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"A new low-tax status for city," 7-3-2004 Home News Tribune, p.B1

P.L. 2004, CHAPTER 75, *approved July 1, 2004*
Assembly, No. 263

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

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.

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

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

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

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

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

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

44 j. "UEZ-impacted business district" or "district" means an
45 economically-distressed business district classified by the authority as
46 having been negatively impacted by two or more adjacent urban
47 enterprise zones in which 50% less sales tax is collected pursuant to

1 section 21 of P.L.1983, c.303 (C.52:27H-80).
2 (cf: P.L.2003, c.285, s.1)

3

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

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

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

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

1 highest annual average number of unemployed persons and the second
2 highest average annual unemployment rate for the 1992 calendar year
3 according to the estimate by the State Department of Labor;

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

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

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

17 (2) the two municipalities submit a joint application and zone
18 development plan; and

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

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

28 (cf: P.L.2003, c.285, s.2)

29

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

32 3. The additional seven zones authorized pursuant to P.L.1995,
33 c.382 (C.52:27H-66.1 et al.) ~~[and]~~, the additional zone authorized
34 pursuant to P.L.2003, c.285, and the additional zone designated
35 pursuant to P.L. , c. (C.) (pending before the Legislature as
36 this bill), shall be designated within 90 days of the date of the
37 submittal of an application and zone development plan. The authority
38 shall accept applications within 90 days of the effective date of
39 P.L.1995, c.382 (C.52:27H-66.1 et al.) or P.L.2003, c.285, as
40 applicable, for those zones that fulfill the criteria set forth in this
41 section. Notwithstanding the provisions of P.L.1983, c.303
42 (C.52:27H-60 et seq.) to the contrary, the ~~[eight]~~ nine additional
43 enterprise zones to be designated by the authority pursuant to the
44 criteria for priority consideration set forth in this section shall be
45 entitled to an exemption to the extent of 50% of the tax imposed under
46 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

1 The following criteria shall be utilized in according priority
2 consideration for designation of the seven additional enterprise zones
3 authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.) [and],
4 the additional enterprise zone authorized pursuant to P.L.2003, c.285,
5 and the additional zone designated pursuant to P.L. , c. (C.)
6 (pending before the Legislature as this bill):

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

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

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

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

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

25 (6) One zone shall be located in a qualifying municipality with a
26 population greater than 29,000 and less than 32,000 according to the
27 latest federal decennial census;

28 (7) One zone shall be located within a qualifying municipality
29 having a population greater than 7,000 and less than 9,000 according
30 to the latest federal decennial census in a county of the first class with
31 a population greater than 550,000 and less than 560,000 according to
32 the latest federal decennial census; [and]

33 (8) An additional zone shall be located within a qualifying
34 municipality with a population greater than 11,400 and less than
35 11,600 according to the latest federal decennial census in a county of
36 the second class with a population greater than 500,000 and less than
37 520,000 according to the latest federal decennial census; and

38 (9) An additional zone shall be located within a qualifying
39 municipality with a population greater than 48,000 and less than
40 49,000 according to the latest federal decennial census in a county of
41 the second class with a population of greater than 750,000 according
42 to the latest federal decennial census.

43 (cf:P.L.2003, c.285, s.3)

44

45 4. This act shall take effect immediately.

1

2

3 Authorizes an additional urban enterprise zone in New Brunswick.

ASSEMBLY, No. 263

STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

Sponsored by:

Assemblyman JOSEPH V. EGAN

District 17 (Middlesex and Somerset)

Assemblyman PATRICK DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Authorizes an additional urban enterprise zone in New Brunswick.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

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 governing
22 body of a qualifying municipality for the development of an enterprise
23 zone therein, and for the direction and coordination of activities of the
24 municipality, zone businesses and community organizations within the
25 enterprise zone toward the economic betterment of the residents of the
26 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)

1 2. Section 7 of P.L.1983, s.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] P.L.1983, c.303~~. No more than ~~[30]~~ 31 enterprise zones
6 shall be in effect at any one time. No more than one enterprise zone
7 shall be designated in any one municipality. Except as otherwise
8 provided by section 11 of P.L.2001, c.347 (C.52:27H-66.6), any
9 designation granted shall be for a period of 20 years , beginning with
10 the year in which a zone is eligible for an exemption to the extent of
11 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
12 c.30 (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. _____) (pending before the Legislature as
32 this bill) shall be designated within 90 days of the date of the submittal
33 of an application and zone development plan. The authority shall
34 accept applications within 90 days of the effective date of P.L.1995,
35 c.382 (C.52:27H-66.1 et al.) for those zones that fulfill the criteria set
36 forth in this section. Notwithstanding the provisions of P.L.1983,
37 c.303 (C.52:27H-60 et seq.) to the contrary, the [seven] eight
38 additional enterprise zones to be designated by the authority pursuant
39 to the criteria for priority consideration set forth in this section shall
40 be entitled to an exemption to the extent of 50% of the tax imposed
41 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
42 seq.). The following criteria shall be utilized in according priority
43 consideration for designation of the seven additional enterprise zones
44 authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.) and the
45 additional enterprise zone authorized pursuant to P.L. _____, c. _____
46 (C. _____) (pending before the Legislature as this bill):

