

52:27D-491

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2003 **CHAPTER:** 59

NJSA: 52:27D-491 (Changes in "Neighborhood Revitalization State Tax Credit Act")

BILL NO: S1634 (Substituted for A2843)

SPONSOR(S): Kyrillos and others

DATE INTRODUCED: June 13, 2002

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: Community and Urban Affairs; Budget and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** March 13, 2003

SENATE: January 23, 2003

DATE OF APPROVAL: May 1 2003

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

S1634

[SPONSORS STATEMENT:](#) (Begins on page 8 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** [Yes](#)

SENATE: Yes [10-17-02 \(Comm. Aff.\)](#)
[12-12-02 \(Budget\)](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL NOTE:](#) [Yes](#)

A2843

[SPONSORS STATEMENT:](#) (Begins on page 8 of original bill) [Yes](#)

Bill and Sponsors Statement identical to S1634

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** Yes [1-9-03 \(Housing\)](#)
[2-27-03 \(Approp.\)](#)

Identical to Assembly Appropriations statement for S1634

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2003, CHAPTER 59, *approved May 1, 2003*

Senate, No. 1634

1 AN ACT concerning neighborhood revitalization, amending and
2 supplementing P.L.2001, c.415 (C.52:27D-490 et seq.).

3

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

6

7 1. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
8 read as follows:

9 2. As used in this act:

10 "Assistance" means the contribution of moneys to aid in the
11 provision of neighborhood preservation and revitalization services or
12 community services.

13 "Business entity" means any business firm or individual which is
14 authorized to conduct or operate a trade or business in the State and
15 is subject to taxes on business related income.

16 "Certificate for neighborhood revitalization State tax credits" means
17 the certificate in the form prescribed by the Treasurer and issued by
18 the commissioner to a business entity that specifies the dollar amount
19 of neighborhood preservation and revitalization State tax credits that
20 business entity may take as an annual credit against certain state taxes
21 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.).

22 "Commissioner" means the Commissioner of Community Affairs.

23 "Department" means the Department of Community Affairs.

24 "Eligible neighborhood" means a contiguous area located in [a
25 municipality] one or more municipalities that, at the time of the
26 application to the department for approval of a neighborhood
27 preservation and revitalization plan, [is] are either eligible to receive
28 aid under the "Special Municipal Aid Act," P.L.1987, c.75
29 (C.52:27D-118.24 et seq.) or coextensive with a school district which
30 qualified for designation as an "Abbott district" pursuant to the
31 "Comprehensive Educational Improvement and Financing Act of
32 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

33 "Housing and economic development activities" means those
34 activities carried out in furtherance of a neighborhood preservation
35 and revitalization plan in an eligible neighborhood approved pursuant
36 to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the housing
37 and economic conditions of the neighborhood; and shall include,
38 without limitation, measures to foster the rehabilitation and
39 construction of housing affordable to low and moderate income
40 households within the neighborhood, including planning, design,
41 rehabilitation, construction, and management of low and moderate

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

Matter underlined thus is new matter.

1 income housing, home buyer counseling, and related activities needed
2 to effectuate the rehabilitation and construction of housing affordable
3 to low and moderate income households; measures to increase
4 business activity within the neighborhood, including the rehabilitation
5 and construction of commercial facilities and the provision of
6 assistance to small business entities; and measures to increase the
7 income and labor force participation of neighborhood residents,
8 including provision of education, training, child care and
9 transportation assistance to enable low income neighborhood residents
10 to obtain or retain employment.

11 "Low income household" means a household whose gross
12 household income is less than 50 percent of the median gross
13 household income for the region in which the neighborhood is located
14 for households of similar size as determined by the department.

15 "Moderate income household" means a household whose gross
16 household income is greater than or equal to 50 percent but less than
17 80 percent of the median gross household income of the region in
18 which the neighborhood is located for households of similar size as
19 determined by the department.

20 "Neighborhood preservation and revitalization activities" means
21 housing and economic development activities and other neighborhood
22 preservation and revitalization activities.

23 "Neighborhood Revitalization Plan" means a plan for the
24 preservation or revitalization of an eligible neighborhood.

25 "Nonprofit organization" means a private nonprofit corporation that
26 has been determined by the Internal Revenue Service of the United
27 States Department of the Treasury to be exempt from income taxation
28 under 26 U.S.C.s.501(c)(3).

29 "Other Neighborhood Revitalization Activities" means those
30 activities, other than housing and economic development activities,
31 carried out in furtherance of a State-approved neighborhood
32 preservation and revitalization plan in a qualified low and moderate
33 income neighborhood, and may include, without limitation,
34 improvements to infrastructure, street scape, public open space, and
35 transportation systems; provision of social and community services,
36 health care, crime prevention, recreation activities, community and
37 environmental health services; and community outreach and organizing
38 activities.

39 "Qualified nonprofit organization" means a nonprofit organization
40 that has demonstrated a commitment to the neighborhood for which
41 it is submitting a plan or project, as reflected in its past activities or
42 proposed activities in a preservation and revitalization plan.

43 "Qualified project" means one or more housing and economic
44 development activities and which may also include one or more other
45 neighborhood revitalization activities to be carried out in accordance
46 with a neighborhood revitalization plan as approved by the
47 commissioner with funds provided by a business entity eligible to

1 receive a certificate for neighborhood revitalization State tax credits.
2 (cf: P.L.2001, c.415, s.2)

3

4 2. Section 5 of P.L. 2001, c. 415 (C.52:27D-494) is amended to
5 read as follows:

6 5. The department shall determine whether a neighborhood
7 preservation and revitalization plan should be approved. The
8 department shall approve a neighborhood preservation and
9 revitalization plan if it satisfies the following standards:

10 (1) the plan designates an eligible neighborhood; and

11 (2) The plan was developed through a process that

12 (a) gave written notice to the municipality in which the
13 neighborhood is located of its intention to develop a plan and utilized
14 reasonable means to inform residents, property owners, and businesses
15 in the neighborhood of its intention to develop a plan and provided
16 opportunities for them to participate in the development of the plan;

17 (b) gave written notice to the municipality in which the
18 neighborhood is located of the proposed plan and provided an
19 opportunity for it to comment upon it orally and in writing, complied
20 with all of the requirements of the "Municipal Land Use Law,"
21 P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan, utilized
22 reasonable means to inform residents, property owners, and businesses
23 in the neighborhood of the proposed plan and provided an opportunity
24 for them to comment upon it orally and in writing; and

25 (c) involved consultation with nonprofit organizations located
26 within the neighborhood or providing services to residents of the
27 neighborhood;

28 (3) The plan is not inconsistent with

29 (a) any redevelopment plan adopted pursuant to the "Local
30 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
31 seq.), and currently being implemented; or

32 (b) any neighborhood empowerment plan approved by the State
33 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64);

34 (4) The plan sets forth an overall concept of the future of the
35 neighborhood; one or more strategies to foster preservation and
36 revitalization of the neighborhood in accordance with that concept;
37 one or more activities, including housing and economic development
38 activities and other preservation and revitalization activities proposed
39 within the neighborhood to foster preservation and revitalization of the
40 neighborhood in furtherance of those strategies, including a
41 description of funding sources obtained or to be sought for the
42 planned activities and a timetable for the conduct of those activities;
43 and

44 (5) The plan covers a period of no less than two and no more than
45 ten years.

46 b. A nonprofit organization may, in submitting a proposed plan

1 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a
2 redevelopment plan adopted pursuant to the "Local Redevelopment
3 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and
4 currently being implemented; or a State-approved neighborhood
5 empowerment plan pursuant to section 49 of P.L.1996, c.62
6 (C.55:19-64) as its neighborhood preservation and revitalization plan
7 or a neighborhood preservation and revitalization plan previously
8 approved by the department. [The department shall approve such a
9 plan.]

10 c. A nonprofit organization that has submitted a neighborhood
11 preservation and revitalization plan to the department may seek to
12 amend it at any time. The department shall approve amendments if
13 they comply with the standards set forth in subsection [b.] a. of this
14 section.

15 (cf: P.L.2001, c.415, s.5)

16

17 3. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to
18 read as follows:

19 7. a. The commissioner shall determine, in accordance with law
20 and regulation, whether to issue a certificate based upon proposed
21 assistance by a business entity to a nonprofit organization to
22 implement a qualified project.

23 b. The commissioner shall issue a certificate if the proposed
24 assistance satisfies the following standards:

25 (1) The assistance is to be used for a qualified neighborhood
26 preservation and revitalization project;

27 (2) The assistance is not less than \$25,000 in each tax year for
28 which credit is sought. Assistance may be approved for the current
29 tax year and up to four additional years in the future. If assistance is
30 approved for years other than the current tax year, the approval shall
31 include a schedule showing the amount of assistance to be provided in
32 each year;

33 (3) Neither the business entity nor any wholly owned subsidiary has
34 previously failed to provide assistance to a nonprofit organization for
35 which approval was granted. This requirement may be waived by the
36 department upon a showing of good cause; and

37 (4) The total of all assistance approved on behalf of a nonprofit
38 organization per project does not exceed ~~[\$500,000; and]~~ \$1,000,000

39 [(5) The amount of assistance as proposed in a letter of intent from
40 the business entity has been paid to the State Treasurer and deposited
41 in a special trust account for the use of a qualified nonprofit
42 organization in carrying out a qualified project, and the State
43 Treasurer has sent authorization for issuance of a certificate to the
44 commissioner. The qualified nonprofit shall have full access to the
45 funds in the special trust account, subject to the provisions of section
46 8 of P.L.2001, c.415 (C.52:27D-497)].

