

# 52:27H-62

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2003           **CHAPTER:** 285

**NJSA:** 52:27H-62      (Creation of UEZ in Gloucester City)

**BILL NO:** A2059       (Substituted for S1595)

**SPONSOR(S):** Roberts and Cruz-Perez

**DATE INTRODUCED:** March 14, 2002

**COMMITTEE:**       **ASSEMBLY:** Commerce and Economic Development; Appropriations

**SENATE:** Economic Growth, Tourism; Budget and Appropriations

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**       **ASSEMBLY:** January 12, 2004

**SENATE:** January 8, 2004

**DATE OF APPROVAL:** January 14, 2004

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

[FINAL TEXT OF BILL](#) (2<sup>nd</sup> reprint enacted)

(Amendments during

passage denoted by asterisks)

### A2059

[SPONSOR'S STATEMENT](#): (Begins on page 6 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**                       **ASSEMBLY:** Yes [5-9-2002 \(Commerce\)](#)  
[6-6-2002 \(Approp.\)](#)

**SENATE:** Yes [5-15-2003 \(Ec. Growth\)](#)  
[12-04-2003 \(Budget\)](#)

**FLOOR AMENDMENT STATEMENT:** No

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

### S1595

[SPONSOR'S STATEMENT](#): (Begins on page 6 of original bill) [Yes](#)

Bill and Sponsors Statement identical to A2059

**COMMITTEE STATEMENT:**                       **ASSEMBLY:** No

**SENATE:** Yes [12-11-2003 \(Budget\)](#)  
[5-15-2003 \(Ec. Growth\)](#)

Both identical to Assembly Budget Statement for A2059

**FLOOR AMENDMENT STATEMENT:** No

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

Identical to Fiscal Note to A2059

**VETO MESSAGE:**

No

**GOVERNOR'S PRESS RELEASE ON SIGNING:**

No

**FOLLOWING WERE PRINTED:**

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**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

No

P.L. 2003, CHAPTER 285, *approved January 14, 2004*  
Assembly, No. 2059 (*Second Reprint*)

1 **AN ACT** concerning urban enterprise zones and amending P.L.1983,  
2 c.303 and P.L.1995, c.382.

3

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

6

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

9 3. As used in this act:

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

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

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

23 (1) Residents within the zone, the district, within another zone or  
24 within a qualifying municipality; or

25 (2) Unemployed for at least six months prior to being hired and  
26 residing in New Jersey, and recipients of New Jersey public assistance  
27 programs for at least six months prior to being hired, or either of the  
28 aforesaid; or

29 (3) Determined to be low income individuals pursuant to the  
30 Workforce Investment Act of 1998, Pub.L.105-220 (29 U.S.C.  
31 s.2811);

32 d. "Qualifying municipality" means any municipality in which there  
33 was, in the last full calendar year immediately preceding the year in  
34 which application for enterprise zone designation is submitted pursuant  
35 to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual average of  
36 at least 2,000 unemployed persons, and in which the municipal average  
37 annual unemployment rate for that year exceeded the State average  
38 annual unemployment rate; except that any municipality which  
39 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly AAP committee amendments adopted June 6, 2002.

<sup>2</sup> Senate SEG committee amendments adopted May 15, 2003.

1 seq.) shall qualify if its municipal average annual unemployment rate  
2 for that year exceeded the State average annual unemployment rate.  
3 The annual average of unemployed persons and the average annual  
4 unemployment rates shall be estimated for the relevant calendar year  
5 by the Office of Labor Planning and Analysis of the State Department  
6 of Labor. In addition to those municipalities that qualify pursuant to  
7 the criteria set forth above, that municipality accorded priority  
8 designation pursuant to subsection e. of section 7 of P.L.1983, c.303  
9 (C.52:27H-66), [that municipality] <sup>2</sup>[those municipalities] that  
10 municipality<sup>2</sup> set forth in paragraph (7) and <sup>1</sup>[paragraph]  
11 <sup>2</sup>[paragraphs<sup>1</sup>] paragraph<sup>2</sup> (8) <sup>2</sup>[<sup>1</sup>and (9)<sup>1</sup>]<sup>2</sup> of section 3 of  
12 P.L.1995, c.382 (C.52:27H-66.1), and the municipalities in which the  
13 three additional enterprise zones, including the joint enterprise zone,  
14 are to be designated pursuant to criteria according priority  
15 consideration for designation of the zones pursuant to section 12 of  
16 P.L.2001, c.347 (C.52:27H-66.7) shall be deemed qualifying  
17 municipalities;

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

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

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

33 h. "Zone neighborhood association" means a corporation or  
34 association of persons who either are residents of, or have their  
35 principal place of employment in, a municipality in which an enterprise  
36 zone has been designated pursuant to this act; which is organized  
37 under the provisions of Title 15 of the Revised Statutes or Title 15A  
38 of the New Jersey Statutes; and which has for its principal purpose the  
39 encouragement and support of community activities within, or on  
40 behalf of, the zone so as to (1) stimulate economic activity, (2)  
41 increase or preserve residential amenities, or (3) otherwise encourage  
42 community cooperation in achieving the goals of the zone  
43 development plan;

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

46 j. "UEZ-impacted business district" or "district" means an

1 economically-distressed business district classified by the authority as  
2 having been negatively impacted by two or more adjacent urban  
3 enterprise zones in which 50% less sales tax is collected pursuant to  
4 section 21 of P.L.1983, c.303 (C.52:27H-80).