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

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

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

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

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

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

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

27 (8) An additional zone shall be located within a qualifying
28 municipality with a population greater than 48,000 and less than
29 49,000 according to the latest federal decennial census in a county of
30 the second class with a population of greater than 750,000 according
31 to the latest federal decennial census.

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

33
34 4. This act shall take effect immediately.

35
36
37 STATEMENT

38
39 This bill would authorize the establishment of an urban enterprise
40 zone in New Brunswick City in Middlesex County. New Brunswick
41 would benefit from the economic stimulus that an urban enterprise
42 zone would provide.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 263

STATE OF NEW JERSEY

DATED: MAY 27, 2004

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 263.

Assembly Bill No. 263 would authorize the establishment of the 32nd urban enterprise zone in New Brunswick City in Middlesex 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.

The zone authorized under this bill would be the 32nd 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 four 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.

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). Gloucester City was authorized for UEZ designation under A-2059 (2R) of 2003, which was enacted as P.L.2003, c.285.

This bill was prefiled for introduction in the 2004 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 263

STATE OF NEW JERSEY

DATED: JUNE 14, 2004

The Assembly Appropriations Committee reports favorably Assembly Bill No. 263.

Assembly Bill No. 263 authorizes the establishment of the 32nd urban enterprise zone in New Brunswick City in Middlesex County. The bill provides for the designation of the zone 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.

The Urban Enterprise Zone (UEZ) program was first authorized in 1983, and 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 four times 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.

Another seven zones were designated under 1996 legislation as follows: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York.

Three additional enterprise zones were authorized under 2001 legislation in: Bayonne; Roselle Borough; and North Wildwood, Wildwood City, Wildwood Crest Borough and West Wildwood Borough (a joint zone).

Gloucester City was authorized for UEZ designation under 2003 legislation.

FISCAL IMPACT:

The Division of Taxation in the Department of the Treasury estimates that implementation of this bill will result in a loss of revenue to the General Fund of approximately \$10 million annually, while the benefit to New Brunswick will be approximately \$3.0 million annually.

The division's estimate is based on its records that indicate that total retail sales tax collections in New Brunswick in 2003, the most recent year for which data are available, were approximately \$6.1 million. In addition to this amount, the division also anticipates that

another \$3.9 million in State revenues would be foregone due to the various other benefits extended to qualifying zone businesses under the UEZ program, including the corporation business tax credit for the hiring of certain new employees, and the sales tax exemption for certain purchases by zone qualified businesses. The division notes that the cost to the State in foregone tax revenues under these additional benefits have the potential to meet or even exceed the amount of revenue foregone to the State under the UEZ program from the reduced three percent sales tax. (According to the division, in 1998 qualified businesses in existing zones reported capital improvements and personal property purchases which resulted in a total State tax loss of \$74.5 million, which exceeded the \$71.9 million loss of revenue to the State from reduced sales tax collections in FY1999.)

SENATE, No. 199

STATE OF NEW JERSEY
211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

SYNOPSIS

Authorizes an additional urban enterprise zone in New Brunswick.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

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)

1 2. Section 7 of P.L.1983, s.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] P.L.1983, c.303.~~ No more than ~~[30]~~ 31 enterprise zones
6 shall be in effect at any one time. No more than one enterprise zone
7 shall be designated in any one municipality. Except as otherwise
8 provided by section 11 of P.L.2001, c.347 (C.52:27H-66.6), any
9 designation granted shall be for a period of 20 years , beginning with
10 the year in which a zone is eligible for an exemption to the extent of
11 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966,
12 c.30 (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. _____) (pending before the Legislature as
32 this bill) shall be designated within 90 days of the date of the submittal
33 of an application and zone development plan. The authority shall
34 accept applications within 90 days of the effective date of P.L.1995,
35 c.382 (C.52:27H-66.1 et al.) for those zones that fulfill the criteria set
36 forth in this section. Notwithstanding the provisions of P.L.1983,
37 c.303 (C.52:27H-60 et seq.) to the contrary, the [seven] eight
38 additional enterprise zones to be designated by the authority pursuant
39 to the criteria for priority consideration set forth in this section shall
40 be entitled to an exemption to the extent of 50% of the tax imposed
41 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
42 seq.). The following criteria shall be utilized in according priority
43 consideration for designation of the seven additional enterprise zones
44 authorized pursuant to P.L.1995, c.382 (C.52:27H-66.1 et al.) and the
45 additional enterprise zone authorized pursuant to P.L. _____, c. _____
46 (C. _____) (pending before the Legislature as this bill):