1 c. Within 60 days from the date of issuance of the certificate, the
2 business entity shall pay the amount specified in the certificate that is
3 due in the current tax year to the department for deposit into the
4 Neighborhood Revitalization Non-lapsing Trust Fund created pursuant
5 to section 5 of P.L. , c. (C.)(now before the Legislature as this
6 bill). In the case of assistance approved for years other than the
7 current tax year, the business entity shall pay the amount specified no
8 later than the anniversary of the date on which the first payment is due.
9 The commissioner may extend the date payment is due for good cause
10 shown, but no extension shall be granted where the business entity did
11 not submit a written request for the extension at least fifteen days prior
12 to the date payment is due.

13 d. The commissioner shall issue certificates to business entities
14 applying for certificates and meeting the requirements of this section,
15 up to the maximum amount of tax credits permitted under section 3 of
16 P.L.2001, c.415 (C.52:27D-492), in the following order:

17 (1) those business entities specifying a project which has been
18 approved by the department and providing assistance which is equal
19 to the amount requested by the nonprofit organization submitting the
20 project.

21 (2) those business entities not specifying a particular project, but
22 which are willing to provide assistance for approved projects seeking
23 assistance. The commissioner shall issue each business entity
24 providing assistance with a certificate specifying the project to which
25 the assistance will be provided and shall pool applications by business
26 entities in order to provide the amount of assistance requested by each
27 nonprofit organization submitting each project.

28 (3) those business entities not specifying a particular project, but
29 which are willing to provide assistance, and for which no project
30 approved by the department is available. The commissioner shall
31 issue the certificate without specifying the project to which the
32 assistance will be provided, and will deposit the amount set forth in the
33 certificate in the Neighborhood Revitalization Non-lapsing Trust Fund
34 created pursuant to section 5 of P.L. , c. (C.)(now before the
35 Legislature as this bill) in accordance with the provisions of this
36 section.

37 e. In any year that the dollar amount of assistance sought by
38 approved projects shall exceed the amount of assistance available, the
39 department shall allocate any funds in the trust fund for which no
40 project has been specified to provide assistance to such projects. At
41 such time the department will issue the business entity an amended
42 certificate specifying the project for which the assistance is being
43 provided.

44 f. The department shall use any interest earnings on the funds in the
45 trust fund in any manner that lawfully furthers the purposes of
46 P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not limited to,
47 providing funds to qualified entities to provide training and technical

1 assistance to nonprofit organizations eligible to prepare plans and
2 submit projects under P.L. 2001, c. 415 (C. 52:27D-490 et seq.).

3 (cf: P.L. 2001, c. 415, s.7)

4

5 4. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to
6 read as follows:

7 9. a. In order to administer the neighborhood preservation and
8 revitalization tax credit program, the department shall establish any
9 necessary forms, procedures or rules to effectuate this act, in
10 accordance with the "Administrative Procedure Act," P.L.1968, c.410
11 (C.52:14B-1 et seq.). The department shall seek to foster use of the
12 tax credit and to make the tax credit simple to apply for and simple to
13 use.

14 b. The department shall act as a clearinghouse. It shall maintain
15 lists of qualified projects and of business entities that have expressed
16 a desire to provide assistance to qualified projects. The department
17 shall pool applications from business entities in order to provide
18 assistance to qualified projects as provided in section 7 of P.L.2001,
19 c.415 (C.52:27D-496).

20 c. The department shall give priority in processing to applications
21 that demonstrate a multi-year commitment by the business entity to
22 implementation of the neighborhood preservation and revitalization
23 plan.

24 d. The department shall submit to the Governor and Legislature an
25 annual report which shall include at least:

26 (1) the purpose and effectiveness of the credit;

27 (2) the benefits of the credit to the state;

28 (3) any recommendations by the department as to changes in
29 legislation needed to better carry out the purposes of P.L.2001, c.415
30 (C.52:27D-490 et seq.).

31 e. For each application by, or behalf of, a business entity to
32 approve assistance for a project, the department may charge a fee of
33 up to [0.5] 1.5 percent of the amount of assistance proposed, or
34 approved, whichever is less, to pay for the administration of this
35 program. The department may require that up to one third of this
36 amount be paid at the time of submission of the application or
37 declaration of intent, and that the balance be taken from the amount
38 deposited into the trust fund upon deposit therein.

39 (cf : P.L.2001, c.415, s.9)

40

41 5. (New section) A non-lapsing trust fund is hereby established
42 in the State treasury to be known as the Neighborhood Revitalization
43 Non-lapsing Trust Fund, into which all assistance from business
44 entities receiving certificates under the provisions of P.L.2001, c.415
45 (C.52:27D-490 et seq.) shall be deposited by the department and from
46 which all assistance for projects approved by the department shall be
47 drawn. All interest earned on the funds deposited in the trust fund

1 shall be retained in the trust fund to be used in accordance with
2 sections 7 and 8 of P.L.2001, c.415 (C.52:27D-496 and C.52:27D-
3 497).

4
5 6. This act shall take effect immediately.

6
7
8 STATEMENT

9
10 This bill makes several changes to the "Neighborhood Revitalization
11 State Tax Credit Act." The amendments clarify that neighborhoods
12 may be located within more than one municipality. Automatic
13 approval of certain previously-adopted redevelopment plans is
14 eliminated. The bill also increases the maximum amount of assistance
15 per project per year which may be provided by a business entity from
16 \$500,000 to \$1,000,000.

17 More flexibility is provided under the act for business entities
18 wishing to donate assistance to be matched by the Department of
19 Community Affairs with neighborhood revitalization projects needing
20 assistance. In addition, the department is empowered to pool
21 applications in order to provide the assistance needed to projects. The
22 administrative fee authorized to be charged by the department is
23 increased from .5 percent to 1.5 percent. Finally, a new trust fund is
24 created for deposit of the assistance provided by business entities, and
25 for funding the projects approved by the department.

26
27
28 _____
29
30 Makes various changes to the "Neighborhood Revitalization State Tax
31 Credit Act."

SENATE, No. 1634

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JUNE 13, 2002

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Co-Sponsored by:

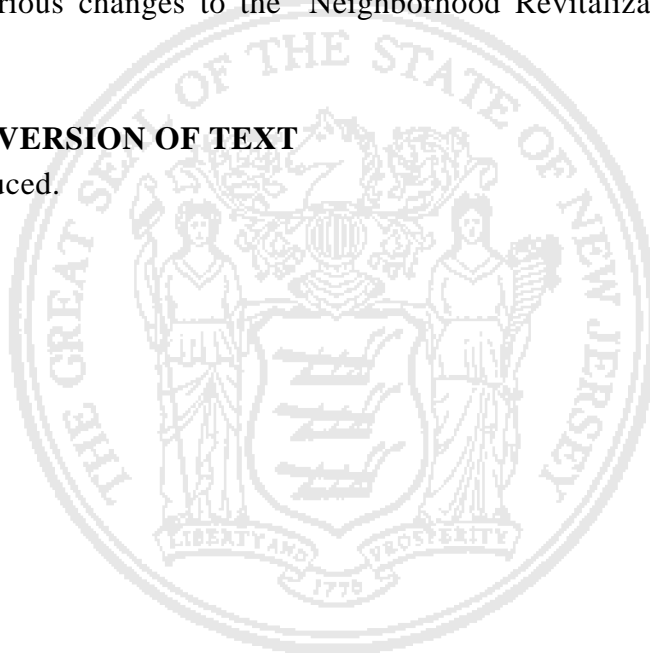
Senators Palaia, Charles, Matheussen, Inverso, Allen and Assemblywoman Cruz-Perez

SYNOPSIS

Makes various changes to the "Neighborhood Revitalization State Tax Credit Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/14/2003)

S1634 KYRILLOS, KENNY

2

1 AN ACT concerning neighborhood revitalization, amending and
2 supplementing P.L.2001, c.415 (C.52:27D-490 et seq.).

3

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

6

7 1. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
8 read as follows:

9 2. As used in this act:

10 "Assistance" means the contribution of moneys to aid in the
11 provision of neighborhood preservation and revitalization services or
12 community services.

13 "Business entity" means any business firm or individual which is
14 authorized to conduct or operate a trade or business in the State and
15 is subject to taxes on business related income.