5 (cf: P.L.2001, c.347, s.2)

6  
7 2. Section 7 of P.L.1983, c.303 (C.52:27-66) is amended to read  
8 as follows:

9 7. The authority shall designate enterprise zones from among those  
10 areas of qualifying municipalities determined to be eligible pursuant to  
11 this act. No more than ~~[30]~~ <sup>1</sup>[~~31~~] <sup>2</sup>[~~32~~<sup>1</sup>] ~~31~~<sup>2</sup> enterprise zones shall  
12 be in effect at any one time. No more than one enterprise zone shall  
13 be designated in any one municipality. Except as otherwise provided  
14 by section 11 of P.L.2001, c.347 (C.52:27H-66.6), any designation  
15 granted shall be for a period of 20 years , beginning with the year in  
16 which a zone is eligible for an exemption to the extent of 50% of the  
17 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
18 (C.54:32B-1 et seq.),and shall not be renewed at the end of that  
19 period. In designating enterprise zones the authority shall seek to  
20 avoid excessive geographic concentration of zones in any particular  
21 region of the State. At least six of the 10 additional enterprise zones  
22 authorized pursuant to section 3 of P.L.1993, c.367 shall be located  
23 in counties in which enterprise zones have not previously been  
24 designated and shall be designated within 90 days of the date of the  
25 submittal of an application and zone development plan. The authority  
26 shall accept applications within 90 days of the effective date of  
27 P.L.1993, c.367. Notwithstanding the provisions of P.L.1983, c.303  
28 (C.52:27H-60 et seq.) to the contrary, the six additional enterprise  
29 zones to be designated by the authority pursuant to the criteria for  
30 priority consideration in this section shall be entitled to an exemption  
31 to the extent of 50% of the tax imposed under the "Sales and Use Tax  
32 Act," P.L.1966, c.30 (C.54:32B-1 et seq.). The following criteria shall  
33 be utilized in according priority consideration for designation of these  
34 zones by the authority:

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

42 b. Two zones shall be located in a county of the second class with  
43 a population greater than 445,000 and less than 455,000 according to  
44 the latest federal decennial census, one of which shall be located in the  
45 qualifying municipality in that county with the highest annual average  
46 number of unemployed persons and the highest average annual

1 unemployment rate for the 1992 calendar year according to the  
2 estimate by the State Department of Labor, and one of which shall be  
3 located in the qualifying municipality in that county with the second  
4 highest annual average number of unemployed persons and the second  
5 highest average annual unemployment rate for the 1992 calendar year  
6 according to the estimate by the State Department of Labor;

7 c. One zone shall be located in a county of the third class with a  
8 population greater than 84,000 and less than 92,000 according to the  
9 latest federal decennial census and shall be located in the qualifying  
10 municipality in that county with the highest annual average number of  
11 unemployed persons and the highest average annual unemployment  
12 rate for the 1992 calendar year according to the estimate by the State  
13 Department of Labor;

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

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

20 (2) the two municipalities submit a joint application and zone  
21 development plan; and

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

26 e. One zone shall be located within a municipality having a  
27 population greater than 38,000 and less than 46,000 according to the  
28 latest federal decennial census if the municipality is located within a  
29 county of the fifth class with a population greater than 340,000 and  
30 less than 440,000 according to the latest federal decennial census.

31 (cf: P.L.2001, c.347, s.8)

32  
33 3. Section 3 of P.L.1995, c.382 (C.52:27H-66.1) is amended to  
34 read as follows:

35 3. The additional seven zones authorized pursuant to P.L.1995,  
36 c.382 (C.52:27H-66.1 et al.) and the additional <sup>1</sup>[zone] <sup>2</sup>[zones<sup>1</sup>]  
37 zone<sup>2</sup> authorized pursuant to P.L. , c. (C. ) (now before the  
38 Legislature as this bill) shall be designated within 90 days of the date  
39 of the submittal of an application and zone development plan. The  
40 authority shall accept applications within 90 days of the effective date  
41 of P.L.1995, c.382 (C.52:27H-66.1 et al.) or P.L. , c. (C. ) (now  
42 before the Legislature as this bill), as applicable, for those zones that  
43 fulfill the criteria set forth in this section. Notwithstanding the  
44 provisions of P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary,  
45 the [seven] ~~eight~~ additional enterprise zones to be designated by the  
46 authority pursuant to the criteria for priority consideration set forth in

1 <sup>2</sup>[<sup>1</sup>subsections (1) through (8) of<sup>1</sup>]<sup>2</sup> this section shall be entitled to an  
 2 exemption to the extent of 50% of the tax imposed under the "Sales  
 3 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) <sup>2</sup>[<sup>1</sup>; the  
 4 additional enterprise zone to be designated by the authority pursuant  
 5 to the criteria for priority consideration set forth in subsection (9) of  
 6 this section shall not be allowed an exemption to the extent of 50% of  
 7 the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
 8 (C.54:32B-1 et seq.); provided however, that notwithstanding any  
 9 other provisions of law to the contrary, except as provided in  
 10 subsection b. of section 6 of P.L.1996, c.124 (C.13:1E-116.6), after  
 11 first depositing 10 percent of the gross amount of all revenues received  
 12 from the taxation of retail sales made by certified vendors from  
 13 business locations in the enterprise zone designated pursuant to the  
 14 criteria of subsection (9) of this section into the account created in the  
 15 name of the authority in the enterprise zone assistance fund pursuant  
 16 to section 29 of P.L.1983, c.303 (C.52:27H-88), the remaining 90  
 17 percent shall be deposited immediately upon collection by the  
 18 Department of the Treasury, in the enterprise zone assistance fund  
 19 created pursuant to section 29 of P.L.1983, c.303 (C.52:27H-88)  
 20 according to the schedule set forth in subsections a. through d. of  
 21 section 21 of P.L.1983, c.303, (C.52:27H-80)<sup>1</sup>]<sup>2</sup>. The following  
 22 criteria shall be utilized in according priority consideration for  
 23 designation of the seven additional enterprise zones authorized  
 24 pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.) and the <sup>2</sup>[<sup>1</sup>two<sup>1</sup>]<sup>2</sup>  
 25 additional enterprise <sup>1</sup>[zone] <sup>2</sup>[zones<sup>1</sup>] zone<sup>2</sup> authorized pursuant to  
 26 P.L. , c. (C. ) (now before the Legislature as this bill):

27 (1) One zone shall be located in a qualifying municipality with a  
 28 population greater than 55,000 and less than 65,000 according to the  
 29 latest federal decennial census in a county of the first class with a  
 30 population density greater than 6,100 and less than 6,700 persons per  
 31 square mile according to the latest federal decennial census provided  
 32 that the qualifying municipality is contiguous to a municipality in  
 33 which an enterprise zone is designated;

34 (2) One zone shall be located in a qualifying municipality with a  
 35 population greater than 70,000 and less than 80,000 according to the  
 36 latest federal decennial census;

37 (3) One zone shall be located in a qualifying municipality with a  
 38 population greater than 38,000 and less than 39,500 according to the  
 39 latest federal decennial census;

40 (4) One zone shall be located in a qualifying municipality with a  
 41 population greater than 45,000 and less than 55,000 according to the  
 42 latest federal decennial census;

