill No. 701 of
 4 1982) to the contrary, projects which are otherwise eligible under
 5 that act, but which are located in a municipality in which an
 6 enterprise zone is designated pursuant to the "New Jersey Urban
 7 Enterprise Zones Act," P. L. , c. (C.) (now
 8 pending before the Legislature as Senate Bill No. 3260 of 1983),
 9 shall, upon the written recommendation of the authority, be ac-
 10 corded priority in receiving assistance from the New Jersey Local
 11 Development Financing Fund, over eligible projects which are not
 12 so located.

1 24. The New Jersey Department of Labor shall develop and
 2 coordinate the delivery of skill training programs necessary to
 3 meet the needs of qualifying businesses.

1 25. In order to carry out the purposes of this act, any munici-
 2 pality or State agency may exempt designated enterprise zones
 3 from the provisions of any regulation, in whole or in part, promul-
 4 gated by that entity or agency, but enterprise zones shall not be
 5 exempted from the provisions of any regulation, except upon a
 6 finding by the State or municipal agency, as appropriate, that the
 7 exemption would not endanger the health and safety of the citizens
 8 of the State.

1 26. The authority shall conduct a continuing review of all State
 2 regulations and shall recommend to the appropriate administrative
 3 bodies the modification or waiver of regulations promulgated by
 4 that agency in order to contribute to the implementation of this act.

1 27. To be eligible for any of the incentives provided under this
 2 act a qualifying business must demonstrate to the satisfaction of
 3 the authority that:

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

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

1 28. Any firm that receives any benefits set forth in sections 16
 2 through 24 of this act shall annually certify to the authority that

3 it is a qualified business under subsection c. of section 3 of this act.
4 Failure to supply the certification or willful falsification of data
5 in the certification will result in a fine of not more than 10 times
6 the benefits received, nor more than two years in prison.

1 29. a. There is created an enterprise zone assistance fund to
2 be held by the State Treasurer, which shall be the repository for
3 all moneys required to be deposited therein under section 21 of
4 this act or moneys appropriated annually to the fund. All moneys
5 deposited in the fund shall be held and disbursed in the amounts
6 necessary to fulfill the purposes of this section and subject to the
7 requirements hereinafter prescribed. The State Treasurer may
8 invest and reinvest any moneys in the fund, or any portion thereof,
9 in legal obligations of the United States or of the State or of any
10 political subdivision thereof. Any income from, interest on, or
11 increment to moneys so invested or reinvested shall be included
12 in the fund.

13 The State Treasurer shall maintain separate accounts for each
14 enterprise zone designated under this act, and shall credit to each
15 account an amount of the moneys deposited in the fund equal
16 to the amount of revenues collected from the taxation of retail
17 sales made in the zone and appropriated to the enterprise zone
18 assistance fund, or that amount of moneys appropriated to the
19 fund and required to be credited to the enterprise zone account
20 of the qualifying municipality.

21 The State Treasurer shall promulgate the rules and regulations
22 necessary to govern the administration of the fund for the purposes
23 of this section.

24 b. The enterprise zone assistance fund shall be used for the
25 purpose of assisting qualifying municipalities in which enterprise
26 zones are designated in undertaking public improvements and in
27 upgrading eligible municipal services in designated enterprise
28 zones.

29 c. The governing body of a qualifying municipality in which an
30 enterprise zone is designated and the zone development corporation
31 created by the municipality for that enterprise zone may, by
32 resolution jointly adopted after public hearing, propose to under-
33 take a project for the public improvement of the enterprise zone
34 or to increase eligible municipal services in the enterprise zone,
35 and to fund that project or increase in eligible municipal services
36 from moneys deposited in the enterprise zone assistance fund and
37 credited to the account maintained by the State Treasurer for
38 the enterprise zone.

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

41 (1) A description of the proposed project or of the municipal
42 services to be increased;

43 (2) An estimate of the total project costs, or of the total costs
44 of increasing the municipal services, and an estimate of the amounts
45 of funding necessary annually from the enterprise zone account;

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

49 (4) A statement of the time necessary to complete the project,
50 or of the time during which the increased municipal services are
51 to be maintained; and

52 (5) A statement of the manner in which the proposed project
53 or increases in municipal services further the municipality's policy
54 and intentions for addressing the economic and social conditions
55 existing in the area of the enterprise zone as set forth in the zone
56 development plan approved by the authority.