16 "Certificate for neighborhood revitalization State tax credits" means
17 the certificate in the form prescribed by the Treasurer and issued by
18 the commissioner to a business entity that specifies the dollar amount
19 of neighborhood preservation and revitalization State tax credits that
20 business entity may take as an annual credit against certain state taxes
21 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.).

22 "Commissioner" means the Commissioner of Community Affairs.

23 "Department" means the Department of Community Affairs.

24 "Eligible neighborhood" means a contiguous area located in [a
25 municipality] one or more municipalities that, at the time of the
26 application to the department for approval of a neighborhood
27 preservation and revitalization plan, [is] are either eligible to receive
28 aid under the "Special Municipal Aid Act," P.L.1987, c.75
29 (C.52:27D-118.24 et seq.) or coextensive with a school district which
30 qualified for designation as an "Abbott district" pursuant to the
31 "Comprehensive Educational Improvement and Financing Act of
32 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

33 "Housing and economic development activities" means those
34 activities carried out in furtherance of a neighborhood preservation
35 and revitalization plan in an eligible neighborhood approved pursuant
36 to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the housing
37 and economic conditions of the neighborhood; and shall include,
38 without limitation, measures to foster the rehabilitation and
39 construction of housing affordable to low and moderate income
40 households within the neighborhood, including planning, design,
41 rehabilitation, construction, and management of low and moderate
42 income housing, home buyer counseling, and related activities needed
43 to effectuate the rehabilitation and construction of housing affordable

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

Matter underlined thus is new matter.

1 to low and moderate income households; measures to increase
2 business activity within the neighborhood, including the rehabilitation
3 and construction of commercial facilities and the provision of
4 assistance to small business entities; and measures to increase the
5 income and labor force participation of neighborhood residents,
6 including provision of education, training, child care and
7 transportation assistance to enable low income neighborhood residents
8 to obtain or retain employment.

9 "Low income household" means a household whose gross
10 household income is less than 50 percent of the median gross
11 household income for the region in which the neighborhood is located
12 for households of similar size as determined by the department.

13 "Moderate income household" means a household whose gross
14 household income is greater than or equal to 50 percent but less than
15 80 percent of the median gross household income of the region in
16 which the neighborhood is located for households of similar size as
17 determined by the department.

18 "Neighborhood preservation and revitalization activities" means
19 housing and economic development activities and other neighborhood
20 preservation and revitalization activities.

21 "Neighborhood Revitalization Plan" means a plan for the
22 preservation or revitalization of an eligible neighborhood.

23 "Nonprofit organization" means a private nonprofit corporation that
24 has been determined by the Internal Revenue Service of the United
25 States Department of the Treasury to be exempt from income taxation
26 under 26 U.S.C.s.501(c)(3).

27 "Other Neighborhood Revitalization Activities" means those
28 activities, other than housing and economic development activities,
29 carried out in furtherance of a State-approved neighborhood
30 preservation and revitalization plan in a qualified low and moderate
31 income neighborhood, and may include, without limitation,
32 improvements to infrastructure, street scape, public open space, and
33 transportation systems; provision of social and community services,
34 health care, crime prevention, recreation activities, community and
35 environmental health services; and community outreach and organizing
36 activities.

37 "Qualified nonprofit organization" means a nonprofit organization
38 that has demonstrated a commitment to the neighborhood for which
39 it is submitting a plan or project, as reflected in its past activities or
40 proposed activities in a preservation and revitalization plan.

41 "Qualified project" means one or more housing and economic
42 development activities and which may also include one or more other
43 neighborhood revitalization activities to be carried out in accordance
44 with a neighborhood revitalization plan as approved by the
45 commissioner with funds provided by a business entity eligible to
46 receive a certificate for neighborhood revitalization State tax credits.
47 (cf: P.L.2001, c.415, s.2)

1 2. Section 5 of P.L. 2001, c. 415 (C.52:27D-494) is amended to
2 read as follows:

3 5. The department shall determine whether a neighborhood
4 preservation and revitalization plan should be approved. The
5 department shall approve a neighborhood preservation and
6 revitalization plan if it satisfies the following standards:

7 (1) the plan designates an eligible neighborhood; and

8 (2) The plan was developed through a process that

9 (a) gave written notice to the municipality in which the
10 neighborhood is located of its intention to develop a plan and utilized
11 reasonable means to inform residents, property owners, and businesses
12 in the neighborhood of its intention to develop a plan and provided
13 opportunities for them to participate in the development of the plan;

14 (b) gave written notice to the municipality in which the
15 neighborhood is located of the proposed plan and provided an
16 opportunity for it to comment upon it orally and in writing, complied
17 with all of the requirements of the "Municipal Land Use Law,"
18 P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan, utilized
19 reasonable means to inform residents, property owners, and businesses
20 in the neighborhood of the proposed plan and provided an opportunity
21 for them to comment upon it orally and in writing; and

22 (c) involved consultation with nonprofit organizations located
23 within the neighborhood or providing services to residents of the
24 neighborhood;

25 (3) The plan is not inconsistent with

26 (a) any redevelopment plan adopted pursuant to the "Local
27 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
28 seq.), and currently being implemented; or

29 (b) any neighborhood empowerment plan approved by the State
30 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64);

31 (4) The plan sets forth an overall concept of the future of the
32 neighborhood; one or more strategies to foster preservation and
33 revitalization of the neighborhood in accordance with that concept;
34 one or more activities, including housing and economic development
35 activities and other preservation and revitalization activities proposed
36 within the neighborhood to foster preservation and revitalization of the
37 neighborhood in furtherance of those strategies, including a
38 description of funding sources obtained or to be sought for the
39 planned activities and a timetable for the conduct of those activities;
40 and

41 (5) The plan covers a period of no less than two and no more than
42 ten years.

43 b. A nonprofit organization may, in submitting a proposed plan
44 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a
45 redevelopment plan adopted pursuant to the "Local Redevelopment
46 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and

1 currently being implemented; or a State-approved neighborhood
2 empowerment plan pursuant to section 49 of P.L.1996, c.62
3 (C.55:19-64) as its neighborhood preservation and revitalization plan
4 or a neighborhood preservation and revitalization plan previously
5 approved by the department. [The department shall approve such a
6 plan.]

7 c. A nonprofit organization that has submitted a neighborhood
8 preservation and revitalization plan to the department may seek to
9 amend it at any time. The department shall approve amendments if
10 they comply with the standards set forth in subsection [b.] a. of this
11 section.

12 (cf: P.L.2001, c.415, s.5)

13

14 3. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to
15 read as follows:

16 7. a. The commissioner shall determine, in accordance with law
17 and regulation, whether to issue a certificate based upon proposed
18 assistance by a business entity to a nonprofit organization to
19 implement a qualified project.

20 b. The commissioner shall issue a certificate if the proposed
21 assistance satisfies the following standards:

22 (1) The assistance is to be used for a qualified neighborhood
23 preservation and revitalization project;

24 (2) The assistance is not less than \$25,000 in each tax year for
25 which credit is sought. Assistance may be approved for the current
26 tax year and up to four additional years in the future. If assistance is
27 approved for years other than the current tax year, the approval shall
28 include a schedule showing the amount of assistance to be provided in
29 each year;

30 (3) Neither the business entity nor any wholly owned subsidiary has
31 previously failed to provide assistance to a nonprofit organization for
32 which approval was granted. This requirement may be waived by the
33 department upon a showing of good cause; and

34 (4) The total of all assistance approved on behalf of a nonprofit
35 organization per project does not exceed ~~[\$500,000; and]~~ \$1,000,000

36 [(5) The amount of assistance as proposed in a letter of intent from
37 the business entity has been paid to the State Treasurer and deposited
38 in a special trust account for the use of a qualified nonprofit
39 organization in carrying out a qualified project, and the State
40 Treasurer has sent authorization for issuance of a certificate to the
41 commissioner. The qualified nonprofit shall have full access to the
42 funds in the special trust account, subject to the provisions of section
43 8 of P.L.2001, c.415 (C.52:27D-497)].

44 c. Within 60 days from the date of issuance of the certificate, the
45 business entity shall pay the amount specified in the certificate that is
46 due in the current tax year to the department for deposit into the

1 Neighborhood Revitalization Non-lapsing Trust Fund created pursuant
2 to section 5 of P.L. , c. (C.)(now before the Legislature as this
3 bill). In the case of assistance approved for years other than the
4 current tax year, the business entity shall pay the amount specified no
5 later than the anniversary of the date on which the first payment is due.
6 The commissioner may extend the date payment is due for good cause
7 shown, but no extension shall be granted where the business entity did
8 not submit a written request for the extension at least fifteen days prior
9 to the date payment is due.

10 d. The commissioner shall issue certificates to business entities
11 applying for certificates and meeting the requirements of this section,
12 up to the maximum amount of tax credits permitted under section 3 of
13 P.L.2001, c.415 (C.52:27D-492), in the following order:

14 (1) those business entities specifying a project which has been
15 approved by the department and providing assistance which is equal
16 to the amount requested by the nonprofit organization submitting the
17 project.