43 (5) One zone shall be located in a qualifying municipality with a  
 44 population greater than 21,000 and less than 22,000;

45 (6) One zone shall be located in a qualifying municipality with a  
 46 population greater than 29,000 and less than 32,000 according to the

1 latest federal decennial census; [and]

2 (7) One zone shall be located within a qualifying municipality  
3 having a population greater than 7,000 and less than 9,000 according  
4 to the latest federal decennial census in a county of the first class with  
5 a population greater than 550,000 and less than 560,000 according to  
6 the latest federal decennial census; <sup>1</sup>[and]<sup>1</sup> <sup>2</sup>and<sup>2</sup>

7 (8) An additional zone shall be located within a qualifying  
8 municipality with a population greater than 11,400 and less than  
9 11,600 according to the latest federal decennial census in a county of  
10 the second class with a population greater than 500,000 and less than  
11 520,000 according to the latest federal decennial census <sup>2</sup>[<sup>1</sup>; and

12 (9) An additional zone shall be located within a qualifying  
13 municipality that is a city in a county of the third class with a  
14 population less than 75,000 according to the latest federal decennial  
15 census<sup>1</sup>]<sup>2</sup>.

16 (cf: P.L.1995, c.382, s.3)

17

18 4. This act shall take effect on the first day of the third month  
19 following enactment.

20

21

22

23

24 \_\_\_\_\_  
Authorizes creation of UEZ in Gloucester City, Camden County.



# ASSEMBLY, No. 2059

## STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED MARCH 14, 2002

**Sponsored by:**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**Assemblyman DOUGLAS H. FISHER**

**District 3 (Salem, Cumberland and Gloucester)**

**Assemblywoman NILSA CRUZ-PEREZ**

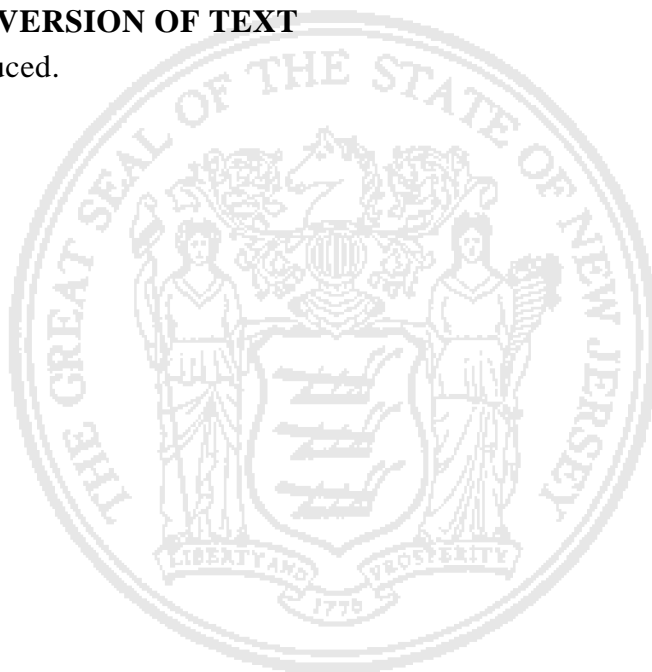
**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Authorizes creation of UEZ in Gloucester City, Camden County.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/7/2002)

1 AN ACT concerning urban enterprise zones and amending P.L.1983,  
2 c.303 and P.L.1995, c.382.

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

6  
7 1. Section 3 of P.L.1983, c.303 (C.52:27H-62) is amended to read  
8 as follows:

9 3. As used in this act:

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

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

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

23 (1) Residents within the zone, the district, within another zone or  
24 within a qualifying municipality; or

25 (2) Unemployed for at least six months prior to being hired and  
26 residing in New Jersey, and recipients of New Jersey public assistance  
27 programs for at least six months prior to being hired, or either of the  
28 aforesaid; or

29 (3) Determined to be low income individuals pursuant to the  
30 Workforce Investment Act of 1998, Pub.L.105-220 (29 U.S.C.  
31 s.2811);

32 d. "Qualifying municipality" means any municipality in which there  
33 was, in the last full calendar year immediately preceding the year in  
34 which application for enterprise zone designation is submitted pursuant  
35 to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual average of  
36 at least 2,000 unemployed persons, and in which the municipal average  
37 annual unemployment rate for that year exceeded the State average  
38 annual unemployment rate; except that any municipality which  
39 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et  
40 seq.) shall qualify if its municipal average annual unemployment rate  
41 for that year exceeded the State average annual unemployment rate.  
42 The annual average of unemployed persons and the average annual  
43 unemployment rates shall be estimated for the relevant calendar year

**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 by the Office of Labor Planning and Analysis of the State Department  
2 of Labor. In addition to those municipalities that qualify pursuant to  
3 the criteria set forth above, that municipality accorded priority  
4 designation pursuant to subsection e. of section 7 of P.L.1983, c.303  
5 (C.52:27H-66), [that municipality] those municipalities set forth in  
6 paragraph (7) and paragraph (8) of section 3 of P.L.1995, c.382  
7 (C.52:27H-66.1), and the municipalities in which the three additional  
8 enterprise zones, including the joint enterprise zone, are to be  
9 designated pursuant to criteria according priority consideration for  
10 designation of the zones pursuant to section 12 of P.L.2001, c.347  
11 (C.52:27H-66.7) shall be deemed qualifying municipalities;

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

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

21 g. "Zone development plan" means a plan adopted by the  
22 governing body of a qualifying municipality for the development of an  
23 enterprise zone therein, and for the direction and coordination of  
24 activities of the municipality, zone businesses and community  
25 organizations within the enterprise zone toward the economic  
26 betterment of the residents of the zone and the municipality;

27 h. "Zone neighborhood association" means a corporation or  
28 association of persons who either are residents of, or have their  
29 principal place of employment in, a municipality in which an enterprise  
30 zone has been designated pursuant to this act; which is organized  
31 under the provisions of Title 15 of the Revised Statutes or Title 15A  
32 of the New Jersey Statutes; and which has for its principal purpose the  
33 encouragement and support of community activities within, or on  
34 behalf of, the zone so as to (1) stimulate economic activity, (2)  
35 increase or preserve residential amenities, or (3) otherwise encourage  
36 community cooperation in achieving the goals of the zone  
37 development plan;

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

40 j. "UEZ-impacted business district" or "district" means an  
41 economically-distressed business district classified by the authority as  
42 having been negatively impacted by two or more adjacent urban  
43 enterprise zones in which 50% less sales tax is collected pursuant to  
44 section 21 of P.L.1983, c.303 (C.52:27H-80).