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

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

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

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

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

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

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

27 (8) An additional zone shall be located within a qualifying
28 municipality with a population greater than 48,000 and less than
29 49,000 according to the latest federal decennial census in a county of
30 the second class with a population of greater than 750,000 according
31 to the latest federal decennial census.

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

33
34 4. This act shall take effect immediately.

35
36
37 STATEMENT

38
39 This bill would establish a 31st urban enterprise zone in New
40 Brunswick City in Middlesex County. New Brunswick would benefit
41 from the economic stimulus that an urban enterprise zone would
42 provide.

FISCAL NOTE
ASSEMBLY, No. 263
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JUNE 29, 2004

SUMMARY

Synopsis: Authorizes an additional urban enterprise zone in New Brunswick.

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; New Brunswick.

Executive Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Revenue	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
Local Revenue	\$3,000,000	\$3,000,000	\$3,000,000

! The Office of Legislative Services (OLS) generally concurs with the Division of Taxation's 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.

BILL DESCRIPTION

Assembly Bill No. 263 of 2004 would authorize the establishment of the 32nd urban enterprise zone in New Brunswick City in Middlesex 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.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation estimates that implementation of this legislation will result in

a loss of revenue to the General Fund of approximately \$10 million annually, while the benefit to New Brunswick will be approximately \$3.0 million annually.

The division's estimate is based on its records which indicate that total retail sales tax collections in New Brunswick in 2003, the most recent year for which data are available, were approximately \$6.1 million. In addition to this amount, the division also anticipates that another \$3.9 million in State revenues would be foregone due to the various other benefits extended to qualifying zone businesses under the urban enterprise zone (UEZ) program, including a corporation business tax credit for the hiring of certain new employees, and a sales tax exemption for certain purchases by qualifying zone businesses. The division notes that the cost to the State in foregone tax revenues under these additional benefits have the potential to meet or even exceed the amount of revenue foregone to the State under the UEZ program from the reduced three percent sales tax. (According to the division, in 1998 qualifying businesses in existing zones reported capital improvements and personal property purchases which resulted in a total State tax loss of \$74.5 million, which exceed the loss of revenue to the State (\$71.9 million) from reduced sales tax collections in FY1999.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) 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, however, the OLS believes that it is likely that the zone will actually realize less than the Executive estimate, at least 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*
Fiscal Analyst
Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 199

STATE OF NEW JERSEY

DATED: JUNE 22, 2004

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 199.

This bill authorizes the establishment of the 32nd urban enterprise zone in New Brunswick City in Middlesex County. The bill provides for the designation of the zone 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.

The Urban Enterprise Zone (UEZ) program was first authorized in 1983, and 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 four times 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.

Another seven zones were designated under 1996 legislation as follows: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York.

Three additional enterprise zones were authorized under 2001 legislation in: Bayonne; Roselle Borough; and North Wildwood, Wildwood City, Wildwood Crest Borough and West Wildwood Borough (a joint zone).

Gloucester City was authorized for UEZ designation under 2003 legislation.

The provisions of this bill are identical to those of Assembly Bill No. 263, now on second reading in the Senate.

FISCAL IMPACT

The Division of Taxation in the Department of the Treasury estimates that implementation of this bill will result in a loss of revenue to the General Fund of approximately \$10 million annually, while the benefit to New Brunswick will be approximately \$3.0 million annually.

The division's estimate is based on its records that indicate that total retail sales tax collections in New Brunswick in 2003, the most recent year for which data are available, were approximately \$6.1

million. In addition to this amount, the division also anticipates that another \$3.9 million in State revenues would be foregone due to the various other benefits extended to qualifying zone businesses under the UEZ program, including the corporation business tax credit for the hiring of certain new employees, and the sales tax exemption for certain purchases by zone qualified businesses. The division notes that the cost to the State in foregone tax revenues under these additional benefits have the potential to meet or even exceed the amount of revenue foregone to the State under the UEZ program from the reduced three percent sales tax. (According to the division, in 1998 qualified businesses in existing zones reported capital improvements and personal property purchases which resulted in a total State tax loss of \$74.5 million, which exceeded the \$71.9 million loss of revenue to the State from reduced sales tax collections in FY1999.)