18 (2) those business entities not specifying a particular project, but
19 which are willing to provide assistance for approved projects seeking
20 assistance. The commissioner shall issue each business entity
21 providing assistance with a certificate specifying the project to which
22 the assistance will be provided and shall pool applications by business
23 entities in order to provide the amount of assistance requested by each
24 nonprofit organization submitting each project.

25 (3) those business entities not specifying a particular project, but
26 which are willing to provide assistance, and for which no project
27 approved by the department is available. The commissioner shall
28 issue the certificate without specifying the project to which the
29 assistance will be provided, and will deposit the amount set forth in the
30 certificate in the Neighborhood Revitalization Non-lapsing Trust Fund
31 created pursuant to section 5 of P.L. , c. (C.)(now before the
32 Legislature as this bill) in accordance with the provisions of this
33 section.

34 e. In any year that the dollar amount of assistance sought by
35 approved projects shall exceed the amount of assistance available, the
36 department shall allocate any funds in the trust fund for which no
37 project has been specified to provide assistance to such projects. At
38 such time the department will issue the business entity an amended
39 certificate specifying the project for which the assistance is being
40 provided.

41 f. The department shall use any interest earnings on the funds in the
42 trust fund in any manner that lawfully furthers the purposes of
43 P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not limited to,
44 providing funds to qualified entities to provide training and technical
45 assistance to nonprofit organizations eligible to prepare plans and
46 submit projects under P.L. 2001, c. 415 (C. 52:27D-490 et seq.).
47 (cf: P.L. 2001, c. 415, s.7)

1 4. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to
2 read as follows:

3 9. a. In order to administer the neighborhood preservation and
4 revitalization tax credit program, the department shall establish any
5 necessary forms, procedures or rules to effectuate this act, in
6 accordance with the "Administrative Procedure Act," P.L.1968, c.410
7 (C.52:14B-1 et seq.). The department shall seek to foster use of the
8 tax credit and to make the tax credit simple to apply for and simple to
9 use.

10 b. The department shall act as a clearinghouse. It shall maintain
11 lists of qualified projects and of business entities that have expressed
12 a desire to provide assistance to qualified projects. The department
13 shall pool applications from business entities in order to provide
14 assistance to qualified projects as provided in section 7 of P.L.2001,
15 c.415 (C.52:27D-496).

16 c. The department shall give priority in processing to applications
17 that demonstrate a multi-year commitment by the business entity to
18 implementation of the neighborhood preservation and revitalization
19 plan.

20 d. The department shall submit to the Governor and Legislature an
21 annual report which shall include at least:

22 (1) the purpose and effectiveness of the credit;

23 (2) the benefits of the credit to the state;

24 (3) any recommendations by the department as to changes in
25 legislation needed to better carry out the purposes of P.L.2001, c.415
26 (C.52:27D-490 et seq.).

27 e. For each application by, or behalf of, a business entity to
28 approve assistance for a project, the department may charge a fee of
29 up to ~~[0.5]~~ 1.5 percent of the amount of assistance proposed, or
30 approved, whichever is less, to pay for the administration of this
31 program. The department may require that up to one third of this
32 amount be paid at the time of submission of the application or
33 declaration of intent, and that the balance be taken from the amount
34 deposited into the trust fund upon deposit therein.

35 (cf : P.L.2001, c.415, s.9)

36

37 5. (New section) A non-lapsing trust fund is hereby established
38 in the State treasury to be known as the Neighborhood Revitalization
39 Non-lapsing Trust Fund, into which all assistance from business
40 entities receiving certificates under the provisions of P.L.2001, c.415
41 (C.52:27D-490 et seq.) shall be deposited by the department and from
42 which all assistance for projects approved by the department shall be
43 drawn. All interest earned on the funds deposited in the trust fund
44 shall be retained in the trust fund to be used in accordance with
45 sections 7 and 8 of P.L.2001, c.415 (C.52:27D-496 and C.52:27D-
46 497).

1 6. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill makes several changes to the "Neighborhood Revitalization
7 State Tax Credit Act." The amendments clarify that neighborhoods
8 may be located within more than one municipality. Automatic
9 approval of certain previously-adopted redevelopment plans is
10 eliminated. The bill also increases the maximum amount of assistance
11 per project per year which may be provided by a business entity from
12 \$500,000 to \$1,000,000.

13 More flexibility is provided under the act for business entities
14 wishing to donate assistance to be matched by the Department of
15 Community Affairs with neighborhood revitalization projects needing
16 assistance. In addition, the department is empowered to pool
17 applications in order to provide the assistance needed to projects. The
18 administrative fee authorized to be charged by the department is
19 increased from .5 percent to 1.5 percent. Finally, a new trust fund is
20 created for deposit of the assistance provided by business entities, and
21 for funding the projects approved by the department.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1634

STATE OF NEW JERSEY

DATED: FEBRUARY 27, 2003

The Assembly Appropriations Committee reports favorably Senate Bill No. 1634.

Senate Bill No. 1634 makes various changes to the "Neighborhood Revitalization State Tax Credit Act" to increase the flexibility of the program for business participants offering assistance and for nonprofit corporations to develop qualified projects.

BACKGROUND. The "Neighborhood Revitalization State Tax Credit Act," which took effect July 1, 2002, offers businesses a tax incentive to invest in neighborhood revitalization and preservation projects sponsored by nonprofit corporations. Under the act, a business entity that contributes financial assistance to a project sponsor may be granted a certificate conferring tax credits that can be used to offset taxes on certain business income. The entity receiving the certificate may apply the credit against tax (other than New Jersey gross income tax) imposed on business-related income, including but not limited to business income subject to:

- the Corporation Business Tax Act (1945);
- the tax imposed on marine insurance companies under R.S.54:16-1 et seq.;
- the tax imposed on insurers generally under N.J.S.A.54:18A-1 et seq.
- the sewer and water utility excise tax imposed under N.J.S.A.54:30A-54; and
- the petroleum products gross receipts tax imposed under N.J.S.A.54:15B-3.

The tax credits may be granted in an amount up to 50 percent of the approved assistance provided to a nonprofit organization to implement a qualified project that is part of an approved neighborhood preservation and revitalization plan.

For the contribution to qualify the business for a credit, three requirements must first be met:

(1) The project must be part of a neighborhood preservation and revitalization plan approved by the Department of Community Affairs (DCA). To receive such approval, the plan must seek to improve the housing and economic conditions of an eligible neighborhood and include measures to (a) foster the rehabilitation and construction of housing affordable to low and moderate income households within the

neighborhood, (b) increase business activity within the neighborhood, including the rehabilitation and construction of commercial facilities and the provision of assistance to small businesses, and (c) increase the income and labor force participation of neighborhood residents through, e.g., the provision to low-income residents of education, training, child care and transportation assistance.

(2) The project itself must be approved by DCA as qualified to receive assistance for which a credit may be allowed. To receive this approval, the project must consist of housing, economic development, and other "neighborhood preservation and revitalization activities" within a contiguous area in a municipality that is either eligible for "special municipal aid" or coextensive with an "Abbott" school district.

(3) The DCA Commissioner must issue to the business a certificate for the credit. For the certificate to be issued, the amount of the assistance must be at least \$25,000 in each tax year for which credit is sought, the total of all assistance approved for the project may not exceed a statutory maximum, and the amount of the assistance must be have been paid to the State for deposit into a trust account for use of the nonprofit corporation sponsoring the project.

BILL PROVISIONS. The changes that the bill would make to the program are as follows:

C The neighborhood that is the subject of the preservation and revitalization plan, and in which a qualified project is located, would no longer have to be confined to an area within a single municipality, but could cross municipal boundaries. The bill would retain the current restrictions requiring the neighborhood area to be contiguous and to be located in "special aid" or "Abbott" municipalities.

C The statutory dollar limit on the total assistance per project that can be approved for tax credit qualification is increased from the current \$500,000 to \$1,000,000.

C The procedure governing the issuance of certificates is revised by (a) eliminating a requirement that the amount of creditable assistance for a tax year be paid prior to the issuance of the certificate, and instead providing for payments to be made in accordance with a specified schedule, (b) directing that payment of the assistance be made to DCA, rather than to the State Treasurer, and making the DCA Commissioner solely responsible for issuance of the certificate, and (c) requiring that the process of making decisions to issue certificates shall give preference to businesses that specify projects over those that do not. The bill authorizes the DCA to allocate assistance offered for unspecified projects to support approved projects for which the assistance sought exceeds the assistance available. It also directs the DCA to "pool" business entities' applications for credit certificates.

C The fee that the department is authorized to charge a business applying to receive a tax credit certificate for giving assistance to a qualified project is increased from .5% to 1.5% of the amount of

the proposed assistance. A provision is added to allow the department to require up to one-third of the fee to be paid when the application is submitted or the assistance is pledged, with the balance to be deducted from the assistance payment.