45 (cf: P.L.2001, c.347, s.2)

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

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

29       a. One zone shall be located in a county of the second class with  
30 a population greater than 595,000 and less than 675,000 according to  
31 the latest federal decennial census and shall be located in the qualifying  
32 municipality in that county with the highest annual average number of  
33 unemployed persons and the highest average annual unemployment  
34 rate for the 1992 calendar year according to the estimate by the State  
35 Department of Labor;

36       b. Two zones shall be located in a county of the second class with  
37 a population greater than 445,000 and less than 455,000 according to  
38 the latest federal decennial census, one of which shall be located in the  
39 qualifying municipality in that county with the highest annual average  
40 number of unemployed persons and the highest average annual  
41 unemployment rate for the 1992 calendar year according to the  
42 estimate by the State Department of Labor, and one of which shall be  
43 located in the qualifying municipality in that county with the second  
44 highest annual average number of unemployed persons and the second  
45 highest average annual unemployment rate for the 1992 calendar year  
46 according to the estimate by the State Department of Labor;

1 c. One zone shall be located in a county of the third class with a  
2 population greater than 84,000 and less than 92,000 according to the  
3 latest federal decennial census and shall be located in the qualifying  
4 municipality in that county with the highest annual average number of  
5 unemployed persons and the highest average annual unemployment  
6 rate for the 1992 calendar year according to the estimate by the State  
7 Department of Labor;

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

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

14 (2) the two municipalities submit a joint application and zone  
15 development plan; and

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

20 e. One zone shall be located within a municipality having a  
21 population greater than 38,000 and less than 46,000 according to the  
22 latest federal decennial census if the municipality is located within a  
23 county of the fifth class with a population greater than 340,000 and  
24 less than 440,000 according to the latest federal decennial census.

25 (cf: P.L.2001, c.347, s.8)

26

27 3. Section 3 of P.L.1995, c.382 (C.52:27H-66.1) is amended to  
28 read as follows:

29 3. The additional seven zones authorized pursuant to P.L.1995,  
30 c.382 (C.52:27H-66.1 et al.) and the additional zone authorized  
31 pursuant to P.L. , c. (C. ) (now before the Legislature as this bill)  
32 shall be designated within 90 days of the date of the submittal of an  
33 application and zone development plan. The authority shall accept  
34 applications within 90 days of the effective date of P.L.1995, c.382  
35 (C.52:27H-66.1 et al.) or P.L. , c. (C. ) (now before the Legislature  
36 as this bill), as applicable, for those zones that fulfill the criteria set  
37 forth in this section. Notwithstanding the provisions of P.L.1983,  
38 c.303 (C.52:27H-60 et seq.) to the contrary, the [seven] eight  
39 additional enterprise zones to be designated by the authority pursuant  
40 to the criteria for priority consideration set forth in this section shall  
41 be entitled to an exemption to the extent of 50% of the tax imposed  
42 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
43 seq.). The following criteria shall be utilized in according priority  
44 consideration for designation of the seven additional enterprise zones  
45 authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.) and the  
46 additional enterprise zone authorized pursuant to P.L. , c. (C. )

1 (now before the Legislature as this bill):

2 (1) One zone shall be located in a qualifying municipality with a  
3 population greater than 55,000 and less than 65,000 according to the  
4 latest federal decennial census in a county of the first class with a  
5 population density greater than 6,100 and less than 6,700 persons per  
6 square mile according to the latest federal decennial census provided  
7 that the qualifying municipality is contiguous to a municipality in  
8 which an enterprise zone is designated;

9 (2) One zone shall be located in a qualifying municipality with a  
10 population greater than 70,000 and less than 80,000 according to the  
11 latest federal decennial census;

12 (3) One zone shall be located in a qualifying municipality with a  
13 population greater than 38,000 and less than 39,500 according to the  
14 latest federal decennial census;

15 (4) One zone shall be located in a qualifying municipality with a  
16 population greater than 45,000 and less than 55,000 according to the  
17 latest federal decennial census;

18 (5) One zone shall be located in a qualifying municipality with a  
19 population greater than 21,000 and less than 22,000;

20 (6) One zone shall be located in a qualifying municipality with a  
21 population greater than 29,000 and less than 32,000 according to the  
22 latest federal decennial census; **[and]**

23 (7) One zone shall be located within a qualifying municipality  
24 having a population greater than 7,000 and less than 9,000 according  
25 to the latest federal decennial census in a county of the first class with  
26 a population greater than 550,000 and less than 560,000 according to  
27 the latest federal decennial census; and

28 (8) An additional zone shall be located within a qualifying  
29 municipality with a population greater than 11,400 and less than  
30 11,600 according to the latest federal decennial census in a county of  
31 the second class with a population greater than 500,000 and less than  
32 520,000 according to the latest federal decennial census.

33 (cf: P.L.1995, c.382, s.3)

34

35 4. This act shall take effect on the first day of the third month  
36 following enactment.

37

38

39

STATEMENT

40

41 This bill would create a 31st urban enterprise zone in Gloucester  
42 City in Camden County. Gloucester City would benefit from the  
43 economic stimulus that an urban enterprise zone would provide.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2059**

with Assembly committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 6, 2002

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2059 with committee amendments.

Assembly Bill No. 2059, as amended, creates a 31st urban enterprise zone in Gloucester City in Camden County and a 32nd urban enterprise zone in Salem City in Salem County.

#### FISCAL IMPACT:

Qualified businesses in a designated urban enterprise zone (UEZ) are generally permitted to collect sales tax at a reduced rate of three percent, rather than at the current rate of six percent. Following the effective date of the reduced sales tax, and for a twenty year period, collected reduced rate sales tax revenues are distributed between the municipality and the State as follows: during years one through five, the municipality receives 100 percent of the collections; during years six through ten, the municipality receives 2/3 of collections, and the State 1/3; during years 11 through 15, the municipality receives 1/3 and the State 2/3; and finally, in years 16 through 20, the State receives all of the collections.

Using data from existing UEZ's that are similar to Gloucester City to establish a range of the amount of sales tax revenue foregone by the State as a result of this bill, the Office of Legislative Services has estimated that the cost of the State revenue foregone through establishment of a UEZ in Gloucester City in the range of approximately \$1 million to \$3.6 million annually in the initial five year period.