57 As used in this section, "project" means the purchasing, leasing,
58 condemning, or otherwise acquiring of land or other property, or
59 an interest therein, in the enterprise zone or as necessary for a
60 right-of-way or other easement to or from the enterprise zone; the
61 relocating and moving of persons displaced by the acquisition of
62 land or property; the rehabilitation and redevelopment of land or
63 property, including demolition, clearance, removal, relocation, reno-
64 vation, alteration, construction, reconstruction, installation or
65 repair of a land or a building, street, highway, alley, utility, service
66 or other structure or improvement; the acquisition, construction,
67 reconstruction, rehabilitation, or installation of public facilities and
68 improvements, except buildings and facilities for the general con-
69 duct of government and schools; and the costs associated therewith
70 including the costs of a administrative, appraisal, economic and
71 environmental analyses or engineering, planning, design, archi-
72 tectural, surveying or other professional services necessary to
73 effectuate the project.

74 As used in this section, "eligible municipal services" means the
75 hiring of additional policemen or firemen assigned duties in the
76 enterprise zone, or the purchasing or leasing of additional police
77 or fire vehicles, equipment or apparatus to be used for the pro-
78 vision of augmented or upgraded public safety services in the
79 enterprise zone and its immediate vicinities.

80 d. Upon adoption by the governing body of the qualifying mu-
81 nicipality and by the zone development corporation, the proposal
82 shall be sent to the authority for its evaluation and approval. The
83 authority shall approve the proposal if it shall find:

84 (1) In the case of a project, that the proposed project furthers
 85 the policy and intentions of the zone development plan approved
 86 by the authority, and that the estimated annual payments for the
 87 project from the enterprise zone account to which the proposal
 88 pertains are not likely to result in a deficit in that account;

89 (2) In the case of an increase in eligible municipal services, that
 90 the proposal furthers the policy and intentions of the zone de-
 91 velopment plan approved by the authority; that the qualifying
 92 municipality has furnished satisfactory assurances that the addi-
 93 tional policemen or firemen to be hired, or the additional vehicles,
 94 equipment or apparatus to be purchased or leased, shall be used
 95 to augment or upgrade public safety in the enterprise zone, and
 96 shall not be used in other areas of the municipality; that the
 97 qualifying municipality shall annually appropriate for the in-
 98 creased eligible municipal services an amount equal to 20% of
 99 the amount of annual payments for the eligible municipal services
 100 from the enterprise zone account; and, that the estimated annual
 101 payments for the eligible municipal services from the enterprise
 102 zone account to which the proposal pertains are not likely to result
 103 in a deficit in that account.

104 e. If the authority shall approve the proposal, it shall annually,
 105 upon its receipt of a written statement from the governing body
 106 of the qualifying municipality and the zone development corpora-
 107 tion, certify to the State Treasurer the amount to be paid in that
 108 year from the enterprise zone account in the enterprise zone
 109 assistance fund with respect to each project or increase in eligible
 110 municipal services approved. The authority may at any time revoke
 111 its approval of a project or an increase in eligible municipal
 112 services if it finds that the annual payments made from the enter-
 113 prise zone assistance fund are not being used as required by this
 114 section.

115 f. Upon certification by the authority of the annual amount to
 116 be paid to a qualifying municipality with respect to any project
 117 or increase in eligible municipal services, the State Treasurer
 118 shall pay in each year to the qualifying municipality from the
 119 amounts deposited in the enterprise zone assistance fund the
 120 amount so certified, within the limits of the amounts credited to
 121 the enterprise zone account of the qualifying municipality.

1 30. No enterprise zones shall be designated after the date
 2 occurring 10 years from the effective date of this act.

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

3 34. Receipts from sales made to contractors, subcontractors or
4 repairmen of materials, supplies or services for exclusive use in
5 erecting structures or building on, or otherwise improving, altering
6 or repairing real property of organizations described in subsections
7 (a) and (b) of section 9 of the Sales and Use Tax Act (C.
8 54:32B-9), and of qualified businesses within an enterprise zone
9 as authorized in section 20 of the "New Jersey Urban Enterprise
10 Zones Act," P. L. _____, c. _____ (C. _____) (now pending
11 before the Legislature as Senate Bill 3260 of 1983), are exempt
12 from the tax imposed under this act, provided any person seeking
13 to qualify for this exemption shall do so pursuant to such rules
14 and regulations and upon forms as shall be prescribed by the
15 director.

1 32. This act shall take effect immediately.

ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2253 and 3054

STATE OF NEW JERSEY

DATED: JUNE 23, 1983

The Assembly Revenue, Finance and Appropriations Committee finds the Assembly Housing and Urban Policy Committee statement to this bill an adequate and concise explanation of the bill and concurs with that statement.

AMENDMENTS:

This committee's amendments are technical in nature and designed to duplicate amendments to the Senate version, No. 3260.

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATE

CONTACT: CARL GOLDEN

MONDAY, AUGUST 15, 1983

Governor Thomas H. Kean, at a ceremony attended by United States Representative Jack Kemp, R-New York, today signed legislation to establish urban enterprise zones in New Jersey.

"The signing of this legislation represents the most significant step toward the economic revitalization of our cities in our history," Kean said at the ceremony held in Waterfront Park in Camden.