C A new Neighborhood Revitalization trust fund is established in the State treasury, into which assistance payments will be deposited and from which project financing shall be paid. Interest accrued on the fund balance is to be "used in accordance with sections 7 and 8" of the Revitalization Credit Act. Section 7, as amended by the bill, directs these interest earnings to be used in lawful furtherance of the purposes of the Act, including the funding of training and technical assistance to nonprofit organizations eligible to sponsor projects. Section 8 directs the Commissioner of the DCA to monitor project implementation and, when necessary, conduct investigations.

C A provision requiring DCA to approve automatically any proposed neighborhood preservation and revitalization plan that is identical to one that it previously approved, or to a redevelopment plan or neighborhood empowerment plan developed under other specified legislation, is deleted.

As reported, this bill is identical to Assembly Bill No. 2843, also reported by the committee.

FISCAL IMPACT

The Division of Taxation in the Department of the Treasury has stated that this bill will not result in any additional loss of State revenue from the business taxes against which credits are allowed under the Neighborhood Revitalization credit program: the bill does not change the existing \$10 million limit on the total credits allowable in any fiscal year. The Office of Legislative Services (OLS) has agreed with this estimate

The Department of Community Affairs has stated that this bill will require additional of five full-time equivalent employees to administer the provisions of the bill. Administrative expenses, which include salaries and wages, fringe benefits, materials and supplies, data processing and motor pool, would be \$263,025 in the first year of the bill's implementation. OLS has not agreed that the provisions of this bill will require five new employees for the Department of Community Affairs.

The Office of Legislative Services notes, with respect to this estimate, that (i) DCA's Division of Housing is already responsible for conducting the review of neighborhood revitalization plans and for performing other administrative functions under current law, and (ii) any additional administrative duties required of the department under the bill, e.g., assumption of some of the responsibility now borne by project sponsors for matching qualified projects with assistance, should not significantly increase the DCA's administrative workload.

Moreover, the bill triples the application fee that the department is allowed to assess upon businesses seeking credit certification, and this fee increase will probably provide sufficient revenue to defray any additional costs to administer the program. OLS notes, however, that as the administrative fees are charged against the payments of certificate applicants, the increase in administrative fees decreases funds available for qualified projects.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1634

STATE OF NEW JERSEY

DATED: OCTOBER 17, 2002

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1634.

This bill would incorporate various changes to the "Neighborhood Revitalization State Tax Credit Act." The bill would allow neighborhoods to be located within more than one municipality. Under the bill, automatic approval of certain previously-adopted redevelopment plans would be eliminated. The bill would increase the maximum amount of assistance per project per year which could be provided by a business entity from \$500,000 to \$1,000,000.

The bill would provide for more flexibility so that business entities wishing to donate assistance would be matched by the Department of Community Affairs with neighborhood revitalization projects needing assistance. The bill would allow the department to pool applications in order to provide the assistance needed to projects. The bill would increase the administrative fee authorized to be charged by the department from .5 percent to 1.5 percent. Finally the bill would establish a non-lapsing trust fund into which would be deposited all assistance provided by business entities, and from which would be drawn all assistance for projects approved by the department.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1634

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2002

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1634.

This bill would make various changes to the "Neighborhood Revitalization State Tax Credit Act."

Background. The "Neighborhood Revitalization State Tax Credit Act," which took effect July 1, 2002, offers businesses a tax incentive to invest in neighborhood revitalization and preservation projects sponsored by nonprofit corporations. Under the act, a business entity that contributes financial assistance to a project sponsor may be granted a certificate conferring tax credits that can be used to offset taxes on certain business income. The entity receiving the certificate may apply the credit against tax (other than New Jersey Gross Income Tax) imposed on business-related income, including but not limited to business income subject to:

- < the Corporation Business Tax Act (1945);
- < the tax imposed on marine insurance companies under R.S.54:16-1 et seq.;
- < the tax imposed on insurers generally under N.J.S.A.54:18A-1 et seq.
- < the sewer and water utility excise tax imposed under N.J.S.A.54:30A-54; and
- < the petroleum products gross receipts tax imposed under N.J.S.A.54:15B-3.

The tax credits may be granted in an amount up to 50 percent of the approved assistance provided to a nonprofit organization to implement a qualified project that is part of an approved neighborhood preservation and revitalization plan.

For the contribution to qualify the business for a credit, three requirements must first be met:

(i) The project must be part of a neighborhood preservation and revitalization plan approved by the Department of Community Affairs (DCA). To receive such approval, the plan must seek to improve the housing and economic conditions of an eligible neighborhood and include measures to (a) foster the rehabilitation and construction of housing affordable to low and moderate income households within the neighborhood, (b) increase business activity within the neighborhood, including the rehabilitation and construction of commercial facilities

and the provision of assistance to small businesses, and (c) increase the income and labor force participation of neighborhood residents through, e.g., the provision to low-income residents of education, training, child care and transportation assistance.

(ii) The project itself must be approved by DCA as qualified to receive assistance for which a credit may be allowed. To receive this approval, the project must consist of housing, economic development, and other "neighborhood preservation and revitalization activities" within a contiguous area in a municipality that is either eligible for "special municipal aid" or coextensive with an "Abbott" school district.

(iii) The DCA Commissioner must issue to the business a certificate for the credit. For the certificate to be issued, the amount of the assistance must be at least \$25,000 in each tax year for which credit is sought, the total of all assistance approved for the project may not exceed a statutory maximum, and the amount of the assistance must be have been paid to the State for deposit into a trust account for use of the nonprofit corporation sponsoring the project.

Bill provisions. The changes that the bill would make to the program are as follows:

(1) The neighborhood that is the subject of the preservation and revitalization plan, and in which a qualified project is located, would no longer have to be confined to an area within a single municipality, but could cross municipal boundaries. The bill would retain the current restrictions requiring the neighborhood area to be contiguous and to be located in "special aid" or "Abbott" municipalities.

(2) The statutory dollar limit on the total assistance per project that can be approved for tax credit qualification is increased from the current \$500,000 to \$1,000,000.

(3) The procedure governing the issuance of certificates is revised by (a) eliminating a requirement that the amount of creditable assistance for a tax year be paid prior to the issuance of the certificate, and instead providing for payments to be made in accordance with a specified schedule, (b) directing that payment of the assistance be made to DCA, rather than to the State Treasurer, and making the DCA Commissioner solely responsible for issuance of the certificate, and (c) requiring that the process of making decisions to issue certificates shall give preference to businesses that specify projects over those that do not. The bill authorizes the DCA to allocate assistance offered for unspecified projects to support approved projects for which the assistance sought exceeds the assistance available. It also directs the DCA to "pool" business entities' applications for credit certificates.

(4) The fee that the department is authorized to charge a business applying to receive a tax credit certificate for giving assistance to a qualified project is increased from .5% to 1.5% of the amount of the proposed assistance. A provision is added to allow the department to require up to one-third of the fee to be paid when the application is submitted or the assistance is pledged, with the balance to be deducted from the assistance payment.

(5) A new Neighborhood Revitalization trust fund is established in the State treasury, into which assistance payments will be deposited and from which project financing shall be paid. Interest accrued on the fund balance is to be "used in accordance with sections 7 and 8" of the Revitalization Credit Act. Section 7, as amended by the bill, directs these interest earnings to be used in lawful furtherance of the purposes of the Act, including the funding of training and technical assistance to nonprofit organizations eligible to sponsor projects. Section 8 directs the Commissioner of the DCA to monitor project implementation and, when necessary, conduct investigations.

(6) Finally, a provision requiring DCA to approve automatically any proposed neighborhood preservation and revitalization plan that is identical to one that it previously approved, or to a redevelopment plan or neighborhood empowerment plan developed under other specified legislation, is deleted.

FISCAL IMPACT

The Division of Taxation in the Department of the Treasury has stated that this legislation will not result in any additional loss of State revenue from the business taxes against which credits are allowed under the Neighborhood Revitalization credit program: the bill does not change the existing \$10 million limit on the total credits allowable in any fiscal year.

The Department of Community Affairs has estimated that it will require additional staff and material support to administer the provisions of the legislation, with associated costs of \$263,000 in the first year and \$276,000 in the second year of implementation. The Office of Legislative Services notes, with respect to this estimate, that (i) DCA's Division of Housing is already responsible for conducting the review of neighborhood revitalization plans and for performing other administrative functions under current law, and (ii) any additional administrative duties required of the department under the bill, e.g., assumption of some of the responsibility now borne by project sponsors for matching qualified projects with assistance, should not significantly increase the DCA's administrative workload. Moreover, the bill triples the application fee that the department is allowed to assess upon businesses seeking credit certification, and this fee increase will probably provide sufficient revenue to defray any additional costs to administer the program.

FISCAL NOTE
SENATE, No. 1634
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: JANUARY 7, 2003

SUMMARY

Synopsis: Makes various changes to the "Neighborhood Revitalization State Tax Credit Act."
Type of Impact: No significant fiscal impact to the State
Agencies Affected: Department of the Treasury and Department of Community Affairs (DCA)

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$263,025	\$276,177	\$289,985

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Increased administrative costs, offset by increased administrative fees.		