It is far more difficult to estimate the cost in State revenue foregone for Salem City. Salem City is in Salem County and under targeted legislation to address issues of interstate tax competition (P.L.1993, c.373; N.J.S.A.54:32B-8.45) vendors in Salem county currently collect sales and use tax at a 50% reduced rate. Qualified vendors in the UEZ authorized for Salem City are not allowed a further reduced sales tax rate incentive under the bill (although the other UEZ incentives are allowed). However, the bill does allow the revenues of the qualified businesses to be directed to the municipal UEZ authority pursuant to the usual schedule. The cost of the State

revenue foregone through establishment of a UEZ in Salem City is estimated in the range of approximately \$50,000 to \$500,000 annually in the initial five year period.

Important caveats will impact the bill's true cost. The location and unique business composition of a municipality is more determinate of its fully-implemented foregone State revenue than its population. Additionally, it takes time for the UEZ to be fully implemented (typically 3 years), for businesses to qualify and make sales under the reduced sales tax rate. Finally, the Division of Taxation and the UEZ authority will incur administrative costs to implement the bill. The Office of Legislative Services has not estimated these costs.

COMMITTEE AMENDMENTS:

The amendments add the provisions concerning Salem City, Salem County.



ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2059**

**STATE OF NEW JERSEY**

DATED: MAY 9, 2002

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 2059.

Assembly Bill No. 2059, would authorize the creation of an urban enterprise zone in Gloucester City in Camden County. Designation would be for a period of 20 years, beginning with the year in which the zone is eligible for the sales and use tax exemption and is nonrenewable under existing law. Although Gloucester City would fall within the definition of a "qualifying municipality" which is eligible for zone designation under existing law, the zone authorized under this bill would be the first for that city.

The zone authorized under this bill would be the 31st to be created under the Urban Enterprise Zone (UEZ) program, which was first authorized in 1983. Following upon that enactment, the first ten zones were designated in 1985 in Camden, Newark, Bridgeton, Elizabeth, Jersey City, Kearny, Millville/Vineland (a joint zone), Orange, Plainfield and Trenton.

Since the original enactment, the act has been amended three times in order to expand the pool of municipalities authorized to designate a zone.

Under amendments adopted in 1993, the program was expanded to include ten additional zones, as follows: Asbury Park/Long Branch (a joint zone), Carteret, Lakewood, Mount Holly, Paterson, Passaic, Perth Amboy, Phillipsburg, Pleasantville, and Union City.

Three years later, another seven zones were designated as follows: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton and West New York.

Most recently, with the enactment of P.L.2001, c.347, three additional enterprise zones were authorized in: Bayonne, Roselle Borough, and North Wildwood, Wildwood City, Wildwood Crest Borough and West Wildwood Borough (a joint zone).

SENATE ECONOMIC GROWTH, AGRICULTURE AND  
TOURISM COMMITTEE

STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 2059**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 15, 2003

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably and with committee amendments Assembly Bill No. 2059 (1R).

This bill, as amended, would authorize the creation of a 31st urban enterprise zone in Gloucester City in Camden County. Gloucester City would benefit from the economic stimulus that an urban enterprise zone would provide.

The committee amended the bill to remove the provisions that would: 1) authorize the creation of a 32nd urban enterprise zone in Salem City, Salem County; and 2) specify that qualified vendors in the zone authorized for Salem City are not allowed a further reduced sales tax rate incentive, but the revenues of the qualified businesses are allowed to be directed to the municipal zone authority pursuant to the usual schedule for zones.

As amended and reported by the committee, Assembly Bill, No. 2059 (1R) is identical to Senate Bill, No. 1595, which also was reported by the committee on this date.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[Second Reprint]  
**ASSEMBLY, No. 2059**

# STATE OF NEW JERSEY

DATED: DECEMBER 4, 2003

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2059 (2R).

This bill would authorize the creation of a 31st urban enterprise zone in Gloucester City in Camden County.

The provisions of this bill are identical to those of Senate Bill No. 1595, which the committee also reports this day.

### FISCAL IMPACT

Qualified businesses in a designated urban enterprise zone (UEZ) are generally permitted to collect State sales tax at a reduced rate of three percent, rather than at the current full rate of six percent. The reduced rate is applicable for a period of at least 20 years and potentially as long as 35 years, during which the revenues collected at that reduced rate are divided between the municipality and the State under a formula that is adjusted according to a statutory schedule. The following analysis addresses collections when (as during the initial five years of designation) the full amount of reduced-rate revenue is payable to the municipality and none is retained by the State.

The Division of Taxation estimates implementation of this legislation will result in a loss of revenue to the General Fund of approximately \$1 million annually, while the benefit to Gloucester City will be approximately \$500,000 annually. The division's estimate is based on records indicating that total retail sales tax collections in Gloucester City in 2001, the most recent year for which data are available, were approximately \$640,000. In addition to this amount, the division also anticipates that another \$400,000 in State sales tax revenue would be foregone as a result of exempt purchases by qualifying businesses within the new zone. Based on these data, the division projects that the total amount of revenue forgone to the General Fund will be about \$1 million per year, while the amount allocated to the local zone authority will be equal to half that amount.

The Office of Legislative Services (OLS) concurs with the Executive regarding the reduction in sales tax revenue to the State that would result from enactment of this bill. The OLS notes, however that this amount, excluding any growth factor, represents a maximum loss

since (1) under law, the amount foregone to the State during the first five years (and again during years 16 through 20) of a zone's life is equal to 100 percent of the sales tax revenue collected by participating zone businesses; and (2) not all of the businesses currently operating within the municipality may ultimately be included with the boundaries of the zone, or participate in the zone program.

With respect to local revenue, the OLS believes that the municipal share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues that the municipality will not collect (i.e., tax exempt purchases by eligible zone businesses). That is, the potential amount of reduced-rate revenue that will accrue to the municipality is one-half of \$640,000 (not \$1 million), or \$320,000. The OLS believes, however, that it is likely that the zone will actually realize less than this amount during the the first three years, since historical UEZ data indicate that it generally takes two to three years following enactment of legislation designating a new zone for a zone to become fully operational (i.e. for local ordinances to be approved and for eligible businesses to become qualified) and reach its maximum operating (revenue) capacity.