The Governor also announced that, under the bill, Camden and Newark would be the first two cities selected to receive the preferred treatment designed to attract business development.

The bill was a major element in the Kean Administration's overall legislative program and its enactment fulfills a pledge made during his gubernatorial campaign in 1981.

"It is most appropriate that this ceremony take place in Camden," Kean said, "because it was in this city in 1981 that Congressman Kemp and I promised to work tirelessly in behalf of urban enterprise zone legislation and where I pledged that Camden would be first on the list of communities to benefit from it.

"I am delighted to be able to stand here today and say that I have met both commitments which I made to this City," Kean said.

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URBAN ENTERPRISE ZONES

PAGE TWO

AUGUST 15, 1983

The bill, S-3260, was sponsored by Senator John Lynch, D-Middlesex.

"This legislation is a firm and solid indication of my commitment --- as well as the commitment of my entire Administration --- to do everything in our power to restore our cities to the thriving centers of commercial, social and cultural life they once were," Kean said.

"This legislation goes directly to the roots of the unemployment problems which have proven so persistent and chronic in our cities," Kean said. "It requires, for instance, that at least 25 percent of the work force reside in the zone or municipality which applies for the assistance, or that the workers be unemployed or on public welfare for one year prior to their hiring.

"It was our intention to insure that the jobs are made available in areas where they are so desperately needed," the Governor said.

"Moreover, they will not be temporary or short term government supported jobs; rather, they will be meaningful jobs with opportunities for advancement."

Kean described the enterprise zone concept as "a fulfillment of the idea that government should utilize its taxing powers as an incentive to growth, rather than as an obstacle to economic growth."

"The more development we have, the more jobs we create, the more productive employment we generate, the more government will ultimately benefit," he said.

(A copy of the enterprise program and conditions is attached.)

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JOBS AND THE ECONOMY DOING MORE WITH LESS

The people of our state cannot work if there are no jobs to be had. We must break the vicious circle in which the high demand for social services creates a large proportion of public service jobs, thereby driving up taxes and making it impossible for business to prosper and create private sector jobs. The healthy economy of our state depends on jobs that contribute to the economy, not jobs that draw on it.

That is why I have presented you with a proposal to create Urban Enterprise Zones in our cities. With this bill we can make it profitable enough for entrepreneurs to want to do business in urban areas. We can create tax incentives that will encourage those small businesses to take a risk that they will prosper despite the disadvantages often encountered by urban businesses. We can give the governments of our cities the opportunity to create their own urban enterprise programs, tailored to their specific needs, and reflecting the wishes of their own people. We can create new, meaningful jobs in the neighborhoods where people live, so that they can contribute to their community and help it grow.

My Urban Enterprise program allows government to do what it does best — help people help themselves. You must delay no longer, for without your swift action, New Jersey will lose the chance to be first in line to take advantage of similar legislation now moving through the Congress. I urge your attention to this proposal.

Small business provides more than 85 percent of our new jobs. Thus it is folly to place extra and unfair burdens on the small businessman. Accordingly, I sought from you, and gladly signed into law, a four-year phase-out of the Corporate Net Worth Tax. Relieved of this onerous levy, which taxes a business even in the absence of profit, small businessmen can once again begin to plan for growth that will add new jobs to our economy.

Still more jobs will come to New Jersey as a result of the Community Development Bond Act, which was approved by the voters in November with my active support. Before you now is enabling legislation to expand our urban industrial parks, create loans and grants for counties and municipalities to begin renovation projects in commercial areas, and to create a revolving loan fund to assist businesses. None of these job-creating programs can begin until you act on these bills.

Beyond these major initiatives we are to work on many fronts to foster an atmosphere in which the people and communities of this state can help themselves to new prosperity.

It is in this light that I have proposed to you a program to help a group that is among the most deserving of our assistance — those who, despite their willingness to work at any job, cannot earn enough to support their families. Thus, I urge your support for my Governor's Employment and Training Initiative. This \$8 million program is designed to aid the working poor in gaining the training and experience to propel them into better jobs. It will also assist those who, through no fault of their own, have seen their job eliminated as their employer left New Jersey for a more favorable business climate. By complimenting the new federal Jobs Training Partnership Act, it will draw matching funds to



launch a \$19 million training program to help more than 14,000 New Jerseyans.

One of the brightest hopes to emerge in the area of employment and urban growth this year is the prospect of a major new development along our waterfronts. Our Hudson River shoreline is among the most valuable real estate in the world, and for too long has been neglected by the state. Municipalities which occupy that land cannot develop it alone.

Now, the Port Authority of New York and New Jersey has agreed to take the lead in Hoboken and use its substantial resources to spark the development on this priceless resource. After many months of close work between my administration and the Authority, this plan is now close to reality. Not only will this development provide thousands of badly needed jobs in the region, but even more importantly, I believe, it will act as a symbol of opportunity to the private investment community.