- ! The Office of Legislative Services (OLS) **concurs** in part with the estimate of the Executive Branch. The Office of Legislative Services agrees that this bill would have no impact on State revenue inasmuch as it continues to limit the total credits for qualified projects in a given fiscal year to \$10 million. The Office of Legislative Services questions the need to add five full-time equivalents to the Department of Community Affairs to administer the provisions of this bill, however.
- ! This bill makes various changes to the "Neighborhood Revitalization State Tax Credit Act," including allowing qualifying neighborhoods to be located within more than one municipality.
- ! The statutory dollar limit on the total assistance per project that can be approved for tax credit qualification is increased from \$500,000 to \$1 million. Total credits for all qualified projects remain capped at \$10 million per fiscal year.
- ! The Commissioner of DCA will be responsible for the issuance of certificates, and will be required to monitor project implementation and, when necessary, conduct investigations.
- ! The fee that DCA is authorized to charge a business applying to receive a tax credit certificate for giving assistance to a qualified project is increased from .5 percent to 1.5 percent of the amount of the proposed assistance.
- ! The bill establishes a new Neighborhood Revitalization trust fund in the State Treasury, into which assistance payments will be deposited and from which project financing will be paid.

! The bill directs DCA to pool applications in order to provide the assistance needed to projects. Also, the bill eliminates automatic approval of certain previously-adopted redevelopment plans.

BILL DESCRIPTION

Senate Bill No. 1634 of 2002 incorporates various changes to the "Neighborhood Revitalization State Tax Credit Act," including allowing neighborhoods to be located within more than one municipality. Under the provisions of the bill, automatic approval of certain previously adopted redevelopment plans would be eliminated. The bill also increases the statutory dollar limit on the total assistance per project that can be approved for tax credit qualification from \$500,000 to \$1,000,000.

The bill provides for more flexibility so that business entities wishing to donate assistance would be matched by the Department of Community Affairs with neighborhood revitalization projects needing assistance. In addition, the DCA is empowered to pool applications in order to provide the assistance needed to projects. The bill also increases the administrative fee authorized to be charged by the department from .5 percent to 1.5 percent. Finally, the bill establishes a non-lapsing trust fund into which would be deposited all assistance provided by business entities, and from which would be drawn all assistance for projects approved by the department.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation in the Department of the Treasury states that enactment of this legislation will not result in any additional loss of State revenue. As noted above, this bill continues to limit the total credits for all qualified projects proposed in a fiscal year to \$10 million.

According to the Department of Community Affairs, enactment of this legislation would result in the need to add five full-time equivalent (FTE) employees to administer the provisions of the bill. Administrative expenses, which include salaries and wages, fringe benefits, materials and supplies, data processing and motor pool, would be \$263,025 in year one, \$276,177 in year two and \$289,985 in year three. Salaries and wages and fringe benefits account for the majority of the annual costs. For example, in year one, \$251,165 of the total cost estimate of \$263,025 reflects salaries and wages and fringe benefits for the five FTEs.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative services agrees with the assessment of the Division of Taxation that this bill will have no impact on State revenue because it continues to limit the total credits to \$10 million per fiscal year. However, the OLS does not concur with the estimate that the provisions of this bill will result in the need to add five new employees to the Department of Community Affairs. While a staff of five individuals may be needed (or desired) for the

administration of all current and proposed aspects of this program, it should be noted that the Division of Housing is already responsible for conducting the review of neighborhood revitalization plans and for performing other administrative functions under current law. This legislation should not significantly increase the administrative workload of the division.

It should also be noted that, although the administrative costs to the DCA may increase as a result of this legislation, the bill increases the administrative fee that the department can charge. Therefore, even if the department was to add staff, any increased costs to DCA should be offset by the increased administrative fee that the department will be collecting. As a result, enactment of this legislation should have no significant fiscal impact on the State.

Section: *Local Government*

Analyst: *Mark L. McCaslin*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 2843

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED OCTOBER 3, 2002

Sponsored by:

**Assemblywoman BONNIE WATSON COLEMAN
District 15 (Mercer)**

Co-Sponsored by:

Assemblywoman Cruz-Perez

SYNOPSIS

Makes various changes to the "Neighborhood Revitalization State Tax Credit Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/19/2002)

1 AN ACT concerning neighborhood revitalization, amending and
2 supplementing P.L.2001, c.415 (C.52:27D-490 et seq.).

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
8 read as follows:

9 2. As used in this act:

10 "Assistance" means the contribution of moneys to aid in the
11 provision of neighborhood preservation and revitalization services or
12 community services.

13 "Business entity" means any business firm or individual which is
14 authorized to conduct or operate a trade or business in the State and
15 is subject to taxes on business related income.

16 "Certificate for neighborhood revitalization State tax credits" means
17 the certificate in the form prescribed by the Treasurer and issued by
18 the commissioner to a business entity that specifies the dollar amount
19 of neighborhood preservation and revitalization State tax credits that
20 business entity may take as an annual credit against certain state taxes
21 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.).

22 "Commissioner" means the Commissioner of Community Affairs.

23 "Department" means the Department of Community Affairs.

24 "Eligible neighborhood" means a contiguous area located in [a
25 municipality] one or more municipalities that, at the time of the
26 application to the department for approval of a neighborhood
27 preservation and revitalization plan, [is] are either eligible to receive
28 aid under the "Special Municipal Aid Act," P.L.1987, c.75
29 (C.52:27D-118.24 et seq.) or coextensive with a school district which
30 qualified for designation as an "Abbott district" pursuant to the
31 "Comprehensive Educational Improvement and Financing Act of
32 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

33 "Housing and economic development activities" means those
34 activities carried out in furtherance of a neighborhood preservation
35 and revitalization plan in an eligible neighborhood approved pursuant
36 to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the housing
37 and economic conditions of the neighborhood; and shall include,
38 without limitation, measures to foster the rehabilitation and
39 construction of housing affordable to low and moderate income
40 households within the neighborhood, including planning, design,
41 rehabilitation, construction, and management of low and moderate
42 income housing, home buyer counseling, and related activities needed
43 to effectuate the rehabilitation and construction of housing affordable

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

Matter underlined thus is new matter.

1 to low and moderate income households; measures to increase
2 business activity within the neighborhood, including the rehabilitation
3 and construction of commercial facilities and the provision of
4 assistance to small business entities; and measures to increase the
5 income and labor force participation of neighborhood residents,
6 including provision of education, training, child care and
7 transportation assistance to enable low income neighborhood residents
8 to obtain or retain employment.

9 "Low income household" means a household whose gross
10 household income is less than 50 percent of the median gross
11 household income for the region in which the neighborhood is located
12 for households of similar size as determined by the department.

13 "Moderate income household" means a household whose gross
14 household income is greater than or equal to 50 percent but less than
15 80 percent of the median gross household income of the region in
16 which the neighborhood is located for households of similar size as
17 determined by the department.

18 "Neighborhood preservation and revitalization activities" means
19 housing and economic development activities and other neighborhood
20 preservation and revitalization activities.

21 "Neighborhood Revitalization Plan" means a plan for the
22 preservation or revitalization of an eligible neighborhood.

23 "Nonprofit organization" means a private nonprofit corporation that
24 has been determined by the Internal Revenue Service of the United
25 States Department of the Treasury to be exempt from income taxation
26 under 26 U.S.C.s.501(c)(3).

27 "Other Neighborhood Revitalization Activities" means those
28 activities, other than housing and economic development activities,
29 carried out in furtherance of a State-approved neighborhood
30 preservation and revitalization plan in a qualified low and moderate
31 income neighborhood, and may include, without limitation,
32 improvements to infrastructure, street scape, public open space, and
33 transportation systems; provision of social and community services,
34 health care, crime prevention, recreation activities, community and
35 environmental health services; and community outreach and organizing
36 activities.

37 "Qualified nonprofit organization" means a nonprofit organization
38 that has demonstrated a commitment to the neighborhood for which
39 it is submitting a plan or project, as reflected in its past activities or
40 proposed activities in a preservation and revitalization plan.