**FISCAL NOTE**  
[Second Reprint]  
**ASSEMBLY, No. 2059**  
**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

DATED: JANUARY 6, 2004

**SUMMARY**

**Synopsis:** Authorizes creation of UEZ in Gloucester City, Camden County

**Type of Impact:** Annual loss of revenue to the General Fund.  
Increase in State assistance to designated municipality.

**Agencies Affected:** Division of Taxation; New Jersey Commerce and Economic Growth Commission; Gloucester City.

**Executive Estimate**

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>State Revenue</b>	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
<b>Local Revenue</b>	\$500,000	\$500,000	\$500,000

**Office of Legislative Services**

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>State Revenue</b>	Concur with Executive estimate.		
<b>Local Revenue</b>	\$320,000	\$320,000	\$320,000

- \* The Office of Legislative Services (OLS) **concurs** with the Executive estimate regarding the projected loss of revenue to the State's General Fund. The OLS notes, however, that this amount reflects a period of maximum loss to the State, since according to the statutorily defined schedule of revenue sharing between the State and the local zone municipality, the amount of revenue foregone to the General Fund during Years 1 through 5 (as well as during years 16 through 20) of a zone's life span is equal to 100 percent. (The amount foregone to the State will decrease in subsequent years.)
- \* The OLS estimates that the local (municipal) share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues which do not accrue to the zone municipality (i.e. tax exempt purchases by eligible zone businesses), although they are foregone to the State as a result of certain provisions of the UEZ law.

## **BILL DESCRIPTION**

Assembly Bill No. 2059 (2R) of 2003 would authorize the creation of a 31st urban enterprise zone in Gloucester City, Camden County.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Division of Taxation estimates implementation of this legislation will result in a loss of revenue to the General Fund of approximately \$1 million annually, while the benefit to Gloucester City will be approximately \$500,000 annually.

The division's estimate is based on its records which indicate that total retail sales tax collections in Gloucester City in 2001, the most recent year for which data are available, were approximately \$640,000. In addition to this amount, the division also anticipates that another \$400,000 in State sales tax revenue would be foregone as a result of exempt purchases by qualifying businesses within the new zone. Based on these data, the division projects that the total amount of revenue forgone to the General Fund will be about \$1 million per year, while the amount allocated to the local zone authority will be equal to half that amount.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services concurs with the Executive with respect to the amount of revenue which would be foregone to the State as a result of this bill. The OLS notes, however that this amount, excluding any growth factor, represents a maximum loss since: 1) pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.), the amount foregone to the State during the first five years (and again during years 16 through 20) of a zone's life is equal to 100 percent of the sales tax collections realized by participating zone businesses; and 2) not all of the businesses currently operating within the municipality may ultimately participate in the zone program or be included with the boundaries of the zone.

With respect to local revenue, the OLS estimates that the municipal share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues which do not accrue to the zone municipality (i.e. tax exempt purchases by eligible zone businesses). As a result, the OLS assumes that half of the estimated \$640,000 in sales tax revenues now generated in the municipality may accrue to the local zone authority. The OLS believes, however, that it is likely that the zone will actually realize less than this amount during the first three years, since historical UEZ data indicate that it generally takes two to three years following enactment of legislation designating a new zone for a zone to become fully operational (i.e. for local ordinances to be approved and for eligible businesses to become qualified) and reach its maximum operating (revenue) capacity.

Section: *Revenue, Finance and Appropriations*

Analyst: *Catherine Z. Brennan*  
*Senior Fiscal Analyst*

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

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

**SENATE, No. 1595**

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**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

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INTRODUCED JUNE 6, 2002

**Sponsored by:**

**Senator WAYNE R. BRYANT**

**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Authorizes creation of UEZ in Gloucester City, Camden County.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/10/2003)**



S1595 BRYANT

2

1 AN ACT concerning urban enterprise zones and amending P.L.1983,  
2 c.303 and P.L.1995, c.382.

3

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

6

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

9 3. As used in this act:

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

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

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

23 (1) Residents within the zone, the district, within another zone or  
24 within a qualifying municipality; or

25 (2) Unemployed for at least six months prior to being hired and  
26 residing in New Jersey, and recipients of New Jersey public assistance  
27 programs for at least six months prior to being hired, or either of the  
28 aforesaid; or

29 (3) Determined to be low income individuals pursuant to the  
30 Workforce Investment Act of 1998, Pub.L.105-220 (29 U.S.C.  
31 s.2811);

32 d. "Qualifying municipality" means any municipality in which there  
33 was, in the last full calendar year immediately preceding the year in  
34 which application for enterprise zone designation is submitted pursuant  
35 to section 14 of P.L.1983, c.303 (C.52:27H-73), an annual average of  
36 at least 2,000 unemployed persons, and in which the municipal average  
37 annual unemployment rate for that year exceeded the State average  
38 annual unemployment rate; except that any municipality which  
39 qualifies for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et  
40 seq.) shall qualify if its municipal average annual unemployment rate  
41 for that year exceeded the State average annual unemployment rate.  
42 The annual average of unemployed persons and the average annual  
43 unemployment rates shall be estimated for the relevant calendar year

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

**Matter underlined thus is new matter.**

**S1595 BRYANT**

1 by the Office of Labor Planning and Analysis of the State Department  
2 of Labor. In addition to those municipalities that qualify pursuant to  
3 the criteria set forth above, that municipality accorded priority  
4 designation pursuant to subsection e. of section 7 of P.L.1983, c.303  
5 (C.52:27H-66), [that municipality] those municipalities set forth in  
6 paragraph (7) and paragraph (8) of section 3 of P.L.1995, c.382  
7 (C.52:27H-66.1), and the municipalities in which the three additional  
8 enterprise zones, including the joint enterprise zone, are to be  
9 designated pursuant to criteria according priority consideration for  
10 designation of the zones pursuant to section 12 of P.L.2001, c.347  
11 (C.52:27H-66.7) shall be deemed qualifying municipalities;

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

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

21 g. "Zone development plan" means a plan adopted by the  
22 governing body of a qualifying municipality for the development of an  
23 enterprise zone therein, and for the direction and coordination of  
24 activities of the municipality, zone businesses and community  
25 organizations within the enterprise zone toward the economic  
26 betterment of the residents of the zone and the municipality;

27 h. "Zone neighborhood association" means a corporation or  
28 association of persons who either are residents of, or have their  
29 principal place of employment in, a municipality in which an enterprise  
30 zone has been designated pursuant to this act; which is organized  
31 under the provisions of Title 15 of the Revised Statutes or Title 15A  
32 of the New Jersey Statutes; and which has for its principal purpose the  
33 encouragement and support of community activities within, or on  
34 behalf of, the zone so as to (1) stimulate economic activity, (2)  
35 increase or preserve residential amenities, or (3) otherwise encourage  
36 community cooperation in achieving the goals of the zone  
37 development plan;

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

40 j. "UEZ-impacted business district" or "district" means an  
41 economically-distressed business district classified by the authority as  
42 having been negatively impacted by two or more adjacent urban  
43 enterprise zones in which 50% less sales tax is collected pursuant to  
44 section 21 of P.L.1983, c.303 (C.52:27H-80).