The redevelopment of all of our waterfront will remain a top priority in this administration, and, accordingly, I will propose this year the creation of two waterfront development authorities; one to deal with the Hudson River shoreline, and another to foster development along our equally important Delaware River shore. Both of these authorities will bring together the resources of local, county and state government to encourage a renaissance along the Hudson and Delaware Rivers. State government will be a partner, not a dictator, in this enterprise.

Similarly, my administration will continue to work closely with municipal leaders in Atlantic City to bring about the financing needed to renovate and expand that city's Convention Hall into a facility that is competitive with any city in the nation. We are committed to helping Atlantic City make the most of its opportunity for rebirth.

The jobs that casinos have brought to the region have been of enormous benefit to the people of South Jersey. And as the casino gaming experiment continues, time is proving that the vigilance and determination we have brought to the regulation of the industry have not crippled it, as some critics have charged.

Indeed, a second wave of development has emerged, showing that we can have tightly regulated, yet profitable gaming. With this administration's guarantee for development of convention facilities second to none,



investors have shown that they are ready to take their own chances in the city.

But beyond Atlantic City, we must still do much more for our travel and tourism industry. State government is not blessed with many areas where our investment of money can return many times its value to the state treasury. Travel and tourism is one such area, and thus I was dismayed when you cut funding for these vital activities. The competition in our region for tourist dollars, as well as new business investment, is intense. And our neighboring states outspend us in this regard.

We are all painfully aware of New Jersey's image beyond our borders. But we cannot afford to content ourselves with the knowledge that the impressions held by others are not true! Our failure to aggressively promote our state costs our citizens dearly in jobs and our treasury in income. It is a case where we simply cannot afford not to spend the money, and I will continue to press for more attention to this area.

As important as are the measures I have outlined here, none, I believe, ranks ahead of the terribly urgent need to begin immediately to repair and replace the basic structures that allow a modern society to function: our roads and bridges, our water and sewer systems, and our facilities to dispose of the mountains of waste and debris we produce every day of the year.

These systems, our basic infrastructure, are the very lifelines of our entire state. If we allow them to fail, all our other efforts, whether they be in the fields of human services, education, or social programs, are doomed to failure!

Just this past year, two of our great cities, Newark and Jersey City, learned firsthand what can happen when these basic systems fail. Water is truly our lifeblood, and we can only thank God that tragedy was averted during the time that lifeblood was cut off.

In Newark the cause of failure in the system was vandalism. In Jersey City it was age. In Camden, the impending failure of the water supply is being brought on by the incursion of salt water into ground supplies. No matter that the causes are different. The basic fact remains — we must have water.

Similarly, we must be able to dispose of our wastes, both liquid and solid. And we must do it without affecting our water supply.

In recent years, much of the growth of government came in the areas of aid — to people — to municipalities — to schools. Aid that is vital and important, and must be continued.

But we will not be able to continue that assistance at all if we insist on directing all our efforts along that path. We cannot provide those programs at the expense of our vital underpinnings. Already our inclination in that direction has brought us face to face with the specter of crumbling bridges,

rutted roads and overflowing landfills, all failing because we failed to direct the needed money and attention their way.

As vital as is the need to repair and replace many of our basic structures, we simply cannot do so by continuing to mortgage the future with unlimited increases in our bonded indebtedness. Neither can we continue to look to Washington for an unlimited flow of cash to solve our problems. The days of free-spending federal largess are gone forever. We must now find new and innovative ways to finance the many overdue projects that clamor to be built.

To meet this need you have before you my proposal for the New Jersey Infrastructure Bank. It is, as you know, an idea that is already the focus of national attention.

More than that, it is a plan whose only limit is our imagination.

I have presented the Infrastructure Bank as a way that invites the broadest possible Legislative review. This will be your program as well as mine.

As you know, my proposal includes a mechanism for dealing with wastewater systems. When you have approved the Infrastructure Bank, I will submit for your consideration additional programs in the areas of resource recovery, water supply and transportation.

I strongly urge you to give the Infrastructure Bank your immediate attention. We are optimistic that the federal government will look favorably on our requests for waivers to allow the use of federal funds to capitalize the bank. I would hate to see procrastination in Trenton lose for us the edge we are now building in Washington.

The implications of the Infrastructure Bank go beyond those of a new and imaginative funding mechanism. For every one of the projects the bank finances will mean jobs. As many as 50,000 jobs in coming years from the wastewater component alone. The bank will mean reductions in local governments and authorities. It will mean a permanent source of funds that will protect our infrastructure systems, at least to a degree, from the vagaries of future economic cycles.

Finally, it means that we will be better able to focus our annual revenues on the human resource and education needs that must now compete with our infrastructure demands for ever scarcer state dollars.