41 "Qualified project" means one or more housing and economic
42 development activities and which may also include one or more other
43 neighborhood revitalization activities to be carried out in accordance
44 with a neighborhood revitalization plan as approved by the
45 commissioner with funds provided by a business entity eligible to
46 receive a certificate for neighborhood revitalization State tax credits.
47 (cf: P.L.2001, c.415, s.2)

1 2. Section 5 of P.L.2001, c.415 (C.52:27D-494) is amended to
2 read as follows:

3 5. a. The department shall determine whether a neighborhood
4 preservation and revitalization plan should be approved. The
5 department shall approve a neighborhood preservation and
6 revitalization plan if it satisfies the following standards:

7 (1) the plan designates an eligible neighborhood; and

8 (2) The plan was developed through a process that

9 (a) gave written notice to the municipality in which the
10 neighborhood is located of its intention to develop a plan and utilized
11 reasonable means to inform residents, property owners, and businesses
12 in the neighborhood of its intention to develop a plan and provided
13 opportunities for them to participate in the development of the plan;

14 (b) gave written notice to the municipality in which the
15 neighborhood is located of the proposed plan and provided an
16 opportunity for it to comment upon it orally and in writing, complied
17 with all of the requirements of the "Municipal Land Use Law,"
18 P.L.1975, c.291 (C.40:55D-1 et seq.) concerning the plan, utilized
19 reasonable means to inform residents, property owners, and businesses
20 in the neighborhood of the proposed plan and provided an opportunity
21 for them to comment upon it orally and in writing; and

22 (c) involved consultation with nonprofit organizations located
23 within the neighborhood or providing services to residents of the
24 neighborhood;

25 (3) The plan is not inconsistent with

26 (a) any redevelopment plan adopted pursuant to the "Local
27 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
28 seq.), and currently being implemented; or

29 (b) any neighborhood empowerment plan approved by the State
30 pursuant to section 49 of P.L.1996, c.62 (C.55:19-64);

31 (4) The plan sets forth an overall concept of the future of the
32 neighborhood; one or more strategies to foster preservation and
33 revitalization of the neighborhood in accordance with that concept;
34 one or more activities, including housing and economic development
35 activities and other preservation and revitalization activities proposed
36 within the neighborhood to foster preservation and revitalization of the
37 neighborhood in furtherance of those strategies, including a
38 description of funding sources obtained or to be sought for the
39 planned activities and a timetable for the conduct of those activities;
40 and

41 (5) The plan covers a period of no less than two and no more than
42 ten years.

43 b. A nonprofit organization may, in submitting a proposed plan
44 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), adopt a
45 redevelopment plan adopted pursuant to the "Local Redevelopment
46 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and

1 currently being implemented; or a State-approved neighborhood
2 empowerment plan pursuant to section 49 of P.L.1996, c.62
3 (C.55:19-64) as its neighborhood preservation and revitalization plan
4 or a neighborhood preservation and revitalization plan previously
5 approved by the department. [The department shall approve such a
6 plan.]

7 c. A nonprofit organization that has submitted a neighborhood
8 preservation and revitalization plan to the department may seek to
9 amend it at any time. The department shall approve amendments if
10 they comply with the standards set forth in subsection [b.] a. of this
11 section.

12 (cf: P.L.2001, c.415, s.5)

13

14 3. Section 7 of P.L.2001, c.415 (C.52:27D-496) is amended to
15 read as follows:

16 7. a. The commissioner shall determine, in accordance with law
17 and regulation, whether to issue a certificate based upon proposed
18 assistance by a business entity to a nonprofit organization to
19 implement a qualified project.

20 b. The commissioner shall issue a certificate if the proposed
21 assistance satisfies the following standards:

22 (1) The assistance is to be used for a qualified neighborhood
23 preservation and revitalization project;

24 (2) The assistance is not less than \$25,000 in each tax year for
25 which credit is sought. Assistance may be approved for the current
26 tax year and up to four additional years in the future. If assistance is
27 approved for years other than the current tax year, the approval shall
28 include a schedule showing the amount of assistance to be provided in
29 each year;

30 (3) Neither the business entity nor any wholly owned subsidiary has
31 previously failed to provide assistance to a nonprofit organization for
32 which approval was granted. This requirement may be waived by the
33 department upon a showing of good cause; and

34 (4) The total of all assistance approved on behalf of a nonprofit
35 organization per project does not exceed ~~[\$500,000; and]~~ \$1,000,000

36 [(5) The amount of assistance as proposed in a letter of intent from
37 the business entity has been paid to the State Treasurer and deposited
38 in a special trust account for the use of a qualified nonprofit
39 organization in carrying out a qualified project, and the State
40 Treasurer has sent authorization for issuance of a certificate to the
41 commissioner. The qualified nonprofit shall have full access to the
42 funds in the special trust account, subject to the provisions of section
43 8 of P.L.2001, c.415 (C.52:27D-497)].

44 c. Within 60 days from the date of issuance of the certificate, the
45 business entity shall pay the amount specified in the certificate that is
46 due in the current tax year to the department for deposit into the

1 Neighborhood Revitalization Non-lapsing Trust Fund created pursuant
2 to section 5 of P.L. , c. (C.)(now before the Legislature as this
3 bill). In the case of assistance approved for years other than the
4 current tax year, the business entity shall pay the amount specified no
5 later than the anniversary of the date on which the first payment is due.
6 The commissioner may extend the date payment is due for good cause
7 shown, but no extension shall be granted where the business entity did
8 not submit a written request for the extension at least fifteen days prior
9 to the date payment is due.

10 d. The commissioner shall issue certificates to business entities
11 applying for certificates and meeting the requirements of this section,
12 up to the maximum amount of tax credits permitted under section 3 of
13 P.L.2001, c.415 (C.52:27D-492), in the following order:

14 (1) those business entities specifying a project which has been
15 approved by the department and providing assistance which is equal
16 to the amount requested by the nonprofit organization submitting the
17 project.

18 (2) those business entities not specifying a particular project, but
19 which are willing to provide assistance for approved projects seeking
20 assistance. The commissioner shall issue each business entity
21 providing assistance with a certificate specifying the project to which
22 the assistance will be provided and shall pool applications by business
23 entities in order to provide the amount of assistance requested by each
24 nonprofit organization submitting each project.

25 (3) those business entities not specifying a particular project, but
26 which are willing to provide assistance, and for which no project
27 approved by the department is available. The commissioner shall
28 issue the certificate without specifying the project to which the
29 assistance will be provided, and will deposit the amount set forth in the
30 certificate in the Neighborhood Revitalization Non-lapsing Trust Fund
31 created pursuant to section 5 of P.L. , c. (C.)(now before the
32 Legislature as this bill) in accordance with the provisions of this
33 section.

34 e. In any year that the dollar amount of assistance sought by
35 approved projects shall exceed the amount of assistance available, the
36 department shall allocate any funds in the trust fund for which no
37 project has been specified to provide assistance to such projects. At
38 such time the department will issue the business entity an amended
39 certificate specifying the project for which the assistance is being
40 provided.

41 f. The department shall use any interest earnings on the funds in the
42 trust fund in any manner that lawfully furthers the purposes of
43 P.L.2001, c.415 (C.52:27D-490 et seq.), including, but not limited to,
44 providing funds to qualified entities to provide training and technical
45 assistance to nonprofit organizations eligible to prepare plans and
46 submit projects under P.L.2001, c.415 (C.52:27D-490 et seq.).
47 (cf: P.L. 2001, c. 415, s.7)

1 4. Section 9 of P.L.2001, c.415 (C.52:27D-498) is amended to
2 read as follows:

3 9. a. In order to administer the neighborhood preservation and
4 revitalization tax credit program, the department shall establish any
5 necessary forms, procedures or rules to effectuate this act, in
6 accordance with the "Administrative Procedure Act," P.L.1968, c.410
7 (C.52:14B-1 et seq.). The department shall seek to foster use of the
8 tax credit and to make the tax credit simple to apply for and simple to
9 use.

10 b. The department shall act as a clearinghouse. It shall maintain
11 lists of qualified projects and of business entities that have expressed
12 a desire to provide assistance to qualified projects. The department
13 shall pool applications from business entities in order to provide
14 assistance to qualified projects as provided in section 7 of P.L.2001,
15 c.415 (C.52:27D-496).

16 c. The department shall give priority in processing to applications
17 that demonstrate a multi-year commitment by the business entity to
18 implementation of the neighborhood preservation and revitalization
19 plan.

20 d. The department shall submit to the Governor and Legislature
21 an annual report which shall include at least:

22 (1) the purpose and effectiveness of the credit;

23 (2) the benefits of the credit to the state;

24 (3) any recommendations by the department as to changes in
25 legislation needed to better carry out the purposes of P.L.2001, c.415
26 (C.52:27D-490 et seq.).

27 e. For each application by, or behalf of, a business entity to
28 approve assistance for a project, the department may charge a fee of
29 up to ~~[0.5]~~ 1.5 percent of the amount of assistance proposed, or
30 approved, whichever is less, to pay for the administration of this
31 program. The department may require that up to one third of this
32 amount be paid at the time of submission of the application or
33 declaration of intent, and that the balance be taken from the amount
34 deposited into the trust fund upon deposit therein.

35 (cf : P.L.2001, c.415, s.9)

36

37 5. (New section) A non-lapsing trust fund is hereby established
38 in the State treasury to be known as the Neighborhood Revitalization
39 Non-lapsing Trust Fund, into which all assistance from business
40 entities receiving certificates under the provisions of P.L.2001, c.415
41 (C.52:27D-490 et seq.) shall be deposited by the department and from
42 which all assistance for projects approved by the department shall be
43 drawn. All interest earned on the funds deposited in the trust fund
44 shall be retained in the trust fund to be used in accordance with
45 sections 7 and 8 of P.L.2001, c.415 (C.52:27D-496 and C.52:27D-
46 497).

1 6. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill makes several changes to the "Neighborhood Revitalization
7 State Tax Credit Act." The amendments clarify that neighborhoods
8 may be located within more than one municipality. Automatic
9 approval of certain previously-adopted redevelopment plans is
10 eliminated. The bill also increases the maximum amount of assistance
11 per project per year which may be provided by a business entity from
12 \$500,000 to \$1,000,000.

13 More flexibility is provided under the act for business entities
14 wishing to donate assistance to be matched by the Department of
15 Community Affairs with neighborhood revitalization projects needing
16 assistance. In addition, the department is empowered to pool
17 applications in order to provide the assistance needed to projects. The
18 administrative fee authorized to be charged by the department is
19 increased from .5 percent to 1.5 percent. Finally, a new trust fund is
20 created for deposit of the assistance provided by business entities, and
21 for funding the projects approved by the department.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2843

STATE OF NEW JERSEY

DATED: JANUARY 9, 2003

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 2843.

This bill proposes to make several changes to the "Neighborhood Revitalization State Tax Credit Act," P.L.2001, c.415 (C.52:27D-490, which took effect on July 1, 2002). The "Neighborhood Revitalization State Tax Credit Act," offers businesses a tax incentive to invest in neighborhood revitalization and preservation projects sponsored by nonprofit corporations. Under that act, a business entity that contributes financial assistance to a project sponsor may be granted a certificate authorizing tax credits that can be used to offset taxes on certain business income. The entity receiving the certificate may apply the credit authorized against various taxes imposed on business-related income, other than the New Jersey Gross Income Tax. The amendments:

- ! enlarge the definition of a neighborhood located in a "special aid" or "Abbott" municipality that is the subject of a preservation and revitalization plan and in which a qualified project is located so that it may include an adjacent neighborhood in a contiguous municipality;
- ! eliminate automatic approval of certificates for business entities by the Department of Community Affairs of certain previously-adopted redevelopment plans; and
- ! increase the maximum amount of assistance per project per year which may be approved from a business entity on behalf of a nonprofit organization from \$500,000 to \$1,000,000.

More flexibility is provided under the act for business entities wishing to donate assistance to be matched by the Department of Community Affairs with neighborhood revitalization projects needing assistance. In addition, the department is empowered to pool applications in order to provide the assistance needed to projects. The administrative fee authorized to be charged by the department is increased from .5 percent to 1.5 percent. Finally, a new trust fund is created for deposit of the assistance provided by business entities, and for funding the projects approved by the department. The intention of

the bill is to relieve nonprofits from having to solicit contributions from businesses by placing the responsibility for matching contributions together with projects with the Department of Community Affairs.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2843

STATE OF NEW JERSEY

DATED: FEBRUARY 27, 2003

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2843.

Assembly Bill No. 2843 makes various changes to the "Neighborhood Revitalization State Tax Credit Act" to increase the flexibility of the program for business participants offering assistance and for nonprofit corporations to develop qualified projects.

BACKGROUND. The "Neighborhood Revitalization State Tax Credit Act," which took effect July 1, 2002, offers businesses a tax incentive to invest in neighborhood revitalization and preservation projects sponsored by nonprofit corporations. Under the act, a business entity that contributes financial assistance to a project sponsor may be granted a certificate conferring tax credits that can be used to offset taxes on certain business income. The entity receiving the certificate may apply the credit against tax (other than New Jersey gross income tax) imposed on business-related income, including but not limited to business income subject to:

- the Corporation Business Tax Act (1945);
- the tax imposed on marine insurance companies under R.S.54:16-1 et seq.;
- the tax imposed on insurers generally under N.J.S.A.54:18A-1 et seq.
- the sewer and water utility excise tax imposed under N.J.S.A.54:30A-54; and
- the petroleum products gross receipts tax imposed under N.J.S.A.54:15B-3.

The tax credits may be granted in an amount up to 50 percent of the approved assistance provided to a nonprofit organization to implement a qualified project that is part of an approved neighborhood preservation and revitalization plan.

For the contribution to qualify the business for a credit, three requirements must first be met:

(1) The project must be part of a neighborhood preservation and revitalization plan approved by the Department of Community Affairs (DCA). To receive such approval, the plan must seek to improve the housing and economic conditions of an eligible neighborhood and include measures to (a) foster the rehabilitation and construction of housing affordable to low and moderate income households within the

neighborhood, (b) increase business activity within the neighborhood, including the rehabilitation and construction of commercial facilities and the provision of assistance to small businesses, and (c) increase the income and labor force participation of neighborhood residents through, e.g., the provision to low-income residents of education, training, child care and transportation assistance.

(2) The project itself must be approved by DCA as qualified to receive assistance for which a credit may be allowed. To receive this approval, the project must consist of housing, economic development, and other "neighborhood preservation and revitalization activities" within a contiguous area in a municipality that is either eligible for "special municipal aid" or coextensive with an "Abbott" school district.

(3) The DCA Commissioner must issue to the business a certificate for the credit. For the certificate to be issued, the amount of the assistance must be at least \$25,000 in each tax year for which credit is sought, the total of all assistance approved for the project may not exceed a statutory maximum, and the amount of the assistance must be have been paid to the State for deposit into a trust account for use of the nonprofit corporation sponsoring the project.

BILL PROVISIONS. The changes that the bill would make to the program are as follows:

- C The neighborhood that is the subject of the preservation and revitalization plan, and in which a qualified project is located, would no longer have to be confined to an area within a single municipality, but could cross municipal boundaries. The bill would retain the current restrictions requiring the neighborhood area to be contiguous and to be located in "special aid" or "Abbott" municipalities.
- C The statutory dollar limit on the total assistance per project that can be approved for tax credit qualification is increased from the current \$500,000 to \$1,000,000.
- C The procedure governing the issuance of certificates is revised by (a) eliminating a requirement that the amount of creditable assistance for a tax year be paid prior to the issuance of the certificate, and instead providing for payments to be made in accordance with a specified schedule, (b) directing that payment of the assistance be made to DCA, rather than to the State Treasurer, and making the DCA Commissioner solely responsible for issuance of the certificate, and (c) requiring that the process of making decisions to issue certificates shall give preference to businesses that specify projects over those that do not. The bill authorizes the DCA to allocate assistance offered for unspecified projects to support approved projects for which the assistance sought exceeds the assistance available. It also directs the DCA to "pool" business entities' applications for credit certificates.

- C The fee that the department is authorized to charge a business applying to receive a tax credit certificate for giving assistance to a qualified project is increased from .5% to 1.5% of the amount of the proposed assistance. A provision is added to allow the department to require up to one-third of the fee to be paid when the application is submitted or the assistance is pledged, with the balance to be deducted from the assistance payment.
- C A new Neighborhood Revitalization trust fund is established in the State treasury, into which assistance payments will be deposited and from which project financing shall be paid. Interest accrued on the fund balance is to be "used in accordance with sections 7 and 8" of the Revitalization Credit Act. Section 7, as amended by the bill, directs these interest earnings to be used in lawful furtherance of the purposes of the Act, including the funding of training and technical assistance to nonprofit organizations eligible to sponsor projects. Section 8 directs the Commissioner of the DCA to monitor project implementation and, when necessary, conduct investigations.
- C A provision requiring DCA to approve automatically any proposed neighborhood preservation and revitalization plan that is identical to one that it previously approved, or to a redevelopment plan or neighborhood empowerment plan developed under other specified legislation, is deleted.

As reported, this bill is identical to Senate Bill No. 1634, also reported by the committee.

FISCAL IMPACT:

The Division of Taxation in the Department of the Treasury has stated that this bill will not result in any additional loss of State revenue from the business taxes against which credits are allowed under the Neighborhood Revitalization credit program: the bill does not change the existing \$10 million limit on the total credits allowable in any fiscal year. The Office of Legislative Services (OLS) has agreed with this estimate

The Department of Community Affairs has stated that this bill will require additional of five full-time equivalent employees to administer the provisions of the bill. Administrative expenses, which include salaries and wages, fringe benefits, materials and supplies, data processing and motor pool, would be \$263,025 in the first year of the bill's implementation. OLS has not agreed that the provisions of this bill will require five new employees for the Department of Community Affairs.

The Office of Legislative Services notes, with respect to this estimate, that (i) DCA's Division of Housing is already responsible for conducting the review of neighborhood revitalization plans and for performing other administrative functions under current law, and (ii)

any additional administrative duties required of the department under the bill, e.g., assumption of some of the responsibility now borne by project sponsors for matching qualified projects with assistance, should not significantly increase the DCA's administrative workload. Moreover, the bill triples the application fee that the department is allowed to assess upon businesses seeking credit certification, and this fee increase will probably provide sufficient revenue to defray any additional costs to administer the program. OLS notes, however, that as the administrative fees are charged against the payments of certificate applicants, the increase in administrative fees decreases funds available for qualified projects.