45 (cf: P.L.2001, c.347, s.2)

**S1595 BRYANT**

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

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

29       a. One zone shall be located in a county of the second class with  
30 a population greater than 595,000 and less than 675,000 according to  
31 the latest federal decennial census and shall be located in the qualifying  
32 municipality in that county with the highest annual average number of  
33 unemployed persons and the highest average annual unemployment  
34 rate for the 1992 calendar year according to the estimate by the State  
35 Department of Labor;

36       b. Two zones shall be located in a county of the second class with  
37 a population greater than 445,000 and less than 455,000 according to  
38 the latest federal decennial census, one of which shall be located in the  
39 qualifying municipality in that county with the highest annual average  
40 number of unemployed persons and the highest average annual  
41 unemployment rate for the 1992 calendar year according to the  
42 estimate by the State Department of Labor, and one of which shall be  
43 located in the qualifying municipality in that county with the second  
44 highest annual average number of unemployed persons and the second  
45 highest average annual unemployment rate for the 1992 calendar year  
46 according to the estimate by the State Department of Labor;

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1 c. One zone shall be located in a county of the third class with a  
2 population greater than 84,000 and less than 92,000 according to the  
3 latest federal decennial census and shall be located in the qualifying  
4 municipality in that county with the highest annual average number of  
5 unemployed persons and the highest average annual unemployment  
6 rate for the 1992 calendar year according to the estimate by the State  
7 Department of Labor;

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

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

14 (2) the two municipalities submit a joint application and zone  
15 development plan; and

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

20 e. One zone shall be located within a municipality having a  
21 population greater than 38,000 and less than 46,000 according to the  
22 latest federal decennial census if the municipality is located within a  
23 county of the fifth class with a population greater than 340,000 and  
24 less than 440,000 according to the latest federal decennial census.

25 (cf: P.L.2001, c.347, s.8)

26

27 3. Section 3 of P.L.1995, c.382 (C.52:27H-66.1) is amended to  
28 read as follows:

29 3. The additional seven zones authorized pursuant to P.L.1995,  
30 c.382 (C.52:27H-66.1 et al.) and the additional zone authorized  
31 pursuant to P.L. , c. (C. ) (now before the Legislature as this  
32 bill) shall be designated within 90 days of the date of the submittal of  
33 an application and zone development plan. The authority shall accept  
34 applications within 90 days of the effective date of P.L.1995, c.382  
35 (C.52:27H-66.1 et al.) or P.L. , c. (C. ) (now before the  
36 Legislature as this bill), as applicable, for those zones that fulfill the  
37 criteria set forth in this section. Notwithstanding the provisions of  
38 P.L.1983, c.303 (C.52:27H-60 et seq.) to the contrary, the [seven]  
39 eight additional enterprise zones to be designated by the authority  
40 pursuant to the criteria for priority consideration set forth in this  
41 section shall be entitled to an exemption to the extent of 50% of the  
42 tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
43 (C.54:32B-1 et seq.). The following criteria shall be utilized in  
44 according priority consideration for designation of the seven additional  
45 enterprise zones authorized pursuant to P.L.1995, c.382  
46 (C.52:27H-66.1 et al.) and the additional enterprise zone authorized

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6

1 pursuant to P.L. , c. (C. ) (now before the Legislature as this  
2 bill):

3 (1) One zone shall be located in a qualifying municipality with a  
4 population greater than 55,000 and less than 65,000 according to the  
5 latest federal decennial census in a county of the first class with a  
6 population density greater than 6,100 and less than 6,700 persons per  
7 square mile according to the latest federal decennial census provided  
8 that the qualifying municipality is contiguous to a municipality in  
9 which an enterprise zone is designated;

10 (2) One zone shall be located in a qualifying municipality with a  
11 population greater than 70,000 and less than 80,000 according to the  
12 latest federal decennial census;

13 (3) One zone shall be located in a qualifying municipality with a  
14 population greater than 38,000 and less than 39,500 according to the  
15 latest federal decennial census;

16 (4) One zone shall be located in a qualifying municipality with a  
17 population greater than 45,000 and less than 55,000 according to the  
18 latest federal decennial census;

19 (5) One zone shall be located in a qualifying municipality with a  
20 population greater than 21,000 and less than 22,000;

21 (6) One zone shall be located in a qualifying municipality with a  
22 population greater than 29,000 and less than 32,000 according to the  
23 latest federal decennial census; [and]

24 (7) One zone shall be located within a qualifying municipality  
25 having a population greater than 7,000 and less than 9,000 according  
26 to the latest federal decennial census in a county of the first class with  
27 a population greater than 550,000 and less than 560,000 according to  
28 the latest federal decennial census; and

29 (8) An additional zone shall be located within a qualifying  
30 municipality with a population greater than 11,400 and less than  
31 11,600 according to the latest federal decennial census in a county of  
32 the second class with a population greater than 500,000 and less than  
33 520,000 according to the latest federal decennial census.

34 (cf: P.L.1995, c.382, s.3)

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36 4. This act shall take effect on the first day of the third month  
37 following enactment.

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39

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STATEMENT

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42 This bill would create a 31st urban enterprise zone in Gloucester  
43 City in Camden County. Gloucester City would benefit from the  
44 economic stimulus that an urban enterprise zone would provide.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 1595

# STATE OF NEW JERSEY

DATED: DECEMBER 11, 2003

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1595.

This bill would authorize the creation of a 31st urban enterprise zone in Gloucester City in Camden County.

The provisions of this bill are identical to those of Assembly Bill No. 2059 (2R), which the committee also reports this day.

#### FISCAL IMPACT

Qualified businesses in a designated urban enterprise zone (UEZ) are generally permitted to collect State sales tax at a reduced rate of three percent, rather than at the current full rate of six percent. The reduced rate is applicable for a period of at least 20 years and potentially as long as 35 years, during which the revenues collected at that reduced rate are divided between the municipality and the State under a formula that is adjusted according to a statutory schedule. The following analysis addresses collections when (as during the initial five years of designation) the full amount of reduced-rate revenue is payable to the municipality and none is retained by the State.

The Division of Taxation estimates implementation of this legislation will result in a loss of revenue to the General Fund of approximately \$1 million annually, while the benefit to Gloucester City will be approximately \$500,000 annually. The division's estimate is based on records indicating that total retail sales tax collections in Gloucester City in 2001, the most recent year for which data are available, were approximately \$640,000. In addition to this amount, the division also anticipates that another \$400,000 in State sales tax revenue would be foregone as a result of exempt purchases by qualifying businesses within the new zone. Based on these data, the division projects that the total amount of revenue forgone to the General Fund will be about \$1 million per year, while the amount allocated to the local zone authority will be equal to half that amount.

The Office of Legislative Services (OLS) concurs with the Executive regarding the reduction in sales tax revenue to the State that would result from enactment of this bill. The OLS notes, however that this amount, excluding any growth factor, represents a maximum loss since (1) under law, the amount foregone to the State during the first five years (and again during years 16 through 20) of a zone's life is

equal to 100 percent of the sales tax revenue collected by participating zone businesses; and (2) not all of the businesses currently operating within the municipality may ultimately be included with the boundaries of the zone, or participate in the zone program.

With respect to local revenue, the OLS believes that the municipal share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues that the municipality will not collect (i.e., tax exempt purchases by eligible zone businesses). That is, the potential amount of reduced-rate revenue that will accrue to the municipality is one-half of \$640,000 (not \$1 million), or \$320,000. The OLS believes, however, that it is likely that the zone will actually realize less than this amount during the the first three years, since historical UEZ data indicate that it generally takes two to three years following enactment of legislation designating a new zone for a zone to become fully operational (i.e. for local ordinances to be approved and for eligible businesses to become qualified) and reach its maximum operating (revenue) capacity.

SENATE ECONOMIC GROWTH, AGRICULTURE AND  
TOURISM COMMITTEE

STATEMENT TO

**SENATE, No. 1595**

**STATE OF NEW JERSEY**

DATED: MAY 15, 2003

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably Senate Bill No. 1595.

This bill would authorize the creation of a 31st urban enterprise zone in Gloucester City in Camden County. Gloucester City would benefit from the economic stimulus that an urban enterprise zone would provide.

Senate Bill, No. 1595 is identical to Assembly Bill, No. 2059 (1R) as amended, which also was reported by the committee on this date.



**FISCAL NOTE**  
**SENATE, No. 1595**  
**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

DATED: JANUARY 13, 2004

**SUMMARY**

**Synopsis:** Authorizes creation of UEZ in Gloucester City, Camden County

**Type of Impact:** Annual loss of revenue to the General Fund.  
 Increase in State assistance to designated municipality

**Agencies Affected:** Division of Taxation; New Jersey Commerce and Economic Growth Commission; Gloucester City.

**Executive Estimate**

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>State Revenue</b>	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
<b>Local Revenue</b>	\$500,000	\$500,000	\$500,000

**Office of Legislative Services Estimate**

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>State Revenue</b>	Concur with Executive estimate.		
<b>Local Revenue</b>	\$320,000	\$320,000	\$320,000

- \* The Office of Legislative Services (OLS) **concurs** with the Executive estimate regarding the projected loss of revenue to the State's General Fund. The OLS notes, however, that this amount reflects a period of maximum loss to the State, since according to the statutorily defined schedule of revenue sharing between the State and the local zone municipality, the amount of revenue foregone to the General Fund during Years 1 through 5 (as well as during years 16 through 20) of a zone's life span is equal to 100 percent. (The amount foregone to the State will decrease in subsequent years.)
- \* The OLS estimates that the local (municipal) share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues which do not accrue to the zone municipality (i.e. tax exempt purchases by eligible zone businesses), although they are foregone to the State as a result of certain provisions of the UEZ law.

## **BILL DESCRIPTION**

Senate Bill No.1595 of 2003 would authorize the creation of a 31st urban enterprise zone in Gloucester City, Camden County.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Division of Taxation estimates implementation of this legislation will result in a loss of revenue to the General Fund of approximately \$1 million annually, while the benefit to Gloucester City will be approximately \$500,000 annually.

The division's estimate is based on its records which indicate that total retail sales tax collections in Gloucester City in 2001, the most recent year for which data are available, were approximately \$640,000. In addition to this amount, the division also anticipates that another \$400,000 in State sales tax revenue would be foregone as a result of exempt purchases by qualifying businesses within the new zone. Based on these data, the division projects that the total amount of revenue forgone to the General Fund will be about \$1 million per year, while the amount allocated to the local zone authority will be equal to half that amount.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services (OLS) concurs with the Executive estimate with respect to the amount of revenue which would be foregone to the State as a result of this bill. The OLS notes, however that this amount, excluding any growth factor, represents a maximum loss since: 1) pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.), the amount foregone to the State during the first five years (and again during years 16 through 20) of a zone's life is equal to 100 percent of the sales tax collections realized by participating zone businesses; and 2) not all of the businesses currently operating within the municipality may ultimately participate in the zone program or be included with the boundaries of the zone.

With respect to local revenue, the OLS estimates that the municipal share of zone revenues will be less than estimated by the Executive, since the Executive's projection includes revenues which do not accrue to the zone municipality (i.e. tax exempt purchases by eligible zone businesses). As a result, the OLS assumes that half of the estimated \$640,000 in sales tax revenues now generated in the municipality may accrue to the local zone authority. The OLS believes, however, that it is likely that the zone will actually realize less than this amount during the first three years, since historical UEZ data indicate that it generally takes two to three years following enactment of legislation designating a new zone for a zone to become fully operational (i.e. for local ordinances to be approved and for eligible businesses to become qualified) and reach its maximum operating (revenue) capacity.

Section: *Revenue, Finance and Appropriations*

Analyst: *Catherine Z. Brennan*  
*Senior Fiscal Analyst*

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